

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 UK 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, 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.

The Existing Ordinary Shares are admitted to trading on AIM. Applications will be made for (i) the New Ordinary Shares to be admitted to trading on AIM; and (ii) following Completion of the Farm-ins, the Enlarged Share Capital to be re-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 listing on 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 new Ordinary Shares or the Enlarged Share Capital to be admitted to trading on any such market. It is expected that, subject to Shareholder approval, Admission will become effective and dealings in the New Ordinary Shares will commence on AIM on 30 June 2021. The New Ordinary Shares will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and rank in full for all dividends and other distributions declared, made or paid on Ordinary Shares after Admission. Following completion of one or more of the Farm-ins, it is expected that Re-admission will become effective and dealings in the Enlarged Share Capital will commence on AIM by 30 September 2021.

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 to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Re-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 whole text of this document should be read. Investment in the Company and the New Ordinary Shares is speculative and involves a high degree of risk. The attention of prospective investors is particularly drawn to the section entitled "Risk Factors" set out in Part III of this document and all statements regarding the Company's business should be viewed in light of these risk factors. The attention of prospective investors is also drawn to the letter from the Non-Executive Chairman on pages 10 to 30 (inclusive) of this document and which recommends you vote in favour of the resolutions to be proposed at the General Meeting.



LONGBOAT ENERGY PLC

(Incorporated and registered in England & Wales under the Companies Act 2006 with Registered Number 12020297)

Proposed Farm-Ins to High Impact Drilling Programme

Fundraising of 46,666,666 New Ordinary Shares at 75 pence per share

Notice of General Meeting

and

Re-admission of the Enlarged Share Capital to trading on AIM

Stifel Nicolaus Europe Limited

Nominated Adviser, Broker and Joint Bookrunner

DNB Markets

Joint Bookrunner

A notice convening the General Meeting to be held at the offices of Stifel Nicolaus Europe Limited, 150 Cheapside, London, EC2V 6ET at 11.00 a.m. on 28 June 2021 is set out at the end of this document. The enclosed Form of Proxy for use at the General Meeting should be completed and returned to the Company's registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, as soon as possible and to be valid must arrive on or before 11.00 a.m. on 24 June 2021. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they wish.

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 joint bookrunner for the

purposes of the AIM Rules in connection with the Placing, Admission and Re-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, nor for any other statement made or purported to be made by it or on its behalf in connection with the Company, the Ordinary Shares, the Placing, Admission or Re-admission. Stifel and its affiliates accordingly disclaim all and any responsibility or liability whether arising in tort, contract or otherwise which it or they might otherwise have in respect of this document or any such statement.

DNB Markets, a part of DNB Bank ASA ("DNB Markets"), is authorised and regulated by the Financial Supervisory Authority of Norway (the "Norwegian FSA") and is acting as the Company's joint bookrunner in connection with the Placing and Admission. DNB Markets 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 DNB Markets 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 DNB Markets 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, nor for any other statement made or purported to be made by it or on its behalf in connection with the Company, the Ordinary Shares, the Placing or Admission. DNB Markets and its affiliates accordingly disclaim all and any responsibility or liability whether arising in tort, contract or otherwise which it or they might otherwise have in respect of this document or any such statement.

Notice to Investors

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, directly or indirectly, in or into the United States (or to any US Person, as defined in Regulation S), 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, 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, the Republic of South Africa, Australia, the Republic of Ireland or Japan or to any national, resident or citizen of the United States, 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.

The issue of the Ordinary Shares has not and will not be registered under the Securities Act, and the Ordinary Shares may not be offered or sold in the United States absent registration or an exemption from, or a transaction not subject to, registration under the Securities Act. There will be no public offering of the Ordinary Shares in the United States. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdictions.

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 the Joint Bookrunners. 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. The Joint Bookrunners have 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 the Joint Bookrunners as to the contents of this document and no responsibility or liability whatsoever is accepted by the Joint Bookrunners 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.

Notice to US Investors

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 of the United States, and may not be offered, sold, resold, pledged, delivered, assigned or otherwise transferred, directly or indirectly, into or within the United States, or to or for the account or benefit of a US Person (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States and in a manner which would not result in the Company being required to register under the Investment Company Act. In connection with the Fundraising, subject to certain exceptions, offers and sales of the Ordinary Shares will be made to investors: (i) only outside the United States in "offshore transactions" within the meaning of, and in reliance on, Regulation S; and (ii) in a concurrent private placement in the United States to a limited number of "qualified institutional buyers" as defined in Rule 144A under the Securities Act who make certain investment representations to the Company regarding their investment intent and who agree to certain resale restrictions relating to the Ordinary Shares. The Company has not been and, after applying the proceeds from the Fundraising, will not be registered under the Investment Company Act, and as such investors in the Ordinary Shares will not be entitled to the benefits of the Investment Company Act. No offer, purchase, sale or transfer of the Ordinary Shares may be made except under circumstances which will not result in the Company being required to register as an investment company under the Investment Company 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 upon or endorsed the merit of the offer of the Ordinary Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

Notice to Canadian Investors

The Ordinary Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Ordinary Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this document (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), the Joint Bookrunners are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to investors in Hong Kong

This document has not been approved by the Securities and Futures Commission in Hong Kong and, accordingly: (i) the Ordinary Shares may not be offered or sold in Hong Kong by means of this document or any other document other than to "professional investors" as defined in the Securities and Futures Ordinance of Hong Kong (Cap 571) and any rules made thereunder, or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32) (the "CWUMPO") or which do not constitute an offer to the public within the meaning of the CWUMPO; and (ii) no person shall issue or possess for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Ordinary Shares which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Ordinary Shares which are or are intended to be disposed of only to persons outside Hong Kong or to professional investors (as set out above).

Notice to investors in Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Ordinary Shares are not offered or sold or caused to be made the subject of an invitation for subscription or purchase and will not be offered or sold or caused to be made the subject of an invitation for subscription or purchase, and this document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, for the Ordinary Shares, has not been circulated or distributed, nor will it be circulated or distributed, whether directly or indirectly, to any person in Singapore. Ordinary Shares may be offered to persons in Singapore who are: (i) an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA; (ii) a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) otherwise permitted to receive such offer pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

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 joint bookrunner, and DNB Markets has been appointed as joint 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 or DNB Markets (together, the "Joint Bookrunners") 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.

Information to distributors

UK Product Governance Requirements

Solely for the purposes of the UK Product Governance Rules, and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any 'manufacturer' (for the purposes of the UK Product Governance Rules) may otherwise have with respect thereto, the Placing Shares have been subject to a UK Target Market Assessment. Notwithstanding the UK Target Market Assessment, distributors should note that: the price of the Placing Shares may decline and investors could lose all or part of their investment; the Placing Shares offer no guaranteed income and no capital protection; and an investment in the Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The UK Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the UK Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the UK Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of COBS 9A and COBS 10A, respectively; or (b) a recommendation to any investor or group of investors to invest in, or purchase or take any other action whatsoever with respect to the Placing Shares. Each distributor is responsible for undertaking its own UK Target Market Assessment in respect of the Placing Shares and determining appropriate distribution channels.

EU Product Governance Requirements

Solely for the purposes of the product governance requirements contained within the MiFID II Product Governance Requirements, and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to an EU Target Market Assessment. Notwithstanding the EU Target Market Assessment, distributors should note that: the price of the Placing Shares may decline and investors could lose all or part of their investment; the Placing Shares offer no guaranteed income and no capital protection; and an investment in the Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The EU Target Market Assessment is without prejudice to the requirements of any

contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the EU Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the EU Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Placing Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Placing Shares and determining appropriate distribution channels.

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 United Kingdom 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.

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KEY INFORMATION
EXPECTED TIMETABLE OF EVENTS

Publication of this document	10 June 2021
Latest time for receipt of Forms of Proxy	11.00 am on 24 June 2021
General Meeting	11.00 am on 28 June 2021
Expected Admission and commencement of dealings in the New Ordinary Shares on AIM	8.00 am on 30 June 2021
Expected settlement of New Ordinary Shares in uncertificated form through CREST	8.00 am on 30 June 2021
Despatch of definitive share certificates in respect of the New Ordinary Shares in certificated form by no later than	14 July 2021
Expected Completion of the Farm-ins and Re-admission of the Enlarged Share Capital by	30 September 2021

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 an RIS

FUNDRAISING STATISTICS

Issue Price per Ordinary Share	75p
Number of Existing Ordinary Shares in issue at the date of this document	10,000,000
Number of Placing Shares	45,213,332
Number of Subscription Shares	1,453,334
Number of New Ordinary Shares (in aggregate)	46,666,666
Enlarged Share Capital – number of Ordinary Shares in issue immediately following the Fundraising	56,666,666
New Ordinary Shares as a percentage of the Enlarged Share Capital	82 per cent.
Market capitalisation following Admission at the Issue Price	£42 million
Gross proceeds of the Fundraising	£35 million
Estimated net proceeds of the Fundraising	£32 million

DEALING CODES

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>) Nicholas Andrew Ingrassia (<i>Executive Director</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>) <i>whose business address is at the Company's registered office</i>
Company Secretary	Julian Riddick <i>whose business address is at the Company's registered office</i>
Registered Office	5th Floor One New Change London EC4M 9AF United Kingdom
Nominated Adviser, Broker and Joint Bookrunner	Stifel Nicolaus Europe Limited 150 Cheapside London EC2V 6ET United Kingdom
Joint Bookrunner	DNB Markets, a part of DNB Bank ASA Dronning Eufemias gate 30 0191 Oslo Norway
Auditors and Reporting Accountants	BDO LLP 55 Baker Street London W1U 7EU United Kingdom
English Solicitors to the Company	K&L Gates LLP One New Change London EC4M 9AF United Kingdom
Norwegian Solicitors to the Company	Advokatfirmaet Thommessen AS Kirkegata 2 4006 Stavanger Norway
Solicitors to the Joint Bookrunners	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
Competent person	ERC Equipoise Limited 6th Floor Stephenson House, 2 Cherry Orchard Road, Croydon, CR0 6BA
Company website	www.longboatenergy.com

DEFINITIONS AND ABBREVIATIONS

“1U”	denotes the unrisks low estimate qualifying as Prospective Resources
“2U”	denotes the unrisks best estimate qualifying as Prospective Resources
“3U”	denotes the unrisks high estimate qualifying as Prospective 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 New Ordinary Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
“AFE”	form of authorisations for expenditure
“AGM”	the annual general meeting of the Company to be held on 30 June 2021 at 11.00 a.m.
“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
“APA”	awards in predefined areas. The annual process, but the Norwegian State, of awarding production licences in more mature areas
“Articles” or “Articles of Association”	the current articles of association of the Company
“AVO”	amplitude versus offset. The term refers to the dependency of the seismic attribute and amplitude, with the distance between the source and receiver
“boe”	barrels of oil equivalent
“boepd”	barrels of oil equivalent per day
“bscf”	billion standard cubic feet
“CAGR”	compound annual growth rate
“CCUS”	carbon capture utilisation and storage

“CIP” or “Co-Investment Plan”	the incentive arrangement for employees of the Group over a ten-year period from the date of the AGM
“COBS”	the FCA Handbook Conduct of Business Sourcebook.
“Company” or “Longboat Energy”	Longboat Energy plc, incorporated in England and Wales with registered number 12020297
“Competent Person’s Report” or “CPR”	the competent person’s report prepared by ERCE set out in Part VIII of this document
“Completion”	the completion of the Farm-ins
“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
“DNB Markets”	DNB Markets, a part of DNB Bank ASA, as the Company’s joint bookrunner
“E&P”	exploration and production
“EEA”	the European Economic Area, including the protectorates of any of its members
“EFF” or “Exploration Finance Facility”	the exploration finance facility agreement between the Company, Longboat Energy, SpareBank 1 SR-Bank ASA and ING Bank N.V., details of which are out in paragraph 11.9 of Part V
“Enlarged Share Capital”	the share capital of the Company (including the Existing Ordinary Shares and the New Ordinary Shares) in issue immediately following Re-admission
“Equinor”	Equinor Energy AS
“Equinor Option Agreement”	the option agreement between Longboat Energy Norge and Equinor, dated 9 June 2021, which is summarised in paragraph 11.11 of Part V of this document
“Equinor SPA”	the conditional sale and purchase agreement between Longboat Energy Norge and Equinor, dated 9 June 2021, in respect of the sale of Equinor’s interests in PL 901, PL 906, PL 939, PL1049, PL1049 B, PL 1060 and PL1017 on the NCS, which is summarised in paragraph 11.10 of Part V of this document
“ERCE”	ERC Equipoise Limited
“ESG”	Environmental, Social and Governance
“EU Target Market Assessment”	a product approval process, which has determined that the Placing Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II
“EUWA”	the European Union (Withdrawal) Act 2018
“Existing Ordinary Shares”	the 10,000,000 Ordinary Shares in issue at the date of this document

“Farm-ins”	the acquisition by the Company of the Target Assets from the Vendors, pursuant to the terms of the Farm-in Agreements
“Farm-in Agreements”	the Equinor SPA, the Equinor Option Agreement, the Idemitsu SPA and the Spirit SPA
“Faroe Petroleum” or “Faroe”	Faroe Petroleum plc (now DNO North Sea Plc)
“FCA”	the UK Financial Conduct Authority
“FIP” or “Founders’ Incentive Plan”	the incentive arrangement for the Founders over a five-year period from 28 November 2019
“First Placing Agreement”	the placing agreement dated 26 November 2019 between the Company, the Directors and Stifel relating to the Original Admission and related placing of 9,500,000 new Ordinary Shares
“Form of Proxy”	the form of proxy for use by holders of Existing Ordinary Shares in connection with the General Meeting
“Founders”	Blackacre Trust No.1, Blackacre Trust No.2, Hammer Investering AS, Jonathan Cooper, Julian Riddick and Graham Stewart
“FSMA”	the UK Financial Services and Market Act 2000, as amended
“Fundraising”	together, the Placing and the Subscription
“GCOS”	geological chance of success
“General Meeting”	the general meeting of the Company scheduled to take place at 11.00 a.m. on 28 June 2021
“GHG”	greenhouse gas emissions
“Group”	the Company and Longboat Energy Norge
“HC”	hydrocarbon
“HSE”	health, safety and environment
“ICAEW”	Institute of Chartered Accountants in England and Wales
“IEA”	International Energy Agency
“Idemitsu Petroleum”	Idemitsu Petroleum Norge AS
“Idemitsu SPA”	the conditional sale and purchase agreement between Longboat Energy Norge and Idemitsu Petroleum, dated 10 June 2021, in respect of the sale of Idemitsu Petroleum’s interests in PL293B on the NCS, which is summarised in paragraph 11.12 of Part V of this document
“Investing Policy”	the investing policy of the Company specified in the admission document published on 26 November 2019 in connection with the Original Admission
“Investing Company”	as defined by AIM, an investing company must state and follow an investing policy and must seek the prior consent of its shareholders in a general meeting for any material change to its investing policy. Where an investing company has not substantially implemented its investing policy within eighteen months of admission, it should seek the consent of its shareholders for its investing policy on an annual basis
“Investment Company Act”	United States Investment Company Act of 1940, as amended
“Issue Price”	75p per Fundraising Share

“JOA”	Joint Operating Agreement. Production licences are awarded on the condition that the licensees enter into a non-negotiable agreement for petroleum activities
“Joint Bookrunners”	Stifel and DNB Markets
“kboepd”	thousand barrels of oil equivalent per day
“London Stock Exchange”	London Stock Exchange plc
“Longboat Energy Norge”	Longboat Energy Norge AS, a company incorporated in Norway with registered number 924 186 720, which is a wholly-owned subsidiary of the Company
“LTIP” or “Long Term Incentive Plan”	the Long Term Incentive Plan under which awards are made for employees of the Company
“MAR”	the UK version of Regulation (EU) No 596/2014 of the European Parliament and the Council of 16 April 2014 on market abuse as it forms part of the law of England and Wales by virtue of section 3 of the EUWA and as modified by or under the EUWA or other domestic law (including but not limited to the Market Abuse (Amendment) (EU Exit) Regulations 2019/310)
“MC”	management committee of a Norwegian licence group. The MC consists of one representative of each licence participant and is the supreme body of the licence joint venture, with powers to decide on matters of any nature relating to the activities of the joint venture
“Mboe”	thousand barrels of oil equivalent
“MMstb”	million stock tank barrels
“MoF”	the Norwegian Ministry of Finance
“MPE”	the Norwegian Ministry of Petroleum and Energy
“MIFID II”	EU Directive 2014/65/EU on markets in financial instruments.
“MIFID II Product Governance Requirements”	EU Directive 2014/65/EU on markets in financial instruments. MiFID II; Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and local implementing measures.
“MMboe”	millions barrels of oil equivalent
“NCS”	the Norwegian Continental Shelf
“New Ordinary Shares”	together, the Placing Shares and the Subscription Shares
“NOROG”	Norwegian Oil and Gas Association
“Notice of AGM”	the formal notice of the Company’s AGM to be held on 30 June 2021 at 11.00 a.m.
“NPD”	the Norwegian Petroleum Directorate
“Official List”	the Official List of the FCA
“OPEC”	Organisation of the Petroleum Exporting Countries
“Ordinary Shares”	ordinary shares of £0.10 each in the capital of the Company
“Original Admission”	admission of the share capital of the Company to trading on AIM on 28 November 2019
“P10 unrisked estimate”	possible reserves with at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate
“Petroleum Act”	the Norwegian State Act of 29 November 1996 No. 72 relating to petroleum activities, as amended

“Petroleum Register”	register of all production licenses awarded by the Norwegian Petroleum Directorate on the Norwegian continental shelf
“PDO”	plan for development and operation of petroleum deposits which is subject to the Norwegian Ministry of Petroleum and Energy’s approval
“Placees”	the subscribers for Placing Shares pursuant to the Placing
“Placing”	the placing of the Placing Shares at the Issue Price to the Placees being arranged by the Joint Bookrunners, pursuant to the terms set out in the Placing Agreement
“Placing Agreement”	the conditional placing agreement dated 9 June 2021 between the Company, the Directors and the Joint Bookrunners relating to the Placing, a summary of which is set out in paragraph 11.2 of Part IV of this document
“Placing Shares”	the 45,213,332 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
“Probable Reserves”	Probable reserves are those unproved reserves which analysis of geological 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 2P reserves. In this context, when probabilistic methods are used, there should be at least a 50 percent probability that the actual quantities recovered will equal or exceed the 2P estimate.
“Prospective Resources”	those quantities of petroleum, which, by analysis of geoscience and engineering data, can be estimated, as of a given date, to be potentially recoverable from undiscovered accumulations. Potential accumulations are evaluated according to the chance of geologic discovery and, assuming a discovery, the estimated quantities that would be recoverable under defined development projects. It is recognised that the development programs will be of significantly less detail and depend more heavily on analog developments in the earlier phases of exploration.
“Prospectus Regulation”	Regulation (EU) 2017/1129 of the European Parliament and the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market
“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 (a) in the United Kingdom who are “qualified investors as defined under Article 2 of the UK Prospectus Regulation; or (b) in member states of the EEA who are “qualified investors” within the meaning of Article 2(e) of the Prospectus Regulation, as applicable in each case
“Re-admission”	admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules, following completion of one or more of the Farm-ins
“Registrar”	Equiniti Limited
“Regulation S”	Regulation S promulgated under the Securities Act
“Relevant Person”	(a) persons in member states of the EEA who are Qualified Investors, and (b) in the United Kingdom, who are 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 Fundraising 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
“RIS”	a Regulatory Information Service that is on the list of regulatory information services maintained by the FCA
“scm oe”	standard cubic metres of oil equivalent
“SDFI”	Norwegian State’s Direct Financial Interest
“Securities Act”	United States Securities Act of 1933, as amended
“Shareholders”	holders of Ordinary Shares from time to time
“Spirit Energy”	Spirit Energy Norway AS
“Spirit SPA”	the conditional sale and purchase agreement between Longboat Energy Norge and Spirit Energy, dated 9 June 2021, in respect of the sale of Spirit Energy’s interests in PL1049 and 1049B on the NCS, which is summarised in paragraph 11.13 of Part V of this document
“Stifel”	Stifel Nicolaus Europe Limited, as the Company’s nominated adviser, broker and joint bookrunner
“Subscribers”	Hammer Investering AS, Graham Stewart, Jonathan Cooper, Blackacre Trust No.1, Blackacre Trust No.2, Nicholas Ingrassia, Julian Riddick and Jorunn Saetre

“Subscription Letters”	the letter agreements between the Subscribers and the Company relating to the Subscription, further details of which are set out in paragraph 11.7 of Part V of this document
“Subscription Shares”	1,453,334 new Ordinary Shares to be subscribed by the Subscribers at the Issue Price pursuant to the Subscription Letters
“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
“Target Assets”	the interests in licences PL1049/ PL1049B, PL939, PL906, PL1060, PL901, PL1017 and PL293B to be acquired by Longboat Energy Norge pursuant to the Farm-in Agreements, further details of which are set out on pages 14 - 17 of this document
“Tariff Regulation”	tariffs for regulated access to gas infrastructure are determined by the Norwegian Ministry of Petroleum and Energy
“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
“TPA Regulation” or “Third Party Access Regulation”	The Norwegian state statutory rules on negotiated third party access to existing infrastructure such as oil pipelines
“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
“UK Product Governance Rules”	the product governance requirements contained within the FCA Handbook Product Intervention and Product Governance Sourcebook
“UK Prospectus Regulation”	the UK version of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA
“UK Target Market Assessment”	a product approval process, which has determined that the Placing Shares are: (i) compatible with an end target market of: (a) investors who meet the criteria of professional clients as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; (b) eligible counterparties, as defined in the COBS; and (c) retail clients who do not meet the definition of professional client under (b) or eligible counterparty per (c); and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II
“UK Prospectus Regulation”	the UK version of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA
“UOA”	Unitisation and Unit Operating Agreement, which governs the unit for development and production of a unitised licence area or structure, typically found in licence groups with shared resources
“Vendors”	Equinor, Idemitsu Petroleum and Spirit Energy
“WI”	working interest

PART I – LETTER FROM THE NON-EXECUTIVE CHAIRMAN OF LONGBOAT ENERGY PLC

*(Incorporated and registered in England and Wales under the Companies Act 2006
with registered number 12020297)*

Longboat Energy plc
5th Floor
One New Change
London EC4M 9AF
United Kingdom

10 June 2021

Dear Shareholder,

Proposed Farm-Ins to High Impact Drilling Programme

Proposed Fundraising of 46,666,666 New Ordinary Shares

Notice of General Meeting

and

Re-admission of the Enlarged Share Capital to trading on AIM

1. Introduction

Longboat Energy was established as a closed-ended investment company incorporated in England and Wales on 28 May 2019. The Company was established with the objective of creating value for its investors through the creation of a new mid-cap independent oil and gas company. From admission to trading on AIM on 28 November 2019, the Company has been an “investing company” for the purposes of the AIM Rules for Companies.

On 1 June 2021, the Company announced that its wholly-owned subsidiary, Longboat Energy Norge, had agreed the terms of binding Farm-in Agreements, subject to customary conditions precedent including Norwegian governmental approvals, to acquire the Target Assets. The Farm-in Agreements were entered into on 9 and 10 June 2021. The maximum total consideration for the Farm-ins, on a pre-tax basis and subject to completion adjustments, is approximately US\$35 million (depending on exchange rates). The consideration, which is eligible to benefit from the 78 per cent. Norwegian tax refund system, is to be satisfied through carry arrangements where Longboat Energy Norge meets a proportion of the exploration drilling costs of the Vendors’ retained interests in the Target Assets.

The Farm-ins provide working interest positions in seven gas weighted NCS licences (plus one licence extension) targeting 104 MMboe of Prospective Resources. It is anticipated that seven exploration wells will be drilled across the licences by the end of 2022. Six of these expected wells have firm drilling commitments with the seventh well decision expected in Q3 this year. The Farm-ins are with high quality counterparties and, in all but one licence, where the Vendor has a small non-operated stake and no ownership stake in the nearby infrastructure, the Vendors will retain interests in the licences as illustrated in the table below.

As the Farm-ins constitute a reverse takeover under the AIM Rules, they are conditional upon, amongst other things, the approval of Shareholders at the General Meeting. Should such approval be granted, the reverse takeover will involve the cancellation of the Existing Ordinary Shares from trading on AIM and a new application for the Enlarged Ordinary Share Capital to be admitted to trading on AIM. As a consequence, the Existing Ordinary Shares were suspended from trading on AIM on 1 June 2021, pending publication of this document. Trading in the Existing Ordinary Shares is expected to be restored following publication of this document. On Completion of one or more of the Farm-ins, the Company will cease to be an investing company for the purposes of the AIM Rules and will become an operating company instead.

The Target Assets are all minority interests in a portfolio of oil and gas prospects on the Norwegian Continental Shelf, and they are summarised below. As detailed in “Background to and reasons for

the Farm-ins”, the Directors consider the Farm-ins to provide an exciting opportunity to start building Longboat Energy into a new full-cycle North Sea exploration and production company and delivering value to the Company and its investors.

Target Assets Summary

Licence	Primary prospect	Operator	Potential Longboat Interest (%)	Status	Licence expiry date	Licence area (km2)
PL1049/ PL1049B	Cambozola	Equinor Energy AS	25*	Exploration	Initial phase up to 14 February 2025	590
PL939	Egyptian Vulture	Equinor Energy AS	15	Exploration	Initial phase up to 02 March 2023	79
PL906	Mugnetind	Aker BP ASA	20	Exploration	Initial phase up to 02 March 2025	212
PL1060	Ginny / Hermine (and Galtvort Discovery)	Equinor Energy AS	9	Exploration	Initial phase up to 14 February 2025	88
PL901	Rødhetta	Vår Energi AS	20	Exploration	Initial phase up to 10 February 2024	278
PL1017	Copernicus	PGNiG Upstream Norway AS	10	Exploration	Initial phase up to 01 March 2026	494
PL293B	Kveikje	Equinor Energy AS	10	Exploration	Production phase up to 11 April 2039	42

*Potential Longboat Energy interest for PL1049 and PL1049B includes interests from Spirit Energy and from Equinor
Source: CPR, ERCE, page 11

On 10 June 2021, the Company further announced its intention to issue 46,666,666 New Ordinary Shares at a price per share of 75 pence pursuant to the Fundraising. The Fundraising will raise gross proceeds of £35 million, which will be used to pay the upfront and ongoing capital costs associated with the Farm-ins and Target Assets and for general working capital purposes.

2. Background to and reasons for the Farm-ins

Longboat Energy was established by the ex-Faroe Petroleum management team to create a full-cycle North Sea E&P company through value accretive M&A and low-risk, near-field exploration. The management team has a proven track record of delivering value to shareholders through exploration success, accretive acquisitions and farm-ins, and a demonstrated ability to monetise discoveries through sales and asset swaps. At Faroe, the team grew reserves from 19 MMboe to 98 MMboe between 2013 and 2018, a CAGR of approximately 39 per cent.. The team monetised numerous assets through development or active portfolio management, including asset swaps and sell downs. Faroe Petroleum was sold to DNO ASA in January 2019, providing a Total Shareholder Return of 129 per cent. to investors who participated in Faroe’s previous and final equity raise at 70 pence per share in July 2016.

Since its IPO on AIM in November 2019, the Company has been pursuing potential acquisitions, utilising its substantial network in the North Sea oil and gas industry to identify attractive opportunities. The Company has agreed three, bilaterally negotiated farm-in opportunities, which provide an attractive and tailored portfolio of licences and a material, near-term, low-risk drilling programme on the NCS with a balanced risk/ reward profile, close to existing infrastructure. The payment of carried interests and forward exploration spending on the Target Assets is eligible for the Norwegian tax refund, substantially enhancing the net transaction metrics with a post-tax acquisition cost equivalent to US\$0.07 per prospective barrel of oil equivalent.

The Vendors are all leading NCS participants. Equinor, the oil and gas major, is the vendor of six out of the seven licences. Equinor is the largest operator in Norway and, in Q1 2021, completed

five exploration wells on the NCS with four commercial discoveries, adding around 60 million boe net to Equinor. Spirit Energy and Idemitsu Petroleum, both highly respected operators in the region, are additionally selling 20 per cent. and 10 per cent. interests in licences PL1049/PL1049B and PL293B, respectively, as part of the Farm-ins. In all but one instance where Equinor has been holding a stake in which it has no local infrastructure interest, the Vendors are retaining a stake in the licences, demonstrating the attractiveness of the opportunities.

The Farm-ins provide the Company with a bespoke portfolio and material drilling programme, including seven expected wells over the next 18 months with further appraisal drilling likely on success. It can take a number of years to progress an exploration target to the point of drilling. Hence, the Farm-ins are taking years off the timetable, compared to building the portfolio organically through licensing rounds, and reducing risk for the Company and its shareholders.

Net mean prospective resources across the Target Assets is estimated by ERCE at 104 million boe with additional upside and follow-on potential of 220 million boe (including operator P10 unrisks estimates of Fontina-Burrata prospect), with the mean volume of each prospect in excess of the Company estimated minimum economic field size. The Company has created an attractive risk and reward balance, with the chance of success for each well in the 22-55 per cent. range except for all-but-one high-impact prospect and a balanced resource potential across the portfolio.

The prospects are gas weighted and are all located in tie-back distance to existing infrastructure, with an overlap between exploration partners and infrastructure owners, providing a portfolio with a clear low-cost route to monetisation and low-carbon drilling and development opportunities, well aligned to Longboat Energy's ESG targets.

Exploration continues to be a key value driver on the NCS, with Norway enjoying record geological exploration success of 70 per cent. so far in 2021 and the Norwegian Petroleum Directorate reporting nearly US\$200 billion of value creation since 2000 with an average return on investment of 2.5 times since 2010. The Norwegian tax regime is very supportive, with a 78 per cent. tax rebate for explorers, and the buyer pool for discoveries in Norway continues to be strong with approximately US\$1.4 billion of discovery transactions since 2018 and an average transaction value exceeding US\$4/boe.

Longboat Energy is committed to delivering energy responsibly and strongly supports the energy transition, whilst acknowledging the place that hydrocarbon exploration and production will continue to have in the global markets for the foreseeable future. Longboat Energy has undertaken to be corporate 'Net Zero' on a Scope 1 and 2 basis by 2050, with exploration success being crucial to reducing carbon intensity in order to maximise the use of existing, mature infrastructure. The Farm-ins are well aligned to these principles given their proximity to existing infrastructure, nature of the licences and gas weighted resource base and the commitment to decarbonisation on the NCS evidenced through multiple initiatives including power-from-shore and carbon storage projects.

The Company believes the Farm-ins provide an exciting and unique opportunity to launch Longboat Energy as a North Sea oil and gas company, with the Target Assets providing a material and attractively located licence package, significant upside potential, a favourable fiscal environment for exploration in Norway, and a well-managed and balanced risk profile.

As a result of the Farm-ins, the Company has applied for approval as a Norwegian oil and gas licence holder, which, assuming approval, would significantly increase the opportunities available to the business. The Company is aiming to have the necessary approvals in place between July and September 2021 to enable completion of the Farm-ins to occur.

The Norwegian Opportunity

The Company's management team has a long-track record of experience and success in Norway, providing a natural region of focus for the Company in leveraging its deep industry relationships to open up a large number of potential growth opportunities.

The region contains significant "yet-to-find" resources, estimated at 23 billion boe by the NPD, of which approximately 36 per cent. is located in mature areas well known to Longboat Energy.

Norway is a highly regarded exploration jurisdiction, with consistent exploration delivery at above-industry-rates and a strong recent performance. The recent average discovery size was the highest it has been since 2012, with success rates higher every year since 2011 and overall success rates averaging 49 per cent. between 2014 and 2020. Equinor, which made four commercial discoveries

from five exploration wells in the first quarter of 2021, has matched the strong success rate in Norway overall of 70 per cent. so far in 2021.

Norway has an attractive fiscal framework for exploration and seeks to provide an 'even playing field' for companies without sufficient revenue to create a tax shield for exploration. Norway pays 78 per cent. of exploration expenditure as a cash tax rebate to explorers in the year following expenditure. Following the pandemic and oil price crash in early 2020 this was enhanced for 2020 and 2021 with the value of tax losses for those years being paid out in regular instalments instead of being paid in the year following the tax year.

As a Norwegian government-backed tax receivable, this exploration tax rebate is commonly pledged as an asset to secure finance through an exploration finance facility, providing substantial incentives to exploration activities in the region.

Norwegian operations offer attractive environmental conditions compared with many oil and gas operating jurisdictions, with an existing industry in place providing a significant opportunity for infrastructure-led exploration and hub strategies to minimise the carbon intensity of operations.

Norway has a public commitment to decarbonisation, including hydroelectric power-from-shore projects to reduce offshore CO₂ emissions, the world's first floating wind farm (Tampen Hywind) to power offshore platforms and Northern Lights, the project providing open and flexible infrastructure for CO₂ transport and sequestration.

3. Management Track Record

Each of the Directors were previously in key management positions at 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, a compounded annual growth rate of approximately 39 per cent.;
 - the growth of production from 6.1 kboepd in 2013 to 17.8 kboepd in H1 2019, 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 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, 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 7,300 boepd and 14 MMboe of 2P reserves; and
 - the Equinor asset swap contracted in December 2018, 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 farm-in to the Fenja (Pil) exploration well ahead of its discovery announced in March 2014;

¹ As reported by DNO in H1 2019 financial results

- 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 to approximately \$96 million;
- 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 the NCS average;
- consistently drilled four to five exploration wells a year, with at least one discovery in seven of the eight 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 six out of eight years between 2011-2018 with over 50 licences awarded to Faroe Petroleum in total.

The Directors have strong industry relationships that have provided, and are expected to continue 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 provide them with the ability to execute unique tailored acquisitions at attractive valuations. Management believes that it will have a strengthened negotiating position following the transaction, with the Company an established licence holder, a qualified Norwegian operation, and with demonstrated access to capital.

The Board considers its reputation, experience, technical capabilities and track record to be valued by authorities and partners, as demonstrated by their experience at Faroe Petroleum.

4. Information on the Target Assets

The assets being acquired by the Company through the Farm-ins include 5 – 20 per cent. working interest positions across seven licences (and one licence extension) located in the NCS, resulting in a final portfolio with working interests ranging from 9 – 25 per cent.. The Company believes that the three separate transactions, negotiated on a bilateral basis, provide a tailored portfolio with a balanced risk and reward profile, and demonstrate management's clear and deliberate selection criteria.

Summary of the Target Assets (in Estimated Drilling Order)

Licence	Prospect	Vendor	Licence interests to be acquired	Operator
PL939	Egyptian Vulture	Equinor	15%	Equinor
PL901	Rødhetta	Equinor	20%	Vår Energi AS
PL1060	Ginny / Hermine	Equinor	9%	Equinor
PL906	Mugnetind	Equinor	20%	Aker BP AS
PL293B	Kveikje	Idemitsu Petroleum	20%	Equinor
PL1049	Cambozola	Equinor	5%	Equinor
PL1049B	Cambozola	Equinor	5%	Equinor
PL1049	Cambozola	Spirit Energy	20%	Equinor
PL1049B	Cambozola	Spirit Energy	20%	Equinor
PL1017	Copernicus	Equinor	10%	PGNiG

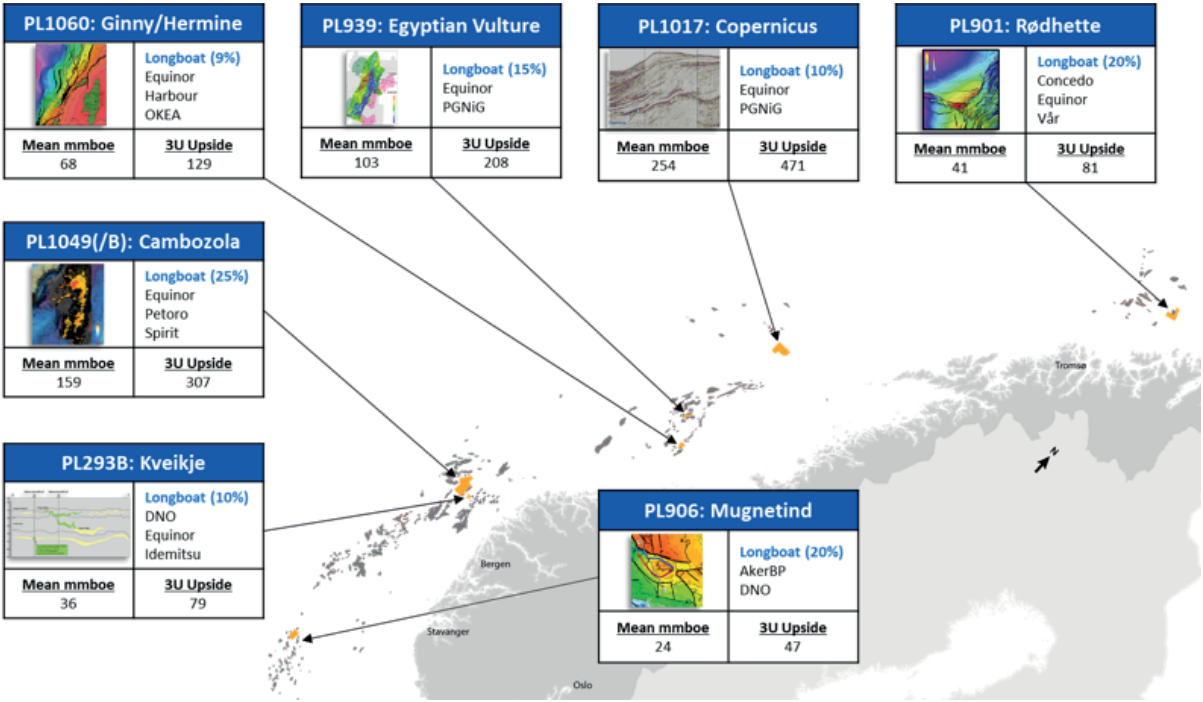
Source: CPR

The Farm-ins provide the Company with a hand-picked portfolio and material drilling programme, including seven attractive exploration wells over the next 18 months and further appraisal drilling likely on success. Key selection criteria for the business in identifying an attractive exploration portfolio for Longboat Energy include needing: i) a strong operator; ii) a committed well; iii) a material working interest for Longboat Energy; iv) additional upside; v) monetisation potential; vi) to

match Longboat Energy’s ESG objectives, and vii) the vendor retaining a working interest. The Directors are satisfied that the portfolio meets these objectives with almost all licences meeting each of the selection criteria.

The portfolio constructed provides significant catalysts for growth over the next 18 months and beyond, with seven near-infrastructure wells scheduled for drilling and significant appraisal drilling anticipated on success. Six of the seven exploration wells are already committed with the seventh well, Copernicus, expected to be committed in Q3 2021 for drilling in Q2/Q3 2022. The Target Assets in each case have first-class operators and will see near-continuous drilling over the period, providing an attractive risk and reward balance across the programme.

Location of the Target Assets



Source: Tables: ERCE CPR, gross Mean and 3U unrisks prospective resources. Map: based on NPD data

The seven planned initial wells will test best estimate net attributable Prospective Resource of 104 MMboe, with an additional 220 MMboe of follow-on prospectivity and net incremental upside across the portfolio (including operator estimates of mean and upside volumes for the Fontina-Burrata follow-on prospect in PL1049). All mean volumes for the Target Assets are in excess of Minimum Economic Field sizes, as calculated by Longboat Energy.

Summary of the Target Assets' Prospective Resources
Gross and Net Attributable Unrisked Gas Prospective Resources

Asset	Longboat Working Interest	Gross Gas Prospective Resources				Net Attributable Prospective Resources (gas)				Net Attributable Gas	GCOS
		1U	2U	3U	Mean	1U	2U	3U	Mean	Mean	
		(%)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	
Cambozola	25%	216.6	596.0	1406.7	729.9	54.2	149.0	351.7	182.5	32.6	15.0%
Egyptian Vulture	15%	110.7	287.3	716.5	368.7	16.6	43.1	107.5	55.3	9.9	25.0%
Mugnetind	20%	3.3	9.9	27.3	13.5	0.7	2.0	5.5	2.7	0.5	51.0%
Ginny	9%	46.4	140.7	411.1	201.0	4.2	12.7	37.0	18.1	3.2	27.0%
Hermine	9%	53.0	127.2	221.0	133.3	4.8	11.4	19.9	12.0	2.1	21.5%
Copernicus	10%	493.0	1110.5	2552.3	1375.4	49.3	111.1	255.2	137.5	24.6	25.5%
Kveijke	10%	0.9	3.5	13.0	5.9	0.1	0.4	1.3	0.6	0.1	55.0%
Total						135.3	339.8	798.1	420.6	75.1	

Gross and Net Attributable Unrisked Oil, Condensate and NGL Prospective Resources

Asset	Longboat Working Interest	Gross Liquid Hydrocarbons Prospective Resources				Net Attributable Prospective Resources (HC Liquids)				Net HC Attributable Liquids	GCOS
		1U	2U	3U	Mean	1U	2U	3U	Mean	Mean	
		(%)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	
Cambozola	25%	8.1	23.1	56.1	28.8	2.0	5.8	14.	7.2	7.2	15.0%
Egyptian Vulture	15%	7.4	26.9	79.8	37.4	1.1	4.0	12.0	5.6	5.6	25.0%
Mugnetind	20%	6.2	16.7	42.6	21.7	1.2	3.3	8.5	4.3	4.3	51.0%
Ginny	9%	1.0	3.3	10.6	5.0	0.1	0.3	1.0	0.5	0.5	27.0%
Hermine	9%	1.1	2.8	5.9	3.2	0.1	0.3	0.5	0.3	0.3	21.5%
Rodhette	20%	6.6	20.5	62.9	30.1	1.3	4.1	12.6	6.0	6.0	40.5%
Copernicus	10%	2.9	6.7	15.4	8.2	0.3	0.7	1.5	0.8	0.8	25.5%
Kveijke	10%	6.0	21.2	76.9	35.0	0.6	2.1	7.7	3.5	3.5	55.0%
Total						6.8	20.6	57.8	28.2	28.2	

Source: CPR, ERCE, pages 14 and 15

The Company has created a well-balanced portfolio of opportunities, with working interest positions ranging from 5 – 25 per cent., and prospect risk levels generally considered low to medium for exploration wells, with the exception of the Cambozola well, and a diverse range of resource size and upside potential across the assets. Given the attractive Norwegian fiscal regime for explorers, the Company is eligible for a 78 per cent. tax rebate on exploration spending, resulting in an expected average pre-tax dry hole cost per well is approximately US\$6 million. In the case of success, additional costs would be expected for further formation evaluation testing in the order of US\$1 to 2 million per well, with additional optional geological side-tracks or well tests which could add a further US\$3 to 6 million per well.

Drilling Schedule and Select Points of Interest on Target Assets

Prospect	Licence interests to be acquired	Gross Attributable Prospective Resources (MMboe) ¹	Geological Chance of Success ²	Pre-tax Well Cost Gross/ Net (\$million) ³	Expected Drilling Date ³
Egyptian Vulture	15%	103	25%	\$31/5	Q3-21
Rødhette	20%	41	41%	\$35/7	Q3-21
Ginny/Hermine	9%	41	27%	\$25/2	Q3-21
Ginny/Hermine	9%	27	22%	<i>incl above</i>	Q3-21
Kveikje	10%	36	55%	\$31/3	Q4-21
Mugnetind	20%	24	51%	\$33/7	Q4-21
Cambozola	25%	159	15%	\$64/16	Q2-22
Copernicus	10%	254	26%	\$38/4	Q2/3-22

Source: ERCE CPR

Notes:

¹ ERC Equipose estimates, using a conversion factor of 5,600 scf/stb

² ERC Equipose estimates

³ Longboat management/operator estimates

The first well, Egyptian Vulture in PL939, is considered to be a medium risk but high reward play in an area that Faroe Petroleum had detailed knowledge of and in which it was very active, having drilled multiple successful wells such as Iris/Hades, Maria and Fogelberg. A further Faroe generated successful well, Bergknapp, was announced as a DNO discovery after the Faroe takeover. Longboat Energy will have a 15 per cent. working interest in the licence following completion of the Farm-ins.

Longboat Energy's net attributable best estimate prospective resource in Egyptian Vulture will be 15 MMboe (gross: 103 MMboe) with a 25 per cent. chance of success. Reservoir quality and thickness is the primary risk for the well, however, the asset has been de-risked with its strong amplitude versus offset ("AVO") anomaly. The prospect is weighted 64 per cent. in favour of gas, with the balance hydrocarbon liquids.

Egyptian Vulture is an Upper Cretaceous turbidite play bounded within a regional graben located in the prolific Halten-Dønna Terrace. Several previous Faroe discoveries are located nearby, including Solberg and Rodriguez, and the field is considered to be analogous to the large Hades discovery made by Faroe in 2018.

The asset has a natural route for product export, with the potential to provide low-CO₂ blending gas into the nearby Åsgard infrastructure, which is operated by Equinor. Upside on the asset could be material, with the CPR high estimate prospective resource case more than double the size of mean.

Longboat Energy will additionally participate in two key wells in one of Norway's most active and prolific exploration and production areas with Cambozola and Kveikje. The assets provide acreage in the most prolific hydrocarbon province in Norway, near Statfjord, Snorre, Gullfaks and Troll with numerous recent discoveries (Atlantis, Dugong, Equino, Basto) being made as operators focus on infrastructure-led exploration opportunities to utilise mature infrastructure and reduce CO₂ emissions. Multiple nearby tie-back options exist for both Cambozola and Kveikje on either a standalone basis or as part of wider regional developments.

This area is also expected to be key for energy transition projects:

- Several power-from-shore projects including electrification of Troll B and C platforms
- Tampen Hywind offshore wind farm under way to power Gullfaks area
- Northern Lights Carbon Capture & Storage project located at Mongstad
- Blue Hydrogen plant under consideration at Kollsnes

5. Principal Terms and Conditions of the Farm-ins

The Farm-ins have been negotiated with the three counterparties on a bilateral basis, utilising management's deep industry network and experience to create a unique near-term and low risk exploration drilling programme on the NCS. In all but one licence, the Vendors are retaining an interest in the prospects, demonstrating their alignment with the assets' development. The Farm-ins are opportunistic and take advantage of cyclical budget cuts and capital allocation issues.

The largest of the three farm-in transactions is with Equinor, one of the most active and successful explorers on the NCS. The licences acquired include five near term wells with the sixth well commitment expected to occur in Q3 2021. Equinor will retain interests in five of the six licences that Longboat Energy is acquiring stakes in, with the sixth licence being fully divested due to it not being located in close proximity to Equinor's owned/ operated infrastructure.

The second transaction, with Spirit Energy, is a single asset farm-in to Cambozola, for a 20 per cent. interest in addition to the 5 per cent. acquired from Equinor. Spirit Energy will retain a 20 per cent. working interest in the asset post-transaction. The asset is seen as a promising play opener with significant follow-on potential, with Equinor as the operator and 35 per cent. owner of the asset.

The third transaction is a single licence farm-in to a 10 per cent. interest in Idemitsu Petroleum's PL293B licence, including the Kveikje prospect. The licence is seen as a key exploration target following the recent nearby Echino South, Blasto and Røver Nord discoveries. Idemitsu will retain a 10 per cent. interest in the asset post-transaction, with Equinor again operator of the asset and 51 per cent. working interest owner.

The consideration, which is eligible to benefit from the 78 per cent. Norwegian tax refund system, is to be satisfied through carry arrangements where Longboat Energy Norge meets a proportion of the exploration drilling costs of the Vendors' retained interests in the Target Assets.

In the event that Completion is delayed, the Company will make pre-payments to Equinor ahead of each well commencing in an amount of US\$4.6 million per well, being the pre-tax average 'carry' per well, up to a maximum of US\$14 million equivalent to three wells. In the event that the Company does not complete the Equinor Farm-in before 30 September 2021, Equinor shall be entitled to retain the pre-payments under certain circumstances, including a failure to qualify as a Norwegian oil and gas licensee. In such event, the Company should be able to reclaim 78 per cent. of such pre-payments reducing any loss on a post-tax basis to US\$3.1 million.

Longboat Energy Norge is in the process of seeking qualification as a Norwegian oil and gas licensee, which involves satisfying the Ministry of Petroleum and Energy and Petroleum Safety Authority that Longboat Energy Norge has the necessary technical employees and systems to meet its 'see to duty'. Longboat Energy Norge expects to meet the required standards in order to qualify and such qualification is also a condition to Completion of the Farm-ins.

The Farm-in Agreements are not conditional upon each other. Although the Directors consider it unlikely, it is possible that just one or two, or all three, of the Farm-in Agreements will not complete. If that happens then, depending on the level of capital that will no longer be deployed, which in turn is governed by how many and which Farm-ins do not complete, the Company will either re-deploy such capital or consider returning all or part of such capital to Shareholders.

6. Principal Terms and Conditions of the Exploration Finance Facility

Longboat Energy has secured a NOK 600 million (£52 million) EFF with two banks, SpareBank 1 SR-Bank ASA and ING Bank N.V.. The EFF is available for drawing from January 2022 until end-2023, with final maturity in 2024. A summary of the EFF is set out in paragraph 11.9 of Part V of this document.

The facility is secured-and-repaid by the Norwegian Government tax rebate which the Company is eligible for and as such is set at a 95 per cent. loan-to-value of the potential 78 per cent. tax rebate. The EFF therefore finances 74 per cent. of exploration expenditure, reducing the working capital Longboat requires to fund the carried interest and exploration costs associated with the Target Assets.

The EFF will not be required during 2021 given temporary tax changes implemented in Norway in 2020 to support the industry, with the value of tax losses for 2020-2021 being paid out in regular instalments instead of being paid in the year following expenditure.

7. Investment Opportunity

The Directors believe that the Target Assets provide an attractive opportunity to gain exposure to a near term drilling programme with seven wells planned over the next 18 months and additional appraisal drilling expected in the period. The seven well programme is considered low risk for an exploration drilling programme, with the exception of Cambozola (which also carries significant upside potential). Exploration success is expected to provide significant value catalysts for Longboat Energy as resource volumes are de-risked and, ultimately, the Directors expect the assets to provide a portfolio of development opportunities and tradeable interests to facilitate future transactions by the business.

The Company's management team has a proven track-record of exploration and operational excellence, and the Norwegian "see-to-duty" requirement ensures that these skills will be put to work with the Target Assets. The team's exceptional exploration record whilst at Faroe is ideally suited to the Target Assets. Coupled with the above average exploration success of the main asset operators, the NCS in general and the near drill-ready nature of the assets, the Company has substantially de-risked the portfolio for prospects of this type.

The Directors continue to believe that ongoing market dislocation in the oil and gas industry, and specifically in the North Sea, provides a significant number of opportunities for accretive and strategically beneficial transactions for Longboat Energy.

Many majors have continued to look to reduce investment in the North Sea and as a result of rapid acquisitions, and there are a number private equity backed vehicles holding assets that are non-core to their businesses. 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.

8. 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 Shareholders. 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 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.

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.

As a key strategic requirement, the Company will be actively involved in the unlocking of value in the assets that it acquires, including the Target Assets. 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” requirement, a central part of industry regulations, allows and requires a non-operating partner to have significant input into an oil and gas 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, including the Target Assets, it is expected that such assets will generally be held for the medium to long term. If successful, further equity funding will be required to appraise and develop the Target Assets, or to acquire additional assets in the future. However, the Company will also pursue potential assets swaps and cash sales where it is beneficial to do so. Subsequent acquisitions of producing and near-producing assets are more likely to include an element of debt to equity gearing.

The Farm-ins will deliver assets that are able to meet the Company’s investment criteria as well as provide an appropriate basis to build on the Company’s investment objectives. The Target Assets are located offshore in the Norwegian North Sea, Norwegian Sea and one is near field in the Barents Sea. All of the Target Assets are currently in the exploration phase, with committed wells on six of the Target Assets and an expected commitment in Q3 2021 on the other target.

The work programmes associated with the Target Assets are expected to be funded through a combination of the proceeds of the Fundraising, an EFF agreement between the Company and SpareBank 1 SR-Bank ASA and ING Bank N.V. (a summary of which is set out in paragraph 11.9 of Part V of this document) and the Company’s existing cash resources. In the event of exploration discoveries following successful appraisal and approval of a field development plan in respect of each Target Asset, further equity and/or debt financing is likely to be required to cover the financing of the development of such assets. Portfolio management of each Target Asset, including divestment or part-divestment of discoveries that move into development, will be considered as appropriate to balance and manage risk.

Upon Completion of one or more of the Farm-ins, the Company will cease to be an investing company for the purposes of the AIM Rules and will be an operating company instead, and the Company will apply for the Re-admission of its Enlarged Share Capital.

9. The Fundraising and use of proceeds

The Company is seeking admission of the New Ordinary Shares to trading on AIM in order to enact its investing policy and complete the Farm-ins and fund future capital activities across its attractive portfolio of near-term, low-risk, close to infrastructure drilling opportunities.

The gross proceeds of the Fundraising are expected to be £35 million and the net cash proceeds to the Company of the Fundraising (after deduction of expenses estimated in total at approximately £3 million (excluding VAT)) are expected to be £32 million.

The Company intends to use the net funds received from the Fundraising to fund:

- the consideration payable to the Vendors, under the ‘carry’ arrangements in the Farm-in Agreements;
- exploration and evaluation expenditures, including seismic acquisition, ahead of drilling;
- the drilling programme costs related to the Target Assets and some initial success costs (but not follow on appraisal costs);
- the costs associated with the financing of the Farm-ins;
- the technical team based in Stavanger along with other corporate costs; and
- general working capital purposes.

Further details about the Fundraising are set out in paragraph 15 below.

10. Current trading and prospects

In 2020, COVID-19 brought unprecedented changes to all aspects of society and the global economy, with the energy sector particularly hard hit by an unprecedented fall in demand. This resulted in the global upstream M&A deal count reaching a 20-year low.

The temporary Norwegian tax changes introduced in 2020 have lowered breakeven oil prices and increased internal rates of return for non-sanctioned projects, which will accelerate new project developments and drilling plans.

The Company had cash reserves of approximately £7.0 million as at 31 December 2020 (31 December 2019: £9.2 million), no debt and a tax receivable of £0.8 million which has and continues to allow the Company ample headroom to pursue business development activities. Cash reserves as at 31 March 2021 were £6.6 million (unaudited).

The £0.8 million receivable as at 31 December 2020 results from a tax rebate for 78 per cent. of its Norwegian exploration spending, of which the two instalments have been paid since the year end. As at 31 March 2021, the Norwegian tax receivable balance was £0.3 million.

The Company's core strategy remains unchanged and there are exciting opportunities ahead as the backlog of transactions begins to unwind. 2021 has so far seen oil prices stabilizing at a much higher level and, with COVID-19 vaccination programmes being rolled out, the transaction market is already looking more positive. Several processes have been launched recently and the Directors expect more assets to come to market as vendors seek to take advantage of the uptick in commodity prices.

Exploration drilling results in Norway have remained strong and, as demonstrated by the Farm-ins, the Company's management team considers exploration assets to be an integral part of the Company's investment strategy. Longboat Energy is well positioned to pursue expected future transaction opportunities, guided by a management team with a strong track record of delivering value through M&A.

11. Directors and Management

The Board currently comprises three executive directors and four non-executive directors. The Directors are ultimately responsible for managing the Company's business in accordance with the Articles and assessing the appropriateness of its Investing Policy and strategy. The Directors also have overall responsibility for the Company's activities, including its acquisition activities, and reviewing the performance of the Company's acquisitions.

The Board currently comprises Helge Hammer as Chief Executive Officer, Jonathan Cooper as Chief Financial Officer, Nicholas Ingrassia as Corporate Development Director and the following non-executive directors: Graham Stewart (Chairman), Brent Cheshire, Jorunn Saetre and Katherine Roe, details of each of whom are set out below. In addition, Julian Riddick acts as the Company's secretary.

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. The Board have resolved that, after due consideration and in light of the Farm-ins, that further additions to the Board are not currently necessary.

The Directors and management team are as follows:

Helge Ansgar Hammer – Chief Executive Officer (Age: 59)

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: 52)

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: 60)*

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. Graham is currently the chairman of AEX Gold, Inc. (an AIM quoted and TSX-V listed gold mining company with assets in southern Greenland).

Brent Cheshire CBE – *Senior Independent Non-Executive Director (Age: 66)*

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: 64)*

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: 43)*

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 CEO of Wentworth Resources Plc (an AIM quoted oil and gas company with gas production and exploration interests in the onshore Rovuma Basin of Southern Tanzania) and a non-executive director of ITM Power plc (an AIM quoted manufacturer of electrolyzers for hydrogen production).

Nicholas Andrew Ingrassia – *Corporate Development Director and Executive Director (Age: 41)*

Nick has over 20 years' experience across a wide range of corporate roles in-and-around the oil & gas industry. Nick started his career in banking with roles at Morgan Stanley (energy investment banking) and RBS (structured energy lending & debt advisory) before joining the industry working in business development roles with Valiant Petroleum plc (sold to Ithaca Energy inc in 2013), Salamander Energy plc (sold to Ophir Energy plc in 2015) and Faroe Petroleum plc (sold to DNO ASA in 2019). Most recently, he acted as UK Country Manager for DNO ASA. Nick has MA Hons degree from St Andrews University in Ancient History.

Julian Riddick – Company Secretary (Age: 63)

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 Energy, 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.

12. Employee Incentivisation Arrangements

LTIP

The LTIP was approved by the Shareholders at the 2020 annual general meeting of the Company and is an employee share plan designed to provide incentivisation and retention for management personnel of the Company over a three-year period. The terms of the plan are market standard. The Company may issue up to 15 per cent. of its share capital within a ten-year period to satisfy awards to participants in the LTIP, the FIP and any other share plan operated by the Company under which shares are issued. Any employee of the Company is eligible to participate in the LTIP, although it is designed primarily for management personnel. Non-executive Directors are not eligible to participate in the LTIP. It is anticipated that in the future awards will be made to the Founders 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.

On the grant of annual awards, the remuneration committee will determine the maximum face value of the awards that can be granted to a participant in any calendar year. The maximum face value of the annual awards that can be granted is 100 per cent. of salary, however, in exceptional circumstances, awards of up to 200 per cent. of salary can be made. The remuneration committee will set the performance conditions at the time of each grant. The vesting of awards will be subject to continued employment with the Company, satisfaction of the performance conditions and any other terms or conditions determined at the grant stage. The vesting period will be set by the remuneration committee at each grant. It is expected that awards will not vest for three years and additionally for senior managers and Executive Directors a further two-year post-vesting holding period will also apply. The remuneration committee may, at the time of vesting or at any time before, reduce the vesting level of awards in special circumstances and general malus principles will be applicable upon the discovery of deficient performance. Claw-back will apply on share awards in the event of a material financial misstatement, gross misconduct, a material failure in risk management where the risk had not been fairly disclosed or any insolvency within the Company or its subsidiaries.

The remuneration committee of the Board has made a conditional award under the LTIP to the Corporate Development Director of the Company, Nick Ingrassia, in the form of options to acquire a total of 40,000 Ordinary Shares and plans to make a further award as soon as practicable. Subject to meeting the performance conditions, the options will vest three years after grant and then be subject to a further two-year holding period.

CIP

The Company intends to introduce a new long-term incentive plan, being the Longboat Energy plc Co-Investment Plan in respect of eligible employees of the Company, which will be put to Shareholders at the AGM. The intention of the CIP is to strengthen the alignment between employees and Shareholders by encouraging employees to build up shareholdings in the Company.

Under the CIP, eligible employees (“**Participants**”) will be granted matching share awards in the form of options (“**Options**”) over Ordinary Shares, with the value of the Ordinary Shares subject to such Options being by reference to the number of Ordinary Shares that such Participant acquires using their personal funds (“**Investment Shares**”). Participants may acquire Investment Shares with a market value up to an amount equal to 50% of such Participant’s pre-tax base salary in any financial year.

The Options will vest and become exercisable on the third anniversary (“**Vesting Date**”) of the date that the Participant acquires the Investment Shares (“**Investment Date**”) subject to: (a) the price of the Ordinary Shares increasing by 30 per cent. between the Investment Date and Vesting Date;

(b) the Participant retaining the Investment Shares until the Vesting Date; and (c) the Participant remaining in employment with the Group until the Vesting Date.

Any individual who is an employee of the Group is eligible to participate in the CIP and be granted Options at the discretion of the Board.

The Options will have an exercise price of an amount equal to the nominal value of the Shares.

Ordinarily, all Options held by a Participant will lapse with immediate effect upon such Participant's cessation of employment.

Options will be subject to malus and clawback. Malus will apply between the Investment Date and the Vesting Date. Clawback will apply for two years following the Vesting Date.

Under the rules of the CIP, no Options may be made if it would result in the aggregate number of Shares issued (or committed to be issued) under the CIP (together with those issued, or committed to be issued, under the FIP, LTIP and any other employee Share scheme) in the preceding 10 year period exceeding 15 per cent. of the issued ordinary Share capital of the Company at that time.

The Board may, at any time, subject to the Company's remuneration policy, amend the provisions of any of the rules of the CIP in any respect. However, amendments may not be made which adversely affect the rights of Participants except where the Participants affected by the change are notified of such amendment and the majority of Participants approve such amendment or such amendments are to take account of any matter or circumstance which the Board reasonably considers is a legal or regulatory requirement.

Further details on the rules governing the CIP are set out in the Company's Notice of AGM.

13. Founder Incentivisation Arrangements

Arrangements have been put in place to create incentives to reward key contributors for the creation of value. These arrangements ensure that management is fully aligned with Shareholder returns by providing the 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 V of this document.

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 (in the form of a nil cost option). 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 28 November 2019 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 28 November 2019 (the "**Measurement Dates**"). To measure the return achieved at each Measurement Date, the return shall be calculated with reference to the share price on 28 November 2019 (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, including the Placing, and the nil cost options will have no value until a Hurdle of doubling of the Total Shareholder Return has been reached. For any additional value to accrue to the Founders, the Placing Shares will need to increase by the Hurdle as adjusted for time to reflect the shorter period between the date of the Placing and the first Measurement Date, in accordance with the Rules of the FIP.

If at a Measurement Date the Hurdle has been reached then the nil cost options 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, LTIP and CIP) 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.

14. Lock-in Arrangements

In accordance with the AIM Rules, each of the Directors and Julian Riddick, whose interests in the Company when taken together amount to 3.45 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 Re-admission) or any options to subscribe for Ordinary Shares for a minimum period of 12 months following Re-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 Re-admission otherwise than in an orderly manner through the Company's broker from time to time.

Further details of the lock-in arrangements are set out in paragraph 11.8 of Part V of this document.

15. The Fundraising

The Fundraising comprises the Placing and the Subscription.

The Placing

The Company has conditionally raised gross proceeds of approximately £33.9 million (before commission and expenses) by the placing of 45,213,332 Placing Shares at the Issue Price pursuant to the Placing, which is conditional upon, amongst other matters, the Shareholders passing the resolutions at the General Meeting, each of the Farm-in Agreements not having lapsed or been terminated prior to Admission and the Exploration Finance Facility having become unconditional in all respects save for Admission, and on Admission occurring on or by 30 June 2021 (or such later date as the Joint Bookrunners and the Company may agree, but in any event not later than 9 July 2021). 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 VII 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 30 June 2021; or
- otherwise, in certificated form, with the relevant share certificate expected to be despatched by post at the risk of the Placee by 14 July 2021.

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.

Further details of the Placing Agreement are set out in paragraph 11.6 of Part V of this document.

The Subscription

The Company has conditionally raised gross proceeds of approximately £1.1 million (before commission and expenses) by the subscription for 1,453,334 Subscription Shares at the Issue Price pursuant to the Subscription. The Subscription, which is not underwritten, is conditional on, *inter alia*, Admission occurring on or before 8.00 a.m. on 9 July 2021.

The Subscription Shares are in registered form and will be free from restrictions on transfer and freely transferable. The Subscription Shares will represent approximately 2.6 per cent. of the Enlarged Share Capital on Admission. The Subscription Shares are not being offered generally in the UK or elsewhere. It is expected that the proceeds of the Subscription due to the Company will be received by it soon after Admission. The Subscription Shares will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive dividends and other distributions declared, made or paid in respect of the Ordinary Shares and will be issued free of any expenses and stamp duty.

The principal terms of the Subscription Letters are summarised in paragraph 11.7 of Part V of this document.

Not conditional on completion of the Farm-ins

The Fundraising and Admission are not conditional on completion of the Farm-ins or Re-admission. Should Shareholder approval of the Resolutions not be obtained at the General Meeting, none of the Fundraising nor Admission will occur. Although the Directors consider it unlikely, it is possible that the Fundraising will complete but that just one or two, or all three, of the Farm-in Agreements will not complete. If that happens then, depending on the level of capital that will no longer be deployed, which in turn is governed by how many and which Farm-ins do not complete, the Company will either re-deploy such capital or consider returning all or part of such capital to Shareholders. If none of the Farm-ins completes, Re-admission will not occur and the Company will remain as an investing company for the purposes of the AIM Rules.

16. Related Party Transactions

The participation in the Subscription of certain Directors and related parties, as stated below, constitute related party transactions for the purposes of the AIM Rules. The Directors who are independent of the related party transaction, being Brent Cheshire and Katherine Roe, having consulted with Stifel, the Company's nominated adviser for the purposes of the AIM Rules, considers the terms of participation of Graham Stewart, Helge Hammer, Jonathan Cooper, Nicholas Ingrassia, Jorunn Saetre, Blackacre Trust No 1 and Blackacre Trust No 2 in the Subscription to be fair and reasonable insofar as Shareholders are concerned.

The participation in the Placing of Blackrock Investment Management, a substantial Shareholder of the Company, constitutes a related party transaction for the purposes of the AIM Rules. The Directors, having consulted with Stifel, the Company's nominated adviser for the purposes of the AIM Rules, consider the terms of participation of Blackrock Investment Management in the Placing to be fair and reasonable insofar as Shareholders are concerned.

As at 9 June 2021 (being the latest practicable date prior to the publication of this document) and, as expected to be immediately following Admission, the interests of Blackrock Investment Management and of each of the relevant Directors and related parties in the issued share capital of the Company are as follows:

Name	As at the date of this document		Number of New Ordinary Shares subscribed for	Immediately following Admission	
	Number of Existing Ordinary Shares held	Percentage of Existing Ordinary Shares held		Number of Ordinary Shares held	Percentage of Enlarged Share Capital held
Blackrock Investment Management	1,383,794	13.84%	7,000,258	8,384,052	14.8%
Hammer Investering AS	300,000	3.00%	506,667	806,667	1.42%
Graham Stewart	150,000	1.5%	200,000	350,000	0.62%
Jonathan Cooper	125,000	1.25%	200,000	325,000	0.57%
Blackacre Trust No 1	62,500	0.63%	100,000	162,500	0.29%
Blackacre Trust No 2	62,500	0.63%	100,000	162,500	0.29%
Nicholas Ingrassia	—	—	160,000	160,000	0.28%
Julian Riddick	100,000	1.0%	160,000	260,000	0.46%
Jorunn Saetre	25,000	0.25%	26,667	51,667	0.09%

17. Admission to Trading, Dealing Arrangements and Re-admission

Application will be made for admission of the New Ordinary Shares to trading on AIM. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence on 30 June 2021.

Upon completion of one or more of the Farm-ins, the Company will cease to be an investing company for the purposes of the AIM Rules and will be an operating company instead, and the Company will apply for the Re-admission.

The Ordinary Shares 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.

18. Financial Information and Investments

Since incorporation, the only activities of the Company have been in connection with the identification, analysis and due diligence of potential acquisitions, including the Farm-ins.

19. Working Capital

The Directors are of the opinion, having made due and careful enquiry, that the working capital available to the Group, taking into account the estimated net proceeds of the Fundraising, the Exploration Finance Facility and the Norwegian tax rebate system, will be sufficient for its present requirements and for at least 12 months from the date of Re-admission.

20. 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 Re-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.

21. Taxation

The attention of prospective investors is drawn to the taxation section in paragraph 12 of Part V of this document.

22. Corporate Governance

The Directors recognise the importance of sound corporate governance commensurate with the size of the Group and the interests of the Shareholders. The Directors consider that the Company complies, so far as practicable, with the QCA Corporate Governance Code published by the Quoted Companies Alliance to the extent appropriate having regard to the size and nature of the Company. Further details are set out in Part IV of this document.

23. CREST

The Articles of Association permit the Company to issue shares in uncertificated form in accordance with the CREST Regulations. 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 Fundraising 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.

24. 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 Hammer 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 3.6 per cent. of the Enlarged Share Capital.

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

25. General Meeting and resolutions proposed

A notice convening the General Meeting to be held at the offices of Stifel Nicolaus Europe Limited, 150 Cheapside, London, EC2V 6ET at 11.00 a.m. on 28 June 2021 is set out at the end of this document. The purpose of the General Meeting is to seek the necessary Shareholder approval to proceed with the Farm-ins in accordance with the requirements of AIM Rule 14 and to grant authority to issue the New Ordinary Shares pursuant to the Fundraising on a non pre-emptive basis.

Approval of the Farm-ins

Rule 14 of the AIM Rules for Companies requires that any acquisition which would constitute a “reverse takeover” is approved by ordinary resolution of shareholders at a general meeting. This is the purpose of resolution 1 as set out in the Notice of General Meeting.

Directors’ authority to allot shares – the Fundraising

Resolutions 2 and 3 seek authority from Shareholders for the Company to allot shares on a non pre-emptive basis pursuant to the Fundraising.

26. Action to be taken

In light of the ongoing Coronavirus pandemic and with a view to taking appropriate measures to safeguard its Shareholders’ health and make the General Meeting as safe and efficient as possible, the Company will conduct the General Meeting as a closed meeting. The physical part of the General Meeting is intended to accommodate only a bare quorum and any others necessary for the conduct of the meeting. However, the Board recognises that the General Meeting represents an opportunity to engage with Shareholders and provides a forum that enables Shareholders to ask questions of the Board. In light of this shareholders will be able to follow the proceedings of the General Meeting and the Company will provide access to an online audio and presentation link on the platform provided by <https://www.investormeetcompany.com>.

This situation is constantly evolving, and the UK Government may change current restrictions or implement further measures relating to the holding of general meetings during the affected period. Given that there are still some weeks to pass before the General Meeting, the Directors will continue to monitor the Government guidance, the practical situation that the Company faces and any changes to the regulatory or legal landscape and provide any appropriate updates or changes to the above proposals (including, without limitation, as to proxy appointments, attendance, venue, format, the business to be considered or timing, as the case may be) via a RIS announcement and the company’s website www.longboatenergy.com.

The Board does not presently expect that the above restrictions on attendance will be relaxed in the period prior to the General Meeting but the Company will keep this under review. For completeness, please note that the Chairperson has the power to secure the safety of the people attending the General Meeting and that the Company considers this of paramount importance. Therefore, any Shareholder (or their appointed proxy other than the Chairman) who seeks to attend the General Meeting may be refused entry.

Action before the General Meeting

In the usual way we ask and encourage Shareholders to vote for the General Meeting resolutions by appointing the “Chairman of the General Meeting” as a Shareholder’s proxy. Accordingly, Shareholders are encouraged to complete the enclosed Form of Proxy and return it by post the Registrar, as soon as possible. Alternatively, Shareholders may appoint a proxy online by going to www.sharevote.co.uk and following the instructions provided. Shareholders will need their Voting ID, Task ID and shareholder Reference Number which can be found on the enclosed Form of Proxy. To be valid, the Form of Proxy must be received by the Company’s Registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, by 11.00 a.m. on 24 June 2021, or in the case of Ordinary Shares held through CREST, via the CREST system.

All the voting at the General Meeting will be conducted on a poll and there will be no show of hands. This means that your votes will all be counted for all the Ordinary Shares that you vote.

Please remember to submit any questions in advance by using the following platform <https://www.investormeetcompany.com/longboat-energy-plc/register-investor>.

The results of the General Meeting will be announced by RIS and posted to the Company's website www.longboatenergy.com on the day of the General Meeting. The full poll results will also be published on this website at the same time.

27. Recommendation

The Directors recommend that Shareholders vote in favour of all the resolutions to be proposed at the General Meeting as they have irrevocably undertaken to do in respect of the 600,000 Ordinary Shares (representing 6.0 per cent. of the issued Ordinary Shares) that they own or are interested in. You should vote by returning your proxy instruction by post as indicated in the Form of Proxy.

With this document you will, as a Shareholder, have received a Form of Proxy. Alternatively, Shareholders may appoint a proxy online by going to www.sharevote.co.uk and following the instructions provided. Shareholders will need their Voting ID, Task ID and shareholder Reference Number which can be found on the enclosed proxy form.

Shareholders should note that in the event the resolutions are not passed at the General Meeting, the Fundraising and the Farm-ins would not proceed.

Your votes do matter. Information about how to vote at the General Meeting is given above. If you cannot attend the General Meeting, please vote your Ordinary Shares by appointing the "Chairman of the General Meeting" as your proxy.

Yours faithfully

A handwritten signature in black ink, appearing to read 'G Stewart', written in a cursive style.

Graham Stewart
Non-Executive Chairman

PART II – INDUSTRY OVERVIEW

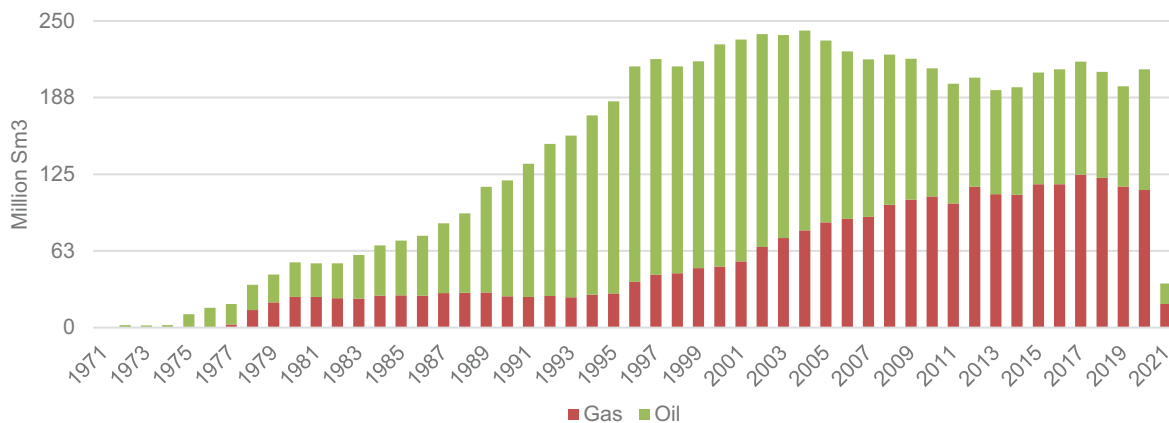
1. Norwegian Petroleum History

Norway's petroleum era started more than 50 years ago, and a number of the early fields remain in production. The first fields to be developed were in the North Sea, and the industry has gradually expanded northwards into the Norwegian and Barents Seas. The discovery of the Groningen gas field in the Netherlands in 1959 was a game changer for the industry.

In the 1970s, the continental shelf was opened gradually with the most promising areas explored first. This led to world-class discoveries and production from the Norwegian continental shelf has been dominated by large fields such as Ekofisk, Statfjord, Oseberg, Gullfaks and Troll. These fields are still very important for Norway's petroleum industry.

It has also been possible to tie in a number of other fields to the infrastructure established for the major fields. Production from several of the largest fields is now declining, and a number of new, smaller fields have been developed. As a result, petroleum production is now split between a larger number of fields than before. Today, there is a great deal of diversity and competition on the NCS with more than 40 Norwegian and foreign companies active.

Norwegian Oil and Gas Production History



Source: Norwegian Petroleum Directorate

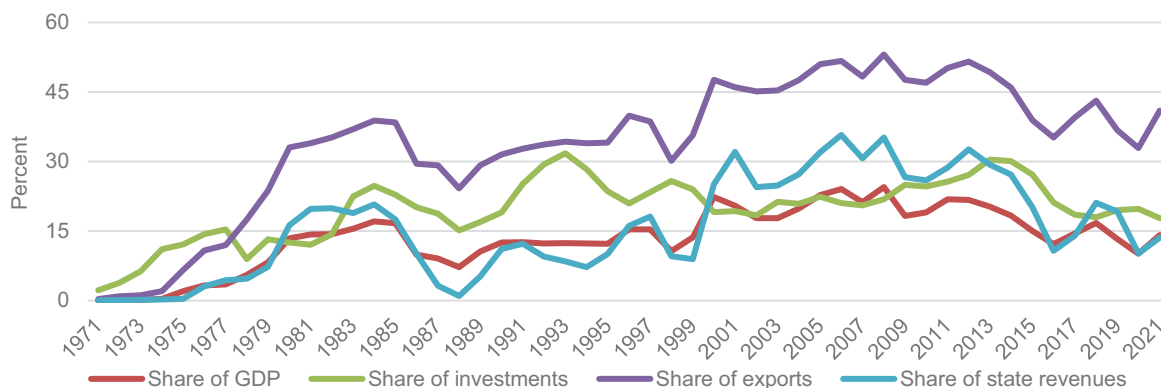
The Norwegian state originally owned a 50 per cent. ownership interest in every production licence, but from 1985 the system was reorganised with the state's interest split in two: one part linked to Statoil and one to the State's Direct Financial Interest ("SDFI"). The SDFI is determined when production licences are awarded and varies from field to field. As a licence partner, the State covers its share of costs and receives its share of income from licences.

Statoil (now Equinor) was established in 1972, with the Norwegian state as sole owner. In 2001 it acquired a 15 per cent. stake in the SDFI from the state and listed on the Norwegian stock exchange. In 2007, Statoil merged with Norsk Hydro's oil and gas division and in 2018 changed its name to Equinor.

The state-owned enterprise Petoro AS was established in May 2001 to manage the SDFI on behalf of the state.

Petroleum activities have played a key role in the development of Norway's welfare state. Today, the industry has a huge impact on the Norwegian economy. Figures for the petroleum industry's share of total value creation, investments, exports and revenues over the years, presented below, demonstrate this.

Macroeconomic Indicators for the Norwegian Petroleum Sector, 1971-2021



Source: Norwegian Petroleum. Statistics Norway (National accounts), Ministry of Finance (The Revised National Budget 2021)

Activity on the Norwegian Continental Shelf will continue to be vital to the Norwegian economy in the years ahead with large remaining resources and major new projects being discovered and developed. Estimated undiscovered resources total some 3,900 million standard cubic metres of oil equivalent (scm oe). This estimate is uncertain, with an uncertainty range of 2,200 to 6,200 million scm oe.

Norway is a highly regarded exploration jurisdiction, with consistent exploration delivery at above-industry-rates and particularly impressive recent performance. The recent average discovery size was the highest it has been since 2012, with success rates higher every year since 2011 and overall success rates averaging 49 per cent. between 2014 and 2020. Equinor, who made four commercial discoveries from five exploration wells in the first quarter of 2021, has matched a very strong success rate in Norway overall of 70 per cent. so far in 2021.

The high level of exploration in recent years has yielded many discoveries. These are relatively small, and reflect the fact that a growing share of exploration takes place in mature parts of the NCS. However, large discoveries are still possible with extensive areas remaining underexplored. Small discoveries have good profitability when tied back cost-effectively to existing infrastructure. During recent decades, such discoveries have contributed a substantial proportion of the total value creation from exploration. Low unit costs provide the basis for profitable future exploration even with low oil prices. In addition, technological progress and digitalisation could help to enhance profitability by reducing exploration risk and increasing the number of discoveries.

Norway has an attractive fiscal framework for exploration and seeks to provide an 'even playing field' for companies without sufficient revenue to create a tax shield for exploration. Norway pays 78 per cent. of exploration expenditure as a cash tax rebate to explorers in the year following expenditure. This has, however, been amended for 2020 and 2021 to allow regular payments.

Norway has a public commitment to decarbonisation, including hydroelectric power-from-shore projects to reduce offshore CO₂ emissions, the world's first floating wind farm (Tampen Hywind) to power offshore platforms and Northern Lights, the project providing open and flexible infrastructure for CO₂ transport and sequestration.

Norway has committed to limit global warming to well below 2°C and to seek to restrict it to 1.5°C. The NCS is well positioned to meet the climate challenge and believes additional opportunities such as carbon storage, hydrogen production, and exploration for and exploitation of seabed minerals could become available.

2. Regulatory Regime on the NCS

Overview of Regulations and Governing Bodies

The Norwegian state has the proprietary right to petroleum deposits on the NCS and exclusive rights to the petroleum resources. Resource management on the NCS rests with the King in Council (the Government) and the general policy is to secure a long-term sustainable exploitation of the petroleum resources for the benefit the Norwegian society.

The Ministry of Petroleum and Energy (“**MPE**”) is responsible for regulating and overseeing petroleum activities on the NCS from a resource management perspective, under delegate authority and pursuant to principles set out in the Petroleum Act of 1996 with underlying regulations. The Petroleum Directorate (“**NPD**”) is a subordinated agency of the MPE and supports such tasks. Other main regulatory bodies include the Petroleum Safety Authority, overseeing health and safety regulations, and the Norwegian Environment Agency, overseeing environmental matters. The Ministry of Finance and the Petroleum Tax Office are responsible for regulating and overseeing petroleum taxation matters.

The Licensing System

Licence Types

Petroleum activities on the NCS are governed by a licensing system set out in the Petroleum Act and managed by the MPE. Pursuant to the Petroleum Act, three types of licences may be granted for petroleum activities on the NCS: (i) exploration licence, (ii) production licence, and (iii) licence to install and operate installations.

- An exploration licence provides the holder with a non-exclusive right to explore for petroleum in a limited area and for a limited period (3 years). The activities allowed under such licence are limited (and does not include exploration drilling) and, in practice, the applicants are typically seismic service providers proposing to conduct general or specific surveys to map the prospectivity of the survey area. The exploration licence does not give any preferential right when production licences are granted.
- A production licence gives the licensee an exclusive right to exploration, including exploration drilling, and production of petroleum deposits in the areas covered by the licence. The King in Council awards production licences for an initial period of up to ten years. Typically, specified work obligations must then be completed within defined time limits, after which the licensees are entitled to an extension of the licence period.
- The licence to install and operate installations gives the licensee a non-exclusive right to install and operate petroleum facilities, typically pipelines and processing facilities outside the parameters of an approved field development plan (which again are linked to one or several specific production licence(s)).

Production licences are awarded based on objective, non-discriminatory and published criteria. The most important criteria are relevant technical expertise, satisfactory financial capacity, geological understanding and experience.

Award of Licences

Two different procedures are applied for the award of production licences. In less mature areas, production licences are awarded in traditional numbered licensing rounds. Numbered licensing rounds are announced every second year, after a public consultation process where oil companies can nominate blocks. Based on the applications received and subsequent consultations with the applicants, the MPE awards production licences to applying companies and appoints the operator.

In more mature areas, production licences are awarded annually by a simplified procedure for awards in predefined areas (“**APA**”). An important purpose of the APA rounds is to take advantage of existing infrastructure and to facilitate rapid development. Typically, these licences therefore include more strictly defined mandatory work obligations and time limits.

A pre-qualification system is applied to facilitate applications from new entrants on the NCS. Pre-qualification assures that licence awards are obtainable, but any specific licence award or approval of transactions will be subject to further review and approval.

Mandatory Work Obligations

Production licences are normally awarded subject to specific conditions, in particular mandatory work obligations to be fulfilled by the licensees within defined time limits. The content of imposed work commitments varies, but typically comprise procurement and reprocessing of seismic data, relevant geology studies, and drilling of one or more exploration wells. Drilling commitments may be firm or conditional on specific circumstances. The mandatory work obligations are normally decided after a dialogue between the MPE and the licence applicants.

In addition to firm work obligations, licences may be conditional on certain decisions being made within defined time limits. APA licences typically have fixed deadlines not only for the initial, firm work commitments but also for subsequent decisions to undertake exploration drilling, mature prospects and decide on a field development. If work commitments and decision deadlines are not met, the production licence will lapse.

Licence Duration

A production licence is granted for an initial period, normally between six and eight years, but can be up to 10 years. Upon completion of the applicable mandatory work obligations, the licensee is entitled to an extension of the licence period. The extension period will normally be up to 30 years, but may be up to 50 years. Usually the extension period is set out in the licence document.

The time limits in the mandatory work obligations and the duration of the initial licence period may be extended upon application to the MPE.

In special circumstances, the MPE may also grant further extensions of the extended licence period. The licensees have, however, no legal right to request such further extensions.

Assignment of Participating Interests

Transfer of a licence or part of a licence requires consent from the MPE pursuant to section 10-12 of the Petroleum Act (Act of 29 November 1996 No. 72 relating to petroleum activities, as amended) (the “**Petroleum Act**”), and consent from the Ministry of Finance (“**MoF**”) pursuant to section 10 of the Petroleum Tax Act (Act of 13 June 1975 No. 35 relating to the Taxation of Subsea Petroleum Deposits, etc., as amended). The same applies for indirect transfers such as sale of shareholdings, which may provide decisive control of a licensee.

The general criteria for consent pursuant to the Petroleum Act section 10-12 are largely the same as for the granting of new licences, in particular related to whether the acquiring licensee or company has the necessary technical and financial capacity. It is expressly stated in section 10-12 that any approval may be subject to conditions set by the MPE. Such also follows from the general right for the Ministry to set conditions to individual decisions in the Petroleum Act section 10-18.

For the Petroleum Tax Act section 10, transactions complying with the Regulations on approval in accordance with such only have to be notified to the Ministry. Deviations from the regulations trigger a requirement for an application.

The Norwegian State has pre-emption rights in relation to any full or partial licence transfers on the NCS, allowing the State to acquire the relevant licence interests at such price and such terms as are agreed between the transacting parties. In production licences where Petoro AS participates in its capacity as manager of the SDFI, Petoro AS will manage the State’s pre-emption rights. The State has not been known to use its pre-emption right, but this has to be confirmed for each transaction. No pre-emption rights apply for licences other than the State.

In relation to licence interests transferred after 2009, the previous licensee pursuant to the Petroleum Act will remain secondarily liable for decommissioning costs. Such secondary liability is limited to a proportional share (equalling the sold licence interest) of decommissioning costs for facilities that existed at the time of the licence transfer, and are further limited to the after-tax value of the relevant costs (currently 22 per cent.).

The Joint Operating Agreement (“JOA”)

Production licences are awarded on the condition that the licensees enter into a non-negotiable agreement for petroleum activities (often referred to as the Joint Operating Agreement or JOA). The agreement consists of three parts: (i) Special Provisions that are tailored to and applicable to the specific licence, (ii) a standard general Joint Operating Agreement (part A) and (iii) a standard general Joint Accounting Agreement (part B). The JOA is a standardised document drafted by the MPE and cannot be amended or supplemented without approval from the MPE.

The JOA is interlinked with the production licence, so that the production licence regulates the rights and obligations of the licensees in relation to the State and the JOA regulates the relationship between the licensees. Together the licence participants form an unincorporated joint venture, undertaking the joint activities related to the production licence. The licence joint venture is exempted from the provisions of the Norwegian Companies Act (Act of 13 June 1997 No. 44

relating to the relating to limited liability companies, as amended) and is regulated solely by the JOA and relevant provisions of the production licence and the Petroleum Act, with underlying regulations.

An operator of each licence joint venture is appointed by the MPE among the licence participants. The operator is in charge of the day-to-day operations of the licence joint venture. The authority and obligations of the operator is further detailed in the JOA. The operator acts on a “no gain no loss” basis and represents the licence joint venture in discussions with relevant authorities and private parties. The operator also prepares the basis for decisions to be made by the management committee of the licence group (“**MC**”). The MC consist of one representative of each licence participant and is the supreme body of the licence joint venture, with powers to decide on matters of any nature relating to the activities of the joint venture. The MC passes decisions based on individually stipulated qualified majority rules, set out in the specific parts of the JOA for petroleum activities. Certain matters are not subject to majority decision, but must be resolved unanimously by the MC:

- Relinquishment of acreage within the licence area or surrender of the production license;
- Decision to reduce frequency of MC meetings (less often than every three months);
- Matters not included in the agenda for an MC meeting;
- Dismissal of the operator (the operator is not allowed to vote on such matter);
- Changes to the percentages the operator may exceeding a budget item (or incur costs not comprised by a work program);
- Changes to the thresholds for procurements that must be approved by the MC;
- Adoption of a gas lift and balancing agreement; and
- Refer a dispute under the agreement to the ordinary courts instead of arbitration.

The plan for development and operation (“**PDO**”) is adopted by a majority resolution, but must subsequently be acceded to by each party individually.

In case of a change in the licence interests, new voting rules should be considered and proposed by the licensees and approved by the MPE. In the event that the licensees cannot agree, the MPE determine amended voting rules.

Each party shall hold an undivided interest (ideal share equivalent to the participating interest) in all capital assets and rights of any kind acquired by the operator on behalf of the joint venture. This includes petroleum which has been produced but not yet disposed of (lifted) by any party. The parties shall be primarily liable to each other on a *pro rata* basis, secondarily jointly and severally liable for all obligations arising from the joint venture’s activities. This applies irrespective of a liability towards third parties. Each party is responsible for its share of the area fee and for direct taxes. The parties are obliged to provide sufficient funds to cover all expenses relating to the activities of the joint venture. The amount to be contributed by each party shall be calculated in accordance with the participating interest at the time the payment is made. Funds are contributed on the basis cash is called from the operator.

If a party fails to comply with a payment obligation, the amounts which are not paid shall be advanced by the non-defaulting parties in accordance with their participating interest. The non-defaulting parties may cover the pending advance by acquiring the defaulting party’s share of produced petroleum. The defaulting party shall also be charged a penal interest. If the default persists, the defaulting party loses its right to vote in the MC and access to data and information and eventually the non-defaulting parties may demand that the defaulting party assign his participating interest to them.

Between the parties, a party may assign its participating interest or a part thereof. Until the obligatory work commitment pursuant to the production licence has been carried out assignments are subject to consent of the management committee. The assignment agreement shall contain provisions stipulating that the assignee shall be bound by the JOA and the conditions of the relevant production license.

A party may withdraw from the JOA when the work obligation described in the production licence has been carried out. If a party has acceded to a PDO, it may only withdraw when the MPE has determined that the plan is completed.

Except in relation to affiliated companies, no party shall inform third parties about, or in other ways make public plans, programs, maps, archive data, reports, technical or scientific data or any other information concerning technical, economic or commercial activities pursuant to the JOA.

According to the applicable standard JOA, any dispute arising in connection with the JOA shall be settled by ordinary court proceedings in Norway pursuant to Norwegian law.

Unitisation and/or Coordination

If a petroleum deposit extends over more than one licence area and pertains to different licence groups, the Petroleum Act requires the affected licence groups to seek to agree on principles for joint development of such petroleum deposit, as well as on the apportionment of the deposit between the licence groups. Similar requirements apply to separate petroleum deposits, where joint petroleum activities are deemed to be more efficient.

In practice, licence groups with shared resources are required to form a unit for development and production of the unitised licence area or structure, governed by a Unitisation and Unit Operating Agreement (“**UOA**”). Under the UOA, the licensees form a new unit joint venture, with all participants of the affected licence joint ventures as unit participants.

The UOAs on the NCS typically include similar terms as the JOAs, with the addition of unit-specific regulations for example relating to redetermination of the tract participation of each affected licence group. General terms are standardised while more commercially oriented terms like tract participation, redetermination and handing of pre-unit costs are negotiated among the unit participants. The agreed terms and any subsequent amendments are subject to MPE approval.

The Plan for Development and Operation (“PDO”)

The development of petroleum deposits is subject to the MPE’s approval of a PDO. If the expected investments exceed certain thresholds, currently NOK 10 billion, the PDO must also be approved by the Norwegian Parliament.

The PDO includes a technical plan for the development project, a calculation of expected costs, and an impact assessment. Submission of the PDO rests with the MC and is adopted by majority vote. After approval by the MC, all licensees are required to notify the MPE within a three month deadline as to whether or not they will accede to the PDO. If one or several licensees do not accede to the PDO, the acceding parties may carry out the PDO as a sole risk development project. Hence, the non-acceding licensee will still be a licensee, but not take part in the relevant project.

Third Party Access to Existing Production Facilities and Oil Pipelines

Limited petroleum deposits and deposits in the proximity of existing infrastructure are often tied in to existing nearby facilities for processing and other services. Previously developed production facilities and other types of infrastructure, such as oil pipelines, are subject to statutory rules on negotiated third party access. The general principles and procedures that apply are set out in a separate regulation (the “**TPA Regulation**”).

Third party access shall be granted on objective and non-discriminatory terms and conditions, provided that such access does not constitute an unreasonable detriment of the licensee’s own requirements, or the requirements of a third party that has previously been granted a right of use.

Tariffs for third-party use shall be calculated based on an incremental principle and with the aim of ensuring that profits from petroleum production is earned by the owners of the producing field and not by the owners of the host facility. Tariffs shall cover marginal costs and losses caused by the third-party use and a reasonable profit, taking into account the risks associated therewith.

Terms and conditions for third party access shall be based on standardized contract clauses developed by a working group of members in the Norsk olje og gass, approved by the MPE and published by the NPD.

In the event that the negotiating licenses cannot reach an agreement on tariffs or other terms, such disagreement may be referred to the MPE for a decision. In recent years, a number of negotiations have been referred, and the MPE has clarified the requirements to the terms to be offered by the host licence in several individual decisions.

Third Party Access to Existing Upstream Gas Infrastructure

The majority of the upstream gas pipeline network and processing facilities on the NCS is owned by an unincorporated joint venture, Gassled Joint Venture.

The upstream gas transport infrastructure on the NCS is subject to regulated third-party access and is operated by an independent system operator, Gassco AS. Access is granted by Gassco on objective and non-discriminatory terms to users with a duly substantiated reasonable need for transportation and/or processing capacity. Both long term and short term capacity is offered, and capacity can be reserved in regular booking rounds.

The tariffs for regulated access to gas infrastructure are determined by the MPE and are set out in a separate regulation (the “**Tariff Regulation**”). The tariff consists of a capital element and an operating element. The capital element is set to promote resource management and give the owners a reasonable return on their investments. The operating element is set to cover all operating costs of the system. The tariff relates to reserved capacity and must be paid irrespective of use (capacity fee). Unused capacity may be sold in a secondary market.

Transportation and processing services are governed by general terms and conditions determined by Gassco in consultation with owners and users, and are approved by the MPE. As per applicable terms and conditions, the users (shippers) are liable for removal and abandonment costs for relevant infrastructure. This liability is allocated between the shippers according to their share of cumulative capacity reservations in the various parts of the system.

Lifting and Sales of Petroleum

Each licensee has an individual right and obligation to take and dispose of produced petroleum in proportion to its licence interest. Rules on lifting of oil and gas are set out in the JOA, often supplemented by more detailed provisions in separate gas lifting and balancing agreements.

The MPE approves field specific production schedules on an annual basis. By the end of each quarter, the MPE shall be provided with information about the quantities that have been sold during the quarter, to whom they have been sold, and the prices obtained. With similar frequency, the MPE shall be informed of obligations to deliver rich and dry gas from the NCS, including an overall profile of the contracted volumes and a description of the main conditions of the delivery contracts that have been entered into in the previous quarter.

Cessation if Production and Decommissioning

Pursuant to the Petroleum Act, licensees are required to submit a decommissioning plan to the MPE between two and five years before a relevant production licence expires or is expected to be relinquished, or before the use of a petroleum installation will be discontinued permanently.

A decommissioning plan consists of two parts: an impact assessment and plans for disposing of the installations. The impact assessment shall provide an overview of the possible environmental and other impacts of the shutdown process. The disposal part of the plan shall contain detailed plans for closing down operations and decommissioning installations in the best possible way.

The MPE decides how installations shall be disposed of and sets a time limit for implementation of the decision. The MPE may also stipulate further and more specific conditions. On a case-by-case basis, the MPE may opt for complete or partial removal of the relevant facility, further use as host infrastructure for other licence groups, other non- petroleum specific uses, or abandonment without removal.

The licensees are liable for carrying out, and paying for, all decommissioning obligations stipulated by the MPE. Under the standard JOA, the parties are primarily liable for such costs on a *pro rata* basis according to their respective participating interest, but secondarily jointly and severally liable. Thus, if one or more participants are unable to pick up its share of the costs, the other participants will have to cover these costs proportionally, subject to any secondary liability for previous owners. Decommissioning costs are tax deductible.

Registration and Mortgaging

The NPD keeps a register of all production licenses awarded on the NCS (the “**Petroleum Register**”). Subsequent transfers and any mortgaging of licenses are also registered.

The MPE may consent to the mortgaging of an entire production license, or an individual licensee’s share of such, as part of the financing of activities associated with the license.

In special cases, the MPE may also allow such mortgage of a licence to secure activities relevant for other licenses of the mortgager on the NCS. In practice, the MPE normally consents to general mortgage arrangements comprising all licenses held by a licensee, as part of the financing of such licensee’s total activities on the NCS. A production licence cannot be mortgaged as part of the financing of activities other than petroleum activities on the NCS.

A mortgage of a licence comprises all, or, in case of mortgaging of an individual licensee’s share, a *pro rata* share of, rights that at any time follow from the license, as well as the mortgagor’s other rights in connection with the activities carried out in accordance with the license.

A mortgage over a production licence gains legal protection through registration in the Petroleum Register.

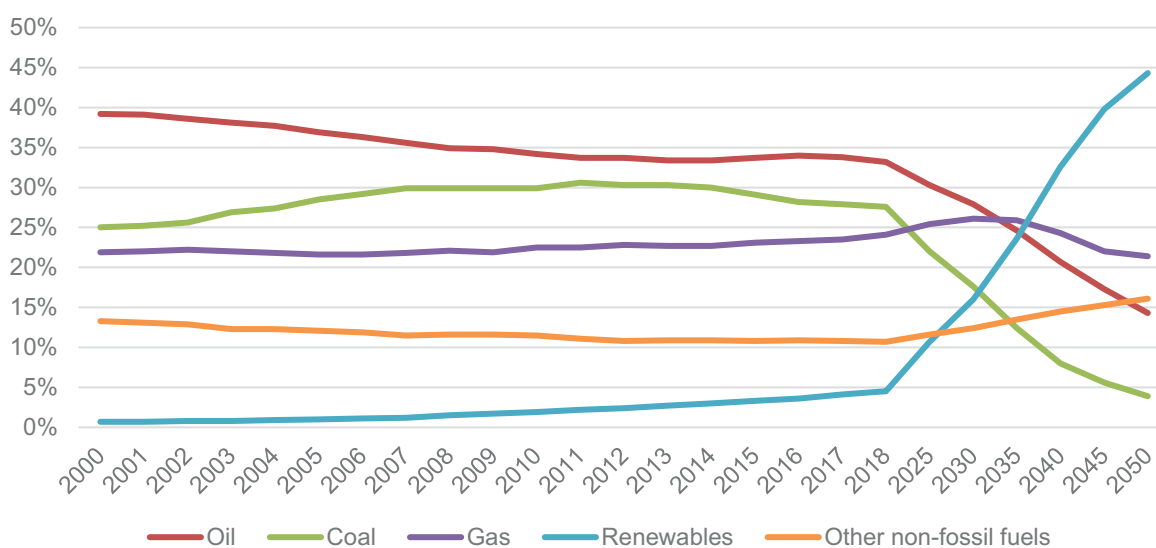
In the event of an assignment of participating interests, such assignment shall be registered in the Petroleum Register, by submission of the Bill of Sale with attachments. Such documents are typically tabled and reviewed in the completion of a transaction, and subsequently submitted to the register.

3. Global Energy Supply and Demand Trends and Outlook

The BP Energy Outlook 2020 report forecasts global energy demand to continue growing, at least for a period, driven by increasing prosperity and living standards in the emerging world. However, with a global drive towards decarbonisation, the report predicts a change to the structure of energy with a declining role for fossil fuels and an increasing share for renewable energy and electricity. Whilst the report predicts that demand for oil will fall over the next 30 years, in all scenarios there remains a meaningful proportion of oil demand at the end of the report in 2050. The scale and pace of the decline in oil demand is driven by the increasing efficiency and electrification of road transportation.

The outlook for natural gas is more resilient than for oil, underpinned by the role of natural gas in supporting fast growing developing economies as they decarbonise, as well as being a source of near-zero carbon energy when combined with Carbon Capture Utilisation and Storage (“**CCUS**”).

Share of Primary Energy Forecast



Source: BP Energy Outlook 2020, under BP’s ‘rapid’ decarbonisation scenario

Recent Trends in the Oil and Gas Market

As at the date of this document the Brent Blend oil price is around US\$72.22 per barrel. Oil prices have seen positive momentum in 2021 so far with OPEC+ production cuts ongoing and with global COVID-19 vaccination numbers growing rapidly, allowing countries to start reducing social restriction measures and providing a positive backdrop for oil demand. UK natural gas prices as at the date of this document are 69.29 pence per therm.

The oil price fell significantly in 2020 as a consequence of the COVID-19 pandemic, with countries globally enforcing lock-down measures and removing significant amounts of demand from the market. In addition, at the start of the lockdown measures, the OPEC+ group temporarily increased production rates, adding significant supply to market lacking demand pressure.

The COVID-19 induced demand shock and a shifting momentum towards investment in clean energy are set to slow the expansion of the world's oil production capacity over the six-year forecast period of the International Energy Agency ("IEA").

As a result of the demand-shock created by COVID-19, upstream investments and expansion plans were scaled back across the industry, with companies looking to bolster their balance sheets over the period of lower oil prices. According to the IEA, in 2020, operators spent one-third less than planned at the start of the year (and 30 per cent. less than in 2019).

These spending cuts and project delays are beginning to constrain supply growth globally, with world oil production capacity set to increase by only 5 mb/d by 2026. In the absence of stronger policy action, the IEA forecasts that global oil production would need to rise 10.2 mb/d by 2026 to meet the expected rebound in demand. The petrochemical industry is a key driver of growth in the IEA's forecasts with ethane, LPG and naphtha together accounting for 70 per cent. of the projected increase in oil product demand through to 2026.

With the world beginning to re-open as a result of widespread COVID-19 vaccination take-up, along with the demand for natural gas as a transition fuel as the world moves to towards a lower carbon future, there is currently a positive backdrop for oil and gas prices. External factors, including decisions by the OPEC+ group could naturally impact this conclusion. Investment decisions have been curtailed over the period of depressed commodity prices, resulting in a situation with rapidly increasing demand expectations with a lack of new supply coming online in the short to medium term. Whilst there is a general expectation of oil demand reducing over the longer term, natural gas is expected to remain in demand for a significant period of time, not least as a transition fuel, providing further support for the underlying industry fundamentals.

PART III – 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. The risks referred to below do not purport to be exhaustive and 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, its business, results of operations, financial condition and/or 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 their personal circumstances and the financial resources available to them. 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 RELATED TO THE FARM-INS AND/ OR FUTURE ACQUISITIONS BY THE COMPANY

Risks relating to the Farm-ins

Completion of each of the Farm-in Agreements is subject to various conditions precedent, including approval by Shareholders of the Farm-ins at the General Meeting and the approval of Longboat Energy Norge as a licence holder on the NCS by the Ministry of Petroleum and Energy and the Petroleum Safety Authority. This approval process is very exacting and requires Longboat Energy Norge to be able to demonstrate and ensure that the petroleum activities on the Norwegian Continental Shelf can be carried out prudently, in accordance with applicable legislation, and in a manner that safeguards good resource management, health, safety and the environment. This requires a fully operational Business Management System and full team of qualified technical employees, of structure and size that enables Longboat Energy Norge, at all times, to make informed decisions about its petroleum activity under the Norwegian regulatory regime. In the event that Longboat Energy Norge is not approved as a licence holder on the NCS before the longstop date in the Farm-in Agreement, the Company will not be able to complete the acquisition of the Target Assets. There can be no guarantee that all conditions to the Farm-in Agreements will be satisfied on terms satisfactory to the Company nor at all, or that other completion requirements will be met, and therefore there can be no guarantee that the Farm-ins will complete. The Farm-in Agreements are not conditional upon each other. Although the Directors consider it unlikely, it is possible that just one or two, or all three, of the Farm-in Agreements will not complete. If that happens then, depending on the level of capital that will no longer be deployed, which in turn is governed by how many and which Farm-ins do not complete, the Company will either re-deploy such capital or consider returning all or part of such capital to Shareholders. If the Farm-ins do not complete, the Company would nonetheless incur significant expenses including the advisory fees incurred in connection with the Farm-ins and Re-admission.

Longboat Energy Norge is obligated to provide Equinor with pre-payments ahead of each well commencing, in an amount of US\$4.6 million per well, being the pre-tax average 'carry' per well, up to a maximum of US\$14 million equivalent to three wells. In the event that the Company does not complete the Equinor Farm-in before 30 September 2021, Equinor shall be entitled to retain the pre-payments under certain circumstances, including a failure to qualify as a Norwegian oil and gas licensee. In such event, the Company should be able to reclaim 78 per cent. of such pre-payments reducing any loss on a post-tax basis to US\$3.1 million, which would have a material adverse impact on the Company's financial condition.

The Group has negotiated what it considers to be appropriate warranty protection under each of the Farm-in Agreements based on the model agreement for sale and purchase of participating interests in licenses on the Norwegian Continental Shelf approved by the Norwegian Oil and Gas Association (NOROG), but provisions of the Farm-in Agreements may be unenforceable or may be insufficient to cover potential liabilities relating to the Target Assets and, as a result, the value of the Target Assets may be less than the amount that the Company pays for them.

The Group may sustain losses in excess of the limitations on the Vendors' liability under the Farm-in Agreements and/or the Vendors may not be in a financial position to satisfy any claims.

Please see paragraphs 11.10 – 11.13 of Part V of this document for a summary of the principal terms and conditions relating to each of the Farm-in Agreements.

All of the Target Assets are in the exploration phase, which remains in effect for an initial period and entails a binding work programme in several time-limited phases. The Group may get voted into additional work beyond the initial exploration expenditure. The early stages of an exploration period of a licence are commonly the most risky. These phases of the term of a licence may require high levels of relatively speculative capital expenditure without a commensurate degree of certainty of a return on that investment. In the first phase, the work programme normally involves acquiring new seismic, and the next phase could be drilling exploration and follow up appraisal wells. Applications and reporting for the production licence are stipulated in the licence document for the individual licence. After each phase of the work programme, the licensees must decide within the applicable deadline whether they want to continue the licence on to the next phase. The requirement for continuing is that the work commitment is completed and approved. The decision must be reported to the Ministry of Petroleum and Energy with a copy to the Norwegian Petroleum Directorate. If a decision is not made by the deadline, the production licence lapses. However, if more time is required to carry out the work programme before deciding to proceed to the next phase, licensees can apply for postponement of specific deadlines in the work programme. Any postponement that is not anticipated by the Group, or any unexpected delay, lapse or revocation of the Group's licences in these circumstances could have a material adverse effect on the Group's business, results of operations and financial condition.

All the Target Assets are joint ventures established in accordance with the requirements of the Norwegian Ministry of Petroleum and Energy, operated by other licensees and decisions are subject to applicable voting rules which implies that the Group may be voted into majority decisions with implied costs which is not supported by the Group, and that the Group may not get majority decisions in favour of investments (including passing of milestones as mentioned above) which is preferred by the Group.

The Fundraising is not conditional upon completion of the Farm-ins

The Fundraising is not conditional upon completion of the Farm-ins and an investment in New Ordinary Shares may represent only an investment in the existing Group and could give rise to a significant dilution for existing Shareholders without the benefit of the Farm-ins. As the Fundraising is not conditional upon completion of the Farm-ins, the purchase of New Ordinary Shares may simply be an investment in the Company and the existing Group. In particular, one or more of the Farm-ins may not complete if any of the conditions to such Farm-in(s) are not satisfied. Accordingly, in the event none of the Farm-ins complete, purchasers of New Ordinary Shares are investing in the Company and the existing Group, without the Target Assets, and existing Shareholders would experience significant dilution.

Although the Directors consider it unlikely, it is possible that the Fundraising will complete but that just one or two, or all three, of the Farm-in Agreements will not complete. If that happens then, depending on the level of capital that will no longer be deployed, which in turn is governed by how many and which Farm-ins do not complete, the Company will either re-deploy such capital or consider returning all or part of such capital to Shareholders. If none of the Farm-ins completes, Re-admission will not occur and the Company will remain as an investing company for the purposes of the AIM Rules.

Acquired assets may not perform in line with expectations

If the proved or prospective resources and the assessed exploration chances of success of the Target Assets, or other assets which are acquired by the Group in the future, are not in line with the Group's expectations, a write-down may be required against the carrying value of Group's investment in such assets and/or accounting goodwill and other intangible assets generated upon completion of the Farm-ins or future acquisitions. Such a write-down may affect the Group's business and may also reduce the Group's ability to generate distributable reserves by the extent of the write-down and consequently affect its ability to pay dividends and continue as a going concern.

Due diligence process

In assessing the Farm-ins, and any future acquisition, the Group has conducted, and intends to conduct, such due diligence as it deems reasonably practicable and appropriate, based on the facts and circumstances applicable to each potential project. The objective of the due diligence process has been, and will be, to identify material issues which might affect the decision to make the Farm-ins or any future acquisition or the price at which assets are acquired. When conducting due diligence and making an assessment regarding an acquisition, the Group is required to rely on resources available to it, including, in the main, data provided by the seller, 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 either the Farm-ins or any future acquisition 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 (in respect of any the Farm-ins or any future acquisition) 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 seismic uplifts, litigation, breach of environmental regulations or laws, governmental fines or penalties, pension deficits or contractual liabilities. A material inaccuracy or defect in the Group's due diligence could have an adverse impact on the Group's ability to implement its business plan and could adversely impact the Group's ability to realise the benefits of the Farm-ins or any future acquisitions, or delay their realisation.

Valuation error

In determining the consideration to be paid for the Farm-ins, and any future acquisition, the Group has relied, and expects in the future to rely, on, amongst other things, 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 Group has used, and 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 Group has placed, or may in the future place, reliance may materially adversely affect the Group's valuation of the Target Assets or any future acquisitions and therefore the returns on any acquisition and the Group's results of operations, financial condition and prospects.

Costs associated with potential acquisitions

The Group expects to incur certain third party costs associated with the sourcing and negotiation of suitable assets. The Group 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 Group may fail to complete a proposed acquisition because it has been outbid by a competitor or does not meet the seller's 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 Group. The greater the number of deals that do not reach completion, the greater the likely impact of such costs on the Group's performance, financial condition and business prospects.

Ownership risks

In the event the Group 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 Group's performance.

In the event the Group 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 Group to fund or result in the failure or winding up of a particular asset or entity. In addition, such third parties may have economic or other interests which are inconsistent with the Group's interests, or they may obstruct the Group's plans, or that have an adverse impact on the development or operation of a particular asset or entity, this may affect the ability of the Group to implement its strategies and the Group's financial condition and prospects.

In addition, there is a risk of disputes between the Group 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 Group's expenses and distract the Board from focusing its time to fulfil the strategy of the Group. The Group may also, in certain circumstances, be liable for the actions of such third parties.

The Group may experience difficulties in integrating acquired assets with its business

If the Group is presented with appropriate opportunities, it may acquire complementary companies in the energy sector. Risks commonly associated with acquisitions of companies or businesses include the difficulty of integrating the operations and personnel of the acquired business, problems with minority shareholders in acquired companies, the potential disruption of the Group's own business, the possibility that indemnification agreements with the sellers may be unenforceable or insufficient to cover potential liabilities and difficulties arising out of integration, as well as operational risks relating to the assets acquired. Any difficulties encountered in the acquisition and integration process may have an adverse effect on the Group's ability to manage its business.

Competition

The oil and gas industry is very competitive and the Group will face competition for potential investments and in the countries within which it will conduct its investment activities. Some of the Group's competitors have access to greater financial and technical resources than the Group 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 Group's ability to invest on terms which the Directors consider attractive. Such conditions may have a material adverse impact on the Group'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. There can be no assurance that the Group will be able to identify suitable investment opportunities, acquire assets on satisfactory terms or obtain the financing necessary to complete and support such acquisitions.

RISKS RELATING TO THE BUSINESS CARRIED ON BY THE COMPANY

Legislative and regulatory risks

Following the completion of the Farm-ins, the Group will be subject to the licensing and other regulations and approvals of governmental authorities, primarily in Norway, that are applicable to the Target Assets (and any further assets which the Group may acquire in the future), including those relating to the exploration, development, operation, production, marketing, pricing, transportation and storage of oil and gas, decommissioning, taxation, environmental, and health and safety matters. In addition, the Group will be subject to laws in those jurisdictions affecting foreign ownership, government participation, taxation, royalties, duties, rates of exchange, exchange control and local environmental and health and safety matters. In order to conduct its operations in compliance with these laws and regulations, the Group must obtain licences and permits from various government authorities. The Group may incur substantial costs in order to maintain compliance with these laws. Non-compliance with such regulations could lead to fines, public reprimands, damage to reputation, increased prudential requirements, enforced suspension of operations or, in extreme cases, withdrawal of authorisations to operate and the loss of assets.

Any future regulatory changes or new regulations concerning the oil and gas industry, such as a change in oil or gas pricing policy (including royalties), exploration and development policy, environmental 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, may potentially restrict the operations of the Group, impose increased compliance and regulatory capital costs, reduce investment returns or increase associated fees,

increase corporate governance/ supervision costs, reduce the competitiveness of any business of the Group, reduce the ability of the Group to hire and retain key personnel or impose restrictions on whether individuals may be appointed or retained as directors or senior managers of the Group and impose other restrictions and obligations which could adversely affect the Group's profitability.

A substantial or extended decline in oil and natural gas prices or consumption may adversely affect the Group's prospects, business, financial condition and results of operations

Historically, oil and natural gas prices have been subject to large fluctuations in response to a variety of factors beyond the control of individual companies, including operational issues, natural disasters, weather, political instability or conflicts, pandemics, economic conditions or actions by major oil-exporting countries (in particular, members of OPEC+), governmental regulations and actions, and the price and availability of new technologies and alternative sources of energy. Price fluctuations can affect business assumptions, investment decisions and financial position of the companies in the upstream oil gas and power sector and therefore prospectively the Group. 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 substantial or extended decline in the price or consumption of oil and gas could have a short or long term effect on the viability of some or all of the exploration, development and producing projects which the Group will own following the Farm-ins or in the future acquires and ultimately its business financial condition, result in a reduction in revenues or net income, adversely affect the Group's ability to maintain working capital requirements, impair its ability to make planned expenditures and could materially adversely affect its prospects, financial condition, results of operations and its ability to trade or sell future discoveries.

Oil and natural gas exploration and development are highly speculative activities and exploration drilling may not generate commercial discoveries

The initial key focus of the Group is its exploration activities on the Target Assets, the success of which will be determined through the successful drilling of exploration wells. Drilling oil and gas wells is capital intensive, highly speculative, may be unprofitable and may result in a total loss of investment. Such wells may not identify sufficient quantities of commercially exploitable deposits or successfully drill, complete or develop oil or gas in sufficient quantities to be profitable or commercially viable for the Group. The Group's longer-term profitability is directly related to the success of the exploration activities and its ability to then develop these assets or trade them profitably.

The exploration and development of any projects in which the Group may have invested may be disrupted, damaged or delayed by a variety of risks and hazards which are beyond the control of the Group. These include (without limitation) geological, geotechnical and seismic factors, environmental hazards, technical failures, adverse weather conditions, "acts of God", government regulations or delays, and availability of new technologies and alternative sources of energy. In the event that an exploration project is unsuccessful, the value of the Group's business and any associated exploration licences may be diminished.

If the Group's exploration activities prove to be consistently unsuccessful over a prolonged period of time it could have a material adverse effect on the Group's business, financial condition and prospects.

The Group's longer-term success may be dependent on accessing oil and natural gas resources

The results of appraisal of discoveries are capital intensive, uncertain and may involve unprofitable efforts, not only from dry wells, but also from wells that are productive but uneconomic to develop. Furthermore, completion of a well does not guarantee a profit on the investment or recovery of the costs associated with that well. Appraisal and development activities may be subject to delays in obtaining governmental approvals or consents, partner consent and co-operation, delays in approval to access third party infrastructure to tie back to, shut-ins of connected wells, insufficient storage or transportation capacity or other geological and mechanical conditions all of which may variously increase the Group's costs of operations. Producing natural oil & gas reservoirs are typically characterised by declining production rates that vary depending upon reservoir characteristics and

other factors. In addition, the Group may not be able to economically develop, find, or acquire future reserves at acceptable costs.

The Group's actual future exploration and generation costs may differ materially from estimates, which may materially and adversely affect its viability in the long term

Offshore oil and gas activities, where the Group operates, are particularly capital intensive and involve a high degree of risk. Exploration and generation expenditure estimates are based on certain assumptions with respect to the method and timing of exploration and ultimately the development concept. The Group may also rely on operator budgets for its forecasts and assumptions, where detailed costings in the form of authorisations for expenditure ("AFE") may not have been prepared and may differ significantly from original forecasts. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from estimates and assumptions. This could materially and adversely affect the Group's viability and long-term prospects.

It may be expensive and logistically burdensome to discontinue or dispose of operations should economic, physical or other conditions subsequently deteriorate

Once the Group has an interest in an established oil and/or gas exploration, development and/or production operation in a particular location, it may be expensive and logistically burdensome to discontinue such an operation should economic, physical or other conditions deteriorate. This is due to, among other reasons: the significant capital investments required in connection with oil and gas exploration, development and production; the nature of contractual arrangements with partners and government authorities; and significant decommissioning costs. Such costs and logistical burdens are typically greater for development and production assets due to the more established nature of the assets. Additionally, because the trading of oil and gas assets is relatively illiquid, the Group's ability to discontinue or dispose of all or a partial interest in assets promptly may be limited. In the event that the Group wishes to dispose of any exploration, appraisal, development or production interest in the future, no assurance can be given that the Group would be able to sell or swap any such asset either at all or on terms acceptable to the Group. It is not possible to predict the length of time required to find such acquirers for assets or to conclude asset disposals particularly in times of political, economic or financial change or uncertainty.

It is difficult to forecast the costs that the Group will ultimately incur in satisfying its decommissioning obligations particularly as (i) the costs of decommissioning are highly volatile, being linked to rig rates, as well as oil and gas capital expenditures generally, and (ii) regulations determining the decommissioning standards may change.

When its decommissioning liabilities crystallise, the Group will be jointly and severally liable for them with other former or current licence partners. In the event that other partners default on their obligations, the Group will 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 Group incurs may adversely affect its financial condition. Decommissioning tax relief in both the UK and Norway is dependent on sufficient tax having been paid to shelter such expense. Consequently, the Group may not be able to deduct such expenses, either partially or at all.

The Group may be unable to obtain or renew required Licences and/or such Licences may be suspended, terminated or revoked prior to their expiration

Future oil and gas production will depend on the Group's access to new reserves through exploration, negotiations with governments and other owners of known reserves, and acquisitions. Any delay in obtaining or renewing any licence may result in a delay in investment or development of a resource, may have a material adverse effect on the acquired business' results of operations, cash flows and financial condition and could slow the Group's oil and gas production growth. There is no guarantee that all required licences will be granted in accordance with the applications, nor that they will be granted on conditions satisfactory for the Group to operate its business. Such licences contain conditions and requirements that must be met in order to maintain such licences. The licences may be suspended, terminated or revoked if the Group fails to comply with the relevant requirements. Further, there can be no assurance that the relevant authorities will not

significantly alter the conditions or area of, or that any third party will not challenge, the licences held by the Group. There can further not be any assurance that an expired licence will be renewed.

If the Group fails to fulfil the specific terms of any of its licences or if it operates its business in a manner that violates applicable law, government regulators may impose fines or suspend or terminate the licences, any of which could have a material adverse effect on the Group's results of operations, cash flows and financial condition.

The Group may be voted into work programmes, and associated expenditure, that it does not wish to participate in and cannot fund

Generally, in the initial exploration and appraisal work periods in licences awarded under the Norwegian licensing regime, a party may not withdraw from a licence at any time nor is there a right to not participate in a work programme approved by the joint venture under the voting rules. The Group may hold a minority interest in a joint venture, vote against a work programme but still be obligated to participate in the same. Based on its due diligence of the Target Assets, its estimates and assumptions the Group has raised enough equity for the initial exploration wells and some success work. However, the Group will need to raise further equity to drill follow up appraisal wells and fund success. For the APA (Awards in Predefined Areas), however, a decision in the licence to pass certain milestones (key licence decision gates in relation to development of projects) requires 100 per cent. positive votes in the licence, and in the event of negative vote, such milestones cannot be reached until the participating interests of the non-supporting licensee(s) is transferred to a licensee supporting the decision. Hence, each licensee has an option to exit the licence at such milestone decisions. For other decisions than milestone decisions with an explicitly stated requirement for 100 per cent. positive vote in the licence, if the Group is unable to sell or assign its licence interest it will nevertheless incur the associated liabilities under the 'drag along' provisions and is only able to withdraw from a licence upon the approval by the joint venture of a field development plan.

As the licence documents sets out that unless it is explicitly stated in the licence documents that unanimity is required, decisions are made by majority vote, any licensee generally risk exposure to costs which it has voted against in the relevant management committee.

Inflation and other cost increases may have an adverse effect on the Group's results of operations and cash flows

Significant inflation or other production cost increases in the countries in which the Group may operate could increase operational costs without a corresponding increase in the sales price of the commodities the Group may produce. Alternatively, a lag in the reduction of input costs relative to declining commodity prices will have a similar adverse effect on the Group's operations. Any such increased costs or delays in cost reductions may adversely affect the Group's profitability, cash flows and results of operations.

Reliance on key personnel

The success of the Group, 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 management team and also individuals who have yet to be identified. The Directors believe that the Group'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 Group fails to recruit or retain the necessary personnel, or if the Group loses the services of any of its key executives, its business could be materially and adversely affected.

Cyber risks

The Group 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, the Group's information technology systems may be difficult to prevent or detect, and the Group's internal policies to mitigate these risks may be inadequate or ineffective. The Group may not be able to recover any losses that may arise from a failure or attack.

FINANCIAL RISKS

Fiscal risks relating to tax rebates in Norway

The Group is dependent upon (i) the receipt of 'negative tax instalments' in relation to the current year, and (ii) the availability of the exploration tax rebate in Norway in relation to each future year, whereby 78 per cent. of all exploration expenditure is refunded both in relation to the Target Assets and also any future assets which it may acquire in Norway. In the event that the tax authorities rejected the Group's eligibility to receive negative tax instalments, or in subsequent years the exploration tax rebate, it would have a material adverse effect on the Group's financial condition, results of operations and prospects.

To claim 'negative tax instalments' the Group submits a budget during the first half of the year, and this forms the basis for the first three 'negative tax instalments' paid in August, October and December 2021. The actual losses are submitted at the end of the year and the negative tax instalments are 'trued up' for actuals in the February, April and June 2022 payments. If actual capital expenditure is higher than was budgeted mid-year the Group will not receive the true up payments until 2022, which may lead to a working capital shortfall and solvency issues. If the tax authorities reject or challenge the budget this may lead to a shortfall of working capital and solvency issues.

The Group uses its Exploration Financing Facility, provided by certain lending banks, to pre-finance the Norwegian Government's exploration tax rebate and to reduce the amount of working capital the Group needs to hold on its balance sheet. The Exploration Financing Facility currently has an aggregate commitment limit of NOK600 million. Following Denmark's decision not to licence any new oil and gas exploration in the Danish North Sea, there may be political pressure for other countries, including Norway, to restrict or potentially ban new exploration and the associated fiscal support which would have a material negative impact on the Group's finances. There may also be political pressure for banks not to lend to exploration companies and provide EFFs. If the projected negative tax instalments in the current year, the EFF product or the exploration tax rebate were to be unavailable to the Group, the Group would lack the necessary working capital to complete the envisaged exploration programmes. In this case, the Group would need to secure other sources of working capital to fulfil its obligations, and such other sources of working capital may not be available to the Group on acceptable terms or at all, which could have material adverse effect on the Group's financial condition, results of operations and prospects.

Capital expenditure may be higher than anticipated

The Group has good visibility of its near term capital expenditure requirements, supported by detailed current year annual budgets provided by the applicable operator of each of the Target Assets. These annual budgets detail, *inter alia*, the necessary equipment, personnel and timelines for such programmes, and estimates for the year's expenditure based on the current market rates plus appropriate contingencies. In addition, regular meetings of management committees support forecast estimates for the work programme and expenditure in the next period.

However, in the longer term, future annual budgets provided by the applicable operators, of either the Target Assets or additional assets that the Group may acquire in the future, may turn out to be higher than currently estimated by Group (for example, for reasons of oil industry-wide cost inflation, project delays or redesign, new technology, acceleration of work programmes, and/or best practice for seismic, drilling, development and/or decommissioning, HSEQ drivers and other operations). The Group may need to seek additional funds at that time, which it may not be able to secure on reasonable commercial terms or at all or it may need to divert funds from other projects to satisfy the increased capital expenditure requirements. If this happens, it may have a material adverse effect on the Group's business and financial condition in the longer term.

The Group is subject to exchange rate risk

The Group operates in a number of different countries and territories. Changes in currency values and exchange controls could have a material adverse effect on the Group's operational results and financial position. The Group reports its financial results in pounds sterling. However, the market for oil is principally denominated in United States dollars, as are a significant proportion of capital and operating contracts. In addition, a significant proportion of the Group's expenditure is in Norwegian Krone and United States dollars.

Interest rate volatility

As a result of the floating interest rates of the EFF, the Group's interest expense can be impacted by interest rate volatility. Interest rates are sensitive to many factors beyond the Group's control, including the policies of central banks, economic conditions and political factors. There can be no assurance that the Group will be able to protect itself from adverse effects of future interest rate increases which may have a material adverse effect on the Group's business and financial condition.

The Group may be subject to bank default

Credit market events in the last few years have demonstrated the possibility of banks, previously thought to be secure, defaulting on their deposits. A good rating from a reputable rating agency does not provide adequate protection against default risk and, as a corporate depositor, the Group may fall outside any deposit protection schemes. In the unlikely event one or more of such banks defaults on its deposits it would have a material adverse effect on the Group's ability to fund its commitments. In such an economic environment the Group would be unlikely to be able to sell assets at reasonable values or raise equity finance and consequently might be unable to continue its business.

The Group has no history of operations

Although the Group's management has prior experience, the Group was only established as a closed-ended investment company on 28 May 2019. Upon Completion of one or more of the Farm-ins, the Company will cease to be an investing company for the purposes of the AIM Rules and will be an operating company instead, at which point the Company will apply for Re-admission. As a result, the Group has no operating history upon which prospective investors may assess its future performance. Prospective investors do not have the same level of historical operating information on which to base their investment decision as would be available with respect to a more established company. The Group's prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in early stage of operations in markets that are often quickly evolving. If the Group is unable to successfully address or manage such risks, expenses or difficulties, this could have a material adverse effect on the Group's business, prospects, financial condition and results of operations, and the trading price of the Ordinary Shares.

The Group is subject to changes in credit market and equity market conditions

The Group has sufficient financial resources to meet its obligations arising within the period of the working capital statement contained in this document. However, the nature of its business is capital intensive and in the longer term, its projects may be subject to delays or cost overruns or increased scope and assets may move into the development stage. Any of these risks may create circumstances where the Group requires additional financing from credit or equity markets in the longer term and the availability of such financing is subject to market conditions. In the event that such financing were not available at that time, it would have a material adverse effect on the Group's financial condition.

Need for additional capital in the longer term

The Group may need additional funds in the longer term, outside the period of the working capital statement contained in this document, in order to further fund its exploration and development programmes in the event of success. Additional equity financing may be dilutive to holders of the Company's then existing Ordinary Shares and could contain rights and preferences superior to those of the Ordinary Shares. Debt financing may involve restrictions on the Group's financing and operating activities. In either case, additional financing may not be available to the Group on acceptable terms or at all. If the Group is unable to raise additional funds as needed, the scope of its operations may be reduced and, as a result, the Group may be unable to fulfil its long-term growth programme, or meet its contractual obligations under its contracts which may ultimately be withdrawn or terminated for non-compliance. If additional capital is not available it would have a material adverse effect on the Group's financial condition.

RISKS RELATING TO THE OIL AND GAS INDUSTRY

The Group'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 Group'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 Group's business.

The Group 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.

Given the Group's focus on growth, its projects may require the construction and/or commissioning of production facilities and other forms of infrastructure for the Group to realise their full potential. The Farm-ins relate to interests in a number of undeveloped oil and gas discoveries in Norway. Delays in the construction and commissioning of these projects and/or other technical difficulties may result in the Group's current or future projected target dates for the delivery of development projects and for production being delayed or further capital expenditure being required.

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 Group may invest in could render remaining reserves uneconomic to recover and may ultimately result in a restatement of reserves.

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 Group, which may delay or adversely impact the projects which the Group may have acquired or which the Group may have invested. These include mechanical failures or delay, joint venture partner consents and co-operation, 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 Group may have acquired or in which the Group 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 Group may have acquired or in which the Group 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 Group'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 Group may have acquired or in which the Group may have invested cannot meet. As a result of such delays, the project the Group may have acquired or

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

Limited diversification

Generally, risk is reduced through diversification. Diversification is maximised for example by drilling a large number of wells on a large number of exploration prospects having differing geological characteristics, in differing regulatory jurisdictions. The Group's current strategy is heavily focussed in offshore Norway and UK, and therefore has limited diversification in terms of the jurisdictions that it operates in.

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. The Group may also be subject to lawsuits and court cases brought by pressure groups which could in extreme circumstances impact the Group's ability to operate.

Climate change and related regulation

Many participants in the oil and gas sector are large users of energy and the reduction of the use of fossil fuels are a primary objective of Government policy to attain the overall policy of "Net Zero 2050". Various regulatory measures aimed at reducing GHG emissions and improving energy efficiency may affect the Group's operations and acquisition opportunities. A Climate Plan White Paper is expected to be published by the Norwegian Government in June 2021 and a significant but gradual increase in the CO₂ taxes has already been announced, which may lead to higher operating costs and the earlier abandonment of mature fields. The level of potential increases in carbon taxes in both the UK and in Norway are of particular concern and may have a material adverse effect on future project economics. 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 Group'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 the Target Assets and any of the Group'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 Group's acquisitions.

The Group expects GHG emission costs to increase from current levels 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 co-operation 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 Group's expected projects and operating costs and the constraints the Group may face in order to comply with any such new regulations. For example, to meet regulatory targets imposed in the future, the Group 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 Group 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 Group’s long-term strategy. There can be no assurance that the Group 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 Group’s strategy, financial condition, results of operations and prospects.

Environmental regulation

The Group’s operations and assets are affected by numerous international and national laws and regulations concerning environment and health and safety matters. 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 Group’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. The technical requirements of these laws and regulations are becoming increasingly complex, stringently enforced and expensive to comply with and this trend is likely to continue. The failure to comply with current environment and health and safety laws and regulations may result in regulatory action, the imposition of fines or the payment of compensation to third parties; each of which could in turn have a material adverse effect on the Group’s business, financial condition and results of operations.

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 Group’s profitability is difficult to assess.

The Group will be reliant on a functioning insurance market

The Group intends to maintain a programme of insurance to cover its 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 Group’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 Group. 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 Group may be at risk from uninsured hazards and/or uninsured liabilities

The Group 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 Group may receive from such parties may be difficult to enforce if such sub-contractors, operators or joint venture partners lack adequate resources. Although the Group intends to maintain insurance in accordance with industry practice, there may be circumstances where the Group 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 Group may suffer material losses from uninsurable or uninsured risks or insufficient insurance coverage that may have a material adverse effect on the Group'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 Group 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 Group. Therefore, there is a risk that the Group 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 delays to or adverse cost impacts on exploration and development activities, and later could result in reduced production or sales volumes, any of which could have a negative effect on the financial performance of the Group'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 Group'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 Group's investments. Furthermore, it is likely that the Group will not become the operator of all of its oil and natural gas assets. To the extent that the Group is not the operator of any of its oil and natural gas assets, the Group will be largely dependent on third-party operators for the timing of activities related to such assets and will be largely unable to direct or control the activities of the operators, which could in turn have a material adverse effect on its business and prospects.

Labour disruptions

There is a risk that strikes or other types of conflict with unions or employees may occur at any one of the Group's investments or in any of the geographic regions in which the Group owns assets. Any labour disruptions could increase operational costs and decrease revenues by delaying the business activities of the Group'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 Group's results of operations, cash flows and financial condition.

RISKS RELATING TO THE ORDINARY SHARES

Illiquid nature of the Group's investments

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. There can be no assurance that an active trading market will develop after Admission or that any active trading market that may develop will be sustained.

The price of the Ordinary Shares may be volatile

Following the Fundraising, the price of the Ordinary Shares could fluctuate significantly. The price of shares sold in an offering is frequently subject to relatively higher volatility for a period of time following the offering. The price of the Ordinary Shares may be volatile and may be influenced by many factors, some of which are beyond the control of the Group, including the performance of the overall share market; other Shareholders buying or selling large numbers of Ordinary Shares; general economic conditions and market volatility; results of exploration, appraisal and development programmes and production operations; changes in securities analysts' recommendations or estimates of earnings or financial performance of the Group, its competitors or the industry, or the failure to meet expectations of securities analysts; fluctuations in the prices of oil, gas and other petroleum products, fluctuations in stock market prices and volumes; changes in laws, rules, regulations and taxes applicable to the Group and its operations; loss of key personnel and involvement in litigation. 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 Group'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.

Reverse takeovers

A further substantial acquisition may trigger a reverse takeover under AIM Rule 14, which will make that additional acquisition subject to prior Shareholder approval and re-admission to AIM or another listing venue for the enlarged entity.

Shareholders should note that where a transaction is considered to be a reverse takeover for the purposes of the AIM Rules for Companies and the Shareholders approve any such transaction, trading on AIM in the Ordinary Shares will be cancelled and re-admission to AIM or another listing venue will be required to be sought in the same manner as any other applicant applying for admission of its securities for the first time. Trading in the Ordinary Shares will normally be suspended following the announcement of any such transaction until the Company has published a re-admission document in respect of the Company.

Dilution of Shareholders' interest as a result of additional equity financing

Although the Company will receive the net proceeds of the Fundraising, the Directors anticipate that the Company may issue a substantial number of additional Ordinary Shares, or incur substantial additional indebtedness to complete further acquisitions in the future.

Any issue of Ordinary Shares, preferred shares or convertible debt securities may significantly dilute the value of the Ordinary Shares held by existing Shareholders, cause a change of control if a substantial number of Ordinary Shares are issued, which may, *inter alia* result in the resignation or removal of one or more of the Directors, in certain circumstances, have the effect of delaying or preventing a change of control, subordinate the rights of holders of Ordinary Shares if preferred shares are issued with rights senior to those of Ordinary Shares or adversely affect the market prices of the Company's Ordinary Shares.

Shareholders do not have the benefit of pre-emption rights in respect of the issues of future shares which are issued for non-cash consideration pursuant to any acquisitions. In addition, the Company may issue shares or convertible debt securities in exchange for cash to complete a further acquisition, pursuant to disapplications of the pre-emption rights that exist under the Articles. The issue of such Ordinary Shares, preferred shares or convertible debt securities is likely to materially dilute the value of the Ordinary Shares held by existing Shareholders. Where a target company has an existing large shareholder, an issue of Ordinary Shares, preferred shares or convertible debt securities as consideration may result in such shareholder subsequently holding a significant or majority stake in the Company, which may, in turn, enable it to exert significant influence over the Company (to a greater or lesser extent depending on the size of its holding) and could lead to a change of control.

Holders of Ordinary Shares outside the UK may not be able to participate in future offerings

The Act provides for pre-emptive rights generally to be granted to Shareholders, unless such rights are disapplied by shareholder resolution. However, Shareholders outside the UK may not be entitled to exercise these rights. For example, US holders of Ordinary Shares are customarily excluded from exercising any such pre-emption rights they may have unless a registration statement under the US Securities Act is effective with respect to those rights, or an exemption from the registration requirements or similar requirements in other jurisdictions thereunder is available. The Company has no intention to file any such registration statement, and cannot assure prospective investors that any exemption from the registration requirements would be available to enable US or other overseas holders to exercise such pre-emption rights or, if available, that it will utilise any such exemption.

No guarantee that the Ordinary Shares will continue to be traded on AIM

The Company cannot assure investors that the Ordinary Shares will always continue to be traded on AIM or on any other exchange. If such trading were to cease, certain investors may decide to sell their shares, which could have an adverse impact on the price of the Ordinary Shares. Additionally, if in the future the Company decides to obtain a listing on another exchange in addition or as an alternative to AIM, the level of liquidity of the Ordinary Shares traded on AIM could decline.

GENERAL RISKS

Global economic conditions may adversely affect the Group

The Group may make acquisitions of companies and businesses that are susceptible to economic recessions or downturns. During periods of adverse economic conditions, the markets in which the Group operates may decline, thereby potentially decreasing revenues and causing financial losses, difficulties in obtaining access to, and fulfilling commitments in respect of, financing, and increased funding costs. In addition, during periods of adverse economic conditions, the Group may have difficulty accessing financial markets, which could make it more difficult or impossible for the Group to obtain funding for additional acquisitions and negatively affect the Group's operating results. Accordingly, adverse economic conditions could adversely impact the business, development, financial condition, results of operations and prospects of the Group. Furthermore, there can be no assurances that financial conditions in the global financial markets will not worsen or adversely affect the Group's then prevailing financial position and performance or, indeed, those of its investments.

Political and economic risks

Whilst the Group will make every effort to ensure it has robust commercial agreements covering its activities, there is a risk that the Group'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, as well as restrictions on exports. There is also the possibility that the terms of any licence held by any project entity in which the Group has invested may be changed.

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 terms of the Trade and Cooperation Agreement, signed on 30 December 2020 which includes an agreement on free trade between the UK and EU poses difficulties in predicting the rate at which any economic disruption may occur, and over what duration and the fact that some of the related risks to the business are totally, or partially, outside the control of the Group. The macroeconomic effect of Brexit on the Group's business (including on the pound sterling exchange rate in the long term) and of its clients is not known. The continuing unpredictable consequences of Brexit may have a material adverse effect on the Group's future financial condition and results of operations.

Legal systems

Some of the countries in which the projects in which the Group 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.

The Group may become involved in costly legal disputes

The Group may from time to time become involved in legal disputes and legal proceedings related to the Group's operations or otherwise. Damages claimed under any litigation are difficult to predict, and may be material. The outcome of such litigation may materially impact the Group's business, results of operations or financial condition. While the Group will assess the merits of any such lawsuit and defend itself accordingly, it may be required to incur significant expenses or devote significant resources to defending itself against such litigation. In addition, adverse publicity surrounding such claims may have a material adverse effect on the Group's business, financial condition and results of operations.

Taxation risk

Any change in the Group'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 Group, affect the Group'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 Group and its investors are based upon tax law and practice at the date of this document, which is subject to change. Investors should not rely on the general guide to taxation set out in this documents and should seek their own specialist advice.

Whilst the Directors will use their reasonable endeavours to structure the Group'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 Group's ability to realise its investments will apply to some or all of the Group's investments. In

such circumstances, the Group'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 Group's operations now or in the future may be adversely affected by risks outside the control of the Group including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions, which may have a material adverse effect on the Group's future financial condition and results.

Risk of reliance on third parties

The Group may become exposed to a variety of risks relating to joint venture parties and contractors. The Group may become exposed to a variety of risks related to any co-venturers, joint venture parties and contractors retained by the operators of the assets owned by or licenced to the Group with which the Group contracts that may adversely affect its current and proposed activities and current and proposed interest, including:

- financial default, non-compliance with obligations or default by any supplier, contractor or participant in any joint venture or similar arrangement to which it is, or may become a party; and
- insolvency or other managerial default by any of the suppliers, contractors or participant in any joint venture or similar arrangement in the proposed exploration activities.

Coronavirus

The global Coronavirus pandemic has created very significant challenges for companies, given its widespread adverse global economic, as well social and operational impact, the longer-term effects of which are continuing to unfold. There exists a risk that the ongoing pandemic may detrimentally impact the Group's operations. The Group may suffer loss including, but not limited to, loss of personnel, loss of access to resources, loss of contractors, loss of ability to attract and retain personnel, delays or increased costs in developing its projects and an adverse impact on the share price of the Company.

As a result of the Coronavirus outbreak, there are currently travel restrictions in place in many countries with many land borders closed and suspension of flights. These restrictions may have an immediate impact on the operations of the Group in terms of travel restrictions on key management personnel, disruption to operations and delays or increased costs in accessing resources and supplies. Additionally, if one or several of the Group's key management personnel were to contract the Coronavirus, this could negatively impact the Group's ability to execute on its business strategy. Even after the Coronavirus pandemic abates, its impact on consumer behaviour and supply and demand of resources may continue in the longer term.

The outbreak of Coronavirus has demonstrated the need to have contingency plans in place in relation to the outbreak of pandemics, and has also resulted with a number of companies across the globe being essentially shut down for an extended period of time. The impact of this is that the Group will have to ensure that its future plans include an appropriate amount of contingency planning for the current Coronavirus and future pandemics, but are also likely to result in some prices from suppliers being higher than previously thought, as they too include contingencies into their pricing models and work to ensure they remain profitable despite unpredictable regional outbreaks and periods of lock down. As such, costs could escalate from the level originally anticipated. While the Group will seek to manage the effect of Coronavirus on its personnel and operations, if and when necessary, there can be no assurance that Coronavirus will not have an adverse effect on the future operations of the Group's projects or an investment in the Company.

PART IV – CORPORATE GOVERNANCE

The Directors recognise the importance of sound corporate governance commensurate with the size of the Group and the interests of the Shareholders. The Directors consider that the Company complies, so far as practicable, with the QCA Corporate Governance Code published by the Quoted Companies Alliance to the extent appropriate having regard to the size and nature of the Company. The QCA Corporate Governance Code identifies 10 corporate governance principles that AIM companies should follow. Details of how the Company follows these 10 principles are set out below.

PRINCIPLE 1 – ESTABLISH A STRATEGY AND BUSINESS MODEL WHICH PROMOTE LONG-TERM VALUE FOR THE SHAREHOLDERS

The Company's strategy and business model are developed by the Chief Executive and approved by the Board. The Executive Committee, led by the Chief Executive, is responsible for implementing the strategy and managing the business of the Company.

The investment objectives of the Company are to create a full-cycle North Sea E&P company to deliver value to investors. 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 focusing on assets that have the potential to provide material upside to the Company.

The Company aims to deliver value by applying the business model of growing production and reserves through value creative M&A and exploration focusing on 'near field' exploration with access to infrastructure and de-risking through nearby discoveries. The Company considers that the Farm-ins will deliver assets that are able to meet its investment criteria as well as provide an appropriate basis to build on the Company's investment objectives.

PRINCIPLE 2 – SEEK TO UNDERSTAND AND MEET SHAREHOLDER NEEDS AND EXPECTATIONS

The Company seeks to maintain a continuing dialogue with its Shareholders in order to communicate the Company's strategy and results and to understand the needs and expectations of its Shareholders. In addition to Shareholder general meetings, the Chief Executive and the CFO are available to all significant Shareholders after the release of the financial results and the announcement of any significant transaction or result.

The Senior Independent Non-Executive Director is available to attend meetings with major Shareholders without the Executive Directors present, if requested by Shareholders. The Board will use the annual general meeting to communicate with private and institutional investors and welcomes their participation, notwithstanding the constraints imposed by the pandemic.

PRINCIPLE 3 – TAKE INTO ACCOUNT WIDER STAKEHOLDER AND SOCIAL RESPONSIBILITIES AND THEIR IMPLICATIONS FOR LONG-TERM SUCCESS

The Company is aware of its corporate responsibilities to its stakeholders including personnel, future joint venture partners, regulatory and licensing authorities, the environment and wider society. Following the Farm-ins, the Company intends to consider feedback received from its stakeholders by making amendments to its business plans and operations as appropriate.

The environmental impact of the Company's activities, following the Farm-ins, will be carefully considered and the maintenance of high environmental standards will be a key priority and essential for the long-term success of the business.

PRINCIPLE 4 – EMBED EFFECTIVE RISK MANAGEMENT, CONSIDERING BOTH OPPORTUNITIES AND THREATS, THROUGHOUT THE ORGANISATION

The Board is responsible for establishing and maintaining the system of internal controls and risk management systems and reviewing their effectiveness on an ongoing basis. The Directors will continue to assess the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

The internal controls are designed to manage rather than eliminate risk and provide reasonable but not absolute assurance against material misstatement or loss. The Company has appetite for economic risks as regards the performance of its future producing assets as well as geological risk, both in exploration drilling and field development drilling, up to certain financial thresholds. The Company does not have appetite for risks regarding solvency, health and safety, environmental and reputational matters.

The Company maintains appropriate insurance cover in respect of actions taken against the Directors, as well as against material loss or claims against the Company. The insurance cover in place will be reviewed on a periodic basis.

PRINCIPLE 5 – MAINTAIN THE BOARD AS A WELL-FUNCTIONING, BALANCED TEAM LED BY THE CHAIRMAN

Led by the Non-executive Chairman, the Board comprises four independent Non-executive Directors and three Executive Directors. All of the Directors are subject to election by Shareholders at the first annual general meeting after their appointment to the Board and will continue to seek re-election at least once every three years.

The Board is responsible to the Shareholders for the proper management of the Company and meets at least four times a year to set the strategy of the Company and review the operational and financial performance of the Company.

The Board considers itself sufficiently independent. The QCA Corporate Governance Code suggests that a board should have at least two independent Non-executive Directors. Aside from the Chairman, the Board has considered each of the Non-executive Directors' length of service and interests in the share capital of the Company and consider that Mr. Cheshire, Ms. Roe and Ms. Saetre are all independent.

The Company has put in place Audit, Remuneration, Nomination and Disclosure committees as summarised under principle nine below.

PRINCIPLE 6 – ENSURE THAT BETWEEN THEM THE DIRECTORS HAVE THE NECESSARY UP-TO-DATE EXPERIENCE, SKILLS AND CAPABILITIES

Directors who have been appointed to the Board have been chosen because of the skills and experience they offer and their personal qualities and capabilities. The Board will regularly review the composition of the Board to ensure that it has the necessary breadth and depth of skills to support the ongoing strategy of the Company.

The Directors receive updates from the Company Secretary in relation to corporate governance matters and each Director takes responsibility for maintaining his or her own skill set, which includes roles and experience with other boards and organisations as well as formal training and seminars.

Each member of the Board is encouraged to put forward areas where the Company can provide appropriate training and developments for which funds will be made available for Directors were relevant and beneficial.

Non-executive Directors have a contractual right to receive external advice, at the Company's expense, when necessary.

PRINCIPLE 7 – EVALUATE BOARD PERFORMANCE BASED ON CLEAR AND RELEVANT OBJECTIVES, SEEKING CONTINUOUS IMPROVEMENT

The Board continuously evaluates the balance of skills, experience, knowledge, and independence of the Directors. The Board assesses and scrutinises its performance through an annual effectiveness review. Profiles of the skills and experience of the Directors are included in their biographical details can be found on Part 1, paragraph 11.

Performance Evaluation

Each year the Nomination Committee carries out an evaluation process, the first of which was undertaken in December 2020. The evaluation was supported by three processes, namely: a questionnaire focusing on Board and Committee composition and processes together with behaviour and activities; a skills matrix to identify potential gaps in Board and Committee skills, experience

and knowledge; and a review of individual director characteristics against a checklist of key qualities.

Overall, the outcome of these separate processes reflects a Board that is functioning very well as a group, with each member contributing effectively. The Board represents a good mix of industry and financial knowledge and Board discussions are characterised as transparent and collaborative.

PRINCIPLE 8 – PROMOTE A CORPORATE CULTURE THAT IS BASED ON ETHICAL VALUES AND BEHAVIOURS

The Chief Executive, together with the Board, believe that working with integrity and transparency are the core principles which underpin the Company's behaviour in pursuing its strategic objectives and will be key in delivering success. In an industry that is based on joint ventures a reputation for ethical behaviour is essential if the Company is to succeed. To ensure these ethical values are core to the business, they are to be integrated within the Company's Business Management System through policies and procedures.

PRINCIPLE 9 – MAINTAIN GOVERNANCE STRUCTURES AND PROCESSES THAT ARE FIT FOR PURPOSE AND SUPPORT GOOD DECISION-MAKING BY THE BOARD

The Board has overall responsibility for the strategic direction and performance of the Company. The Executive Directors have day-to-day responsibility for the operation of the Company's business and implementing the strategy of the Board.

The Board will meet at least four times a year with detailed written reports provided well ahead of such meetings. Written recommendations from the Executive Directors for any major transactions will be delivered to the Board in a timely manner.

The Chairman, Graham Stewart, leads the Board ensuring good corporate governance is embedded in everything the Company does, and defines the Company's culture. He is responsible for the management, development and effective performance of the Board.

The Senior Independent Director, Brent Cheshire, is available to Shareholder or any of the Directors or employees of the Company who have concerns which cannot be addressed through normal channels.

As Chief Executive Officer, Helge Hammer is responsible for putting forward the strategic direction of the Company to the Board, implementing the same once it has been approved as well as managing the Group's overall operations and resources. Jonathan Cooper, as Chief Financial Officer, also has specific areas of responsibility with regards the management of the Company's finances and accounting function in addition to managing the processes for financial forecasting and budgets and overseeing the preparation of all financial reporting.

The Company has adopted a formal schedule of matters reserved for board approval covering strategy, capital structure, financial reporting, risk management and internal controls, contracts, transactions and commitments (over certain limits), communications, board appointments and remuneration (as recommended by the respective) committees, delegation of authority, corporate governance and policies.

The Board is supported by four Board committees (the Audit, Remuneration, Nomination and Disclosure Committees), which have delegated authority to review certain specific matters in detail and then to make recommendations to the Board. The final decisions are made by the Board. Formal terms of reference have been agreed for each of the Board committees, which are available on the Company's website, and whose responsibilities are summarised below:

Audit Committee

The audit committee is 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 considering the requirement for an 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 comprises Katherine Roe (Chair), Brent Cheshire and Jorunn Saetre and meets at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required. The audit committee meets regularly with the Company's external auditors.

Remuneration Committee

The remuneration committee is 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 comprises Brent Cheshire (Chair) and Katherine Roe and meets at least twice a year and otherwise as required.

Nomination committee

The nomination committee is 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 also undertakes the performance evaluation of the Board, its committees and individual directors. The nomination committee is comprised of Graham Stewart (Chairman) and Jorunn Saetre and meets as required.

Disclosure committee

The disclosure committee is 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 under the AIM Rules. The disclosure committee comprises Jonathan Cooper (chairman), Helge Hammer and Julian Riddick and meets as required.

As the Company grows, the Board will continue to review the corporate governance framework and its appropriateness and introduce new policies and procedures as required e.g. the introduction of an internal audit function.

PRINCIPLE 10 – COMMUNICATE HOW THE COMPANY IS GOVERNED AND IS PERFORMING BY MAINTAINING A DIALOGUE WITH SHAREHOLDERS AND OTHER RELEVANT STAKEHOLDERS

Beyond the annual general meeting, the Chief Executive and the CFO are available to all significant Shareholders after the release of the Company's results. The Chairman and Senior Non-executive Independent Director ('SID') are also available to major Shareholders.

The Chief Executive, the Chairman and the SID are the primary points of contact for the Shareholders and are available to answer queries over the phone or via email from Shareholders throughout the year, subject to the AIM disclosure rules.

The website of the Company will be regularly updated to include all relevant reports and information required under AIM Rule 26.

The results of voting on all resolutions at future general meetings are posted to the Company's website on a timely basis, including any actions to be taken as a result of resolutions of which votes against have been received by a significant proportion of votes.

PART V – ADDITIONAL INFORMATION

1. Responsibility

- 1.1 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.
- 1.2 ERC Equipoise Limited, the competent person, accepts responsibility for its report set out in Part VIII of this document and for any information sourced from such report in this document. To the best of the knowledge and belief of ERC Equipoise Limited (which has taken all reasonable care to ensure that such is the case), the information contained therein 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's business address is Hudson House, 8 Tavistock Street, London WC2E 7PP. The address of the Company's website on which the information required by Rule 26 of the AIM Rules 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. It is the holding company of Longboat Energy Norge, which is its wholly-owned subsidiary. 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.
- 2.7 The Company has no administrative, management or supervisory bodies other than the Board, the Audit Committee, the Remuneration Committee, the Disclosure Committee and Nominations Committee.

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;
 - (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 Investing 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 Investing 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 issue price of 100p per Ordinary Share).

3.2 At the annual general meeting of the Company on 24 June 2020, the Company passed the following ordinary and special resolutions:

- (a) 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 in connection with the FIP provided that this authority was limited to a nominal amount of £100,000 in respect of the shares to be allotted pursuant to the FIP and such authority shall expire at the close of business on 24 June 2025 (unless previously revoked or varied by the Company in a general meeting);
- (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 and to list such shares or rights on any stock exchange provided that this authority shall be limited to:
 - (i) an aggregate nominal amount of £333,333 (after deducting from such limit any relevant securities allotted under paragraph (ii) below); and
 - (ii) an aggregate nominal amount of £666,666 (after deducting from such limit any relevant securities allotted under paragraph (i) above) in connection with an offer by way of a rights issue:
 - (A) to 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 expires at the close of business on 30 June 2021 or at the conclusion of the next annual general meeting of the Company, 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 24 June 2020;

- (c) to authorise the Company to allot equity securities (as defined in section 560 of the Act) for cash either pursuant to the authority conferred under paragraph (b) above and/or by way of a sale of Ordinary Shares held by the Company as treasury shares as if section 561(1) of the Act did not apply to such allotment or sale provided that this authority shall be limited to the allotment of equity securities and the sale of treasury shares for cash:
- (i) 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 holder 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; or
 - (ii) in the case of the authority granted under paragraph (b) above and/or in the case of any sale of treasury shares for cash (other than pursuant to paragraph (i) above) having a nominal amount or giving the right to subscribe for or convert into relevant shares having a nominal amount, not exceeding in aggregate £50,000.

The authority conferred by this resolution expires at the close of business on 30 June 2021 or at the conclusion of the next annual general meeting of the Company, whichever occurs first, save that the Company may before such expiry enter into agreements which would, or might, require equity securities to be allotted or rights to subscribe for or convert securities into shares to be granted (and treasury shares to be sold) after such expiry and the Directors may allot equity securities or grant rights to subscribe for or convert securities into shares (and sell treasury shares) in pursuance of any such offer or agreement; and

- (d) to authorise the Company generally and unconditionally to make market purchases (within the meaning of section 693(4) of the Act) of Ordinary Shares provided that:
- (i) the maximum aggregate number of Ordinary Shares that may be purchased is 1,000,000;
 - (ii) the minimum price (excluding expenses) which may be paid for each Ordinary Share is £0.10; and
 - (iii) the maximum price (excluding expenses) which may be paid for each Ordinary Share is the higher of:
 - (A) 105 per cent. of the average market value of an Ordinary Share, as derived from the closing mid-market prices of an Ordinary Share on the London Stock Exchange Daily Official List for the five business days prior to the day the purchase is made; and
 - (B) the higher of the price of the last independent trade and the highest current independent bid for an Ordinary Share on the trading venue where the purchase is carried out.

The authority conferred by this resolution expires at the close of business on 30 June 2021 or at the conclusion of the next annual general meeting of the Company, whichever occurs first, save that the Company may before such expiry enter into a contract to purchase Ordinary Shares which will or may be executed wholly or partly after the expiry of such authority.

- 3.3 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 Re-admission is as follows:

Ordinary Shares	Number	Nominal value (£)
As at the date of this document	10,000,000	£0.10
Immediately following Re-admission	56,666,666	£0.10

- 3.4 The Company does not have an authorised share capital.
- 3.5 A total of 46,666,666 New Ordinary Shares will be issued pursuant to the Fundraising. This will result in an increase of 467 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 82 per cent..
- 3.6 The New Ordinary 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.
- 3.7 The Ordinary Shares in issue on Admission and Re-admission will be in registered form and, following Admission and Re-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.
- 3.8 It is expected that, where appropriate, share certificates in respect of New Ordinary 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.
- 3.9 None of the Ordinary Shares are being marketed or made available in whole or in part to the public in conjunction with the applications for Admission or Re-admission.
- 3.10 The legislation under which the Ordinary Shares have been created is the Act and regulations made under the Act.
- 3.11 The Ordinary Shares are denominated in pounds sterling. The nominal value of an Ordinary Share is £0.10.
- 3.12 The International Securities Identification Number or ISIN for the Ordinary Shares is GB00BKFW2482.
- 3.13 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.
- 3.14 Save as disclosed in this paragraph 3.14 or in paragraphs 5 and 12 of this Part V:
- (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.
- 3.15 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.

- 3.16 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. Employee and Founder incentivisation arrangements

- 5.1 A summary of the expected principal terms of the CIP are set out at paragraph 12 of Part I of this document. Further details on the rules governing the CIP are set out in the Company's Notice of AGM.
- 5.2 A summary of the principal terms of the LTIP are set out in paragraph 12 of Part I of this document.
- 5.3 A summary of the principal terms of the FIP are set out in paragraph 12 of Part I of this document and in this paragraph 5.
- 5.4 The following conditional awards were made on 3 July 2020 to the Company's founders under the Plan (the "**Awards**") which are expressed as a percentage of the total maximum potential award, being 10 per cent. of the Company's issued share capital. Subject to the performance conditions set out below being met, the Awards will be converted into nil cost options over ordinary shares of 10p each in the share capital Company ("**Nil Cost options**") on each measurement date as set out below.

Founder	Percentage entitlement of Initial Award pool %	Maximum percentage entitlement of growth in value from IPO %	Maximum percentage of issued share capital
Helge Hammer	23.5000%	3.525%	2.3500%
Graham Stewart	19.7500%	2.963%	1.9750%
Jonathan Cooper	19.1250%	2.869%	1.9125%
Julian Riddick	18.5000%	2.775%	1.8500%

A further 19.125 per cent. entitlement of the Initial Award with a maximum 2.869 per cent. entitlement of growth in value from the IPO, to be converted up to a maximum of 1.9125 per cent. of the Company's issued share capital, has been made to trusts established by a founder who is not a PDMR.

5.5 The associated performance conditions for the Awards can be summarised as follows: the share price at the date of Original Admission of the Company to AIM on 28 November 2019 (the “**Commencement Date**”) of £1.00 (the “**Initial Price**”) will be used to measure the level of return at each measurement date. Testing of the level of return achieved will be at the end of years three, four and five from the Commencement Date (the “**Measurement Dates**”). At each Measurement Date the value of the award will be driven by the return generated above the Initial Price (the “**Threshold Value**”):

Measurement Date	Threshold Total Shareholder Return	Measurement Total Shareholder Return
First Measurement Date 28 November 2022	25.99 per cent. compound annual growth from the Initial Price as at the First Measurement Date.	Average of the market value for the Company’s shares for the 30-day period ending on the First Measurement Date plus the dividends paid per share from the Commencement Date to the First Measurement Date.
Second Measurement Date 28 November 2023	The higher of: <ul style="list-style-type: none"> ● 18.92 per cent. compound annual growth from the Initial Price as at the Second Measurement Date; and ● the highest previous measurement total shareholder return which resulted in Conversion. 	Average of the market value for the Company’s shares for the 30-day period ending on the Second Measurement Date plus the dividends paid per share from the Commencement date to the Second Measurement Date.
Third Measurement Date 28 November 2024	The higher of: <ul style="list-style-type: none"> ● 14.87 per cent. compound annual growth from the Initial Price as at the Third Measurement Date; and ● the highest previous measurement total shareholder return which resulted in Conversion. 	Average of the market value for the Company’s shares for the 30-day period ending on the Third Measurement Date plus the dividends paid per Plan Share from the Commencement Date to the Third Measurement Date.

If at Measurement Dates three and/or four the Threshold Value has been reached then Nil Cost Options will be awarded of which half will vest and can be exercised immediately. The remaining half will be deferred until the Measurement Date at year five. All Nil Cost Options awarded in respect of the Measurement Date at year five will vest immediately.

Awards of all Nil Cost Options will be made after approval by the Remuneration Committee taking into account the overall performance of the Company during the Performance Period.

5.6 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 Company may within six months of the departure require the Leaver to transfer them to the Company at the lower of cost or market value per Ordinary Share.

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:

Name	Current directorships and partnerships	Previous directorships and partnerships
Helge Ansgar Hammer	Hammer Investering AS	Faroe Petroleum Plc Faroe Petroleum (ROGB) Limited Faroe Petroleum (U.K.) Limited Faroe Petroleum Norge AS
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
Brent Cheshire	Mersey Tidal One Limited Cheshire Energy Advisory Ltd	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*	ITM Power Plc Wentworth Resources Plc Wentworth Resources (UK) Limited	Faroe Petroleum Plc IDE Group Holdings PLC Roe Resources Limited Mozambique Macambique Petroleos, Limitada
Nicholas Andrew Ingrassia	6 Point Energy Limited Apollon Formularies plc	6 Point Energy (Ireland) Limited

* 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, as amended on 9 June 2021, setting out the terms of his appointment as Chief Executive Officer. The agreement provides for the payment by the Company to Mr. Hammer of a salary of £150,000 per annum, which will increase to £300,000 with effect from approval of the Farm-ins at the General Meeting but subject to Re-Admission occurring by no later than 30 September 2021. 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 three months' notice by either party, increasing to six months' notice following Completion of one or more of the Farm-in Agreements. 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 twelve 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, as amended on 9 June 2021, setting out the terms of his appointment as Chief Financial Officer. The agreement provides for the payment by the Company to Mr. Cooper of a salary of £120,000 per annum, which will increase to £250,000 with effect from approval of the Farm-ins at the General Meeting but subject to Re-Admission occurring by no later than 30 September 2021. 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 three months' notice by either party, increasing to six months' notice following Completion of one or more of the Farm-in Agreements. 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 twelve 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, as amended on 9 June 2021, setting out the terms of his appointment as a Non-Executive Director and Chairman. Under the letter of appointment, Mr. Stewart is entitled to an annual fee of £75,000 and an annual fee of £8,000 for chairing the nomination committee (which will increase to £93,750 and £10,000, respectively, with effect from approval of the Farm-ins at the General Meeting but subject to Re-Admission occurring by no later than 30 September 2021) 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, as amended on 9 June 2021, setting out the terms of his appointment as a Non-Executive Director. 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 and an annual fee of £8,000 for services as the senior independent director (which will increase to £50,000, £10,000 and £10,000, respectively, with effect from approval of the Farm-ins at the General Meeting but subject to Re-Admission occurring by no later than 30 September 2021), 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, as amended on 9 June 2021, setting out the terms of her appointment as a Non-Executive Director. Under the letter of appointment, Ms. Saetre is entitled to an annual fee of £40,000 (which will increase to £50,000 with effect from approval of the Farm-ins at the General Meeting but subject to Re-Admission occurring by no later than 30 September 2021) 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, as amended on 9 June 2021, setting out the terms of her appointment as a Non-Executive Director. 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 (which will increase to £50,000 and £10,000 respectively with effect from approval of the Farm-ins at the General Meeting but subject to Re-Admission occurring by no later than 30 September 2021) 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.

(g) *Nicholas Andrew Ingrassia*

Nicholas Andrew Ingrassia has entered into a service agreement with the Company dated 9 June 2021 setting out the terms of his appointment as Business Development Director. The agreement provides for the payment by the Company to Mr. Ingrassia of a salary of £150,000 per annum, which will increase to £230,000 with effect from

approval of the Farm-ins at the General Meeting but subject to Re-Admission occurring by no later than 30 September 2021. Under the agreement, Mr. Ingrassia 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 Completion of one or more of the Farm-in Agreements. Upon a change of control of the Company, Mr. Ingrassia is entitled to terminate his service agreement within three months of the completion of such an event and receive compensation in the form of twelve months' salary and 65 per cent. of any bonus paid in the previous period. The agreement imposes certain restrictions on Mr. Ingrassia as regards the use of confidential information and intellectual property. In addition, Mr. Ingrassia will be subject to certain restrictive covenants following the termination of the agreement.

- 7.2 Each of the Directors and the Company have 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 salaries paid and benefits in kind (excluding share based payments) granted to the Directors in the previous financial year to 31 December 2020 which included a portion relating to 2019 which was not paid until January 2020, was approximately £571,000. It is estimated that, under the agreements to take effect from Completion, the aggregate salaries payable and benefits in kind (excluding share based payments) to be granted to the Directors in the financial year ending 31 December 2021 is estimated to be £947,000.

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 and Re-admission are as follows:

<i>At the date of this document</i>		
Director	Number of Ordinary Shares	Percentage of current issued 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%
Jorunn Johanne Saetre	25,000	0.3%
Katherine Louise Margiad Roe	—	0.0%
Nicholas Andrew Ingrassia	—	0.0%
<i>At Admission**</i>		
Director	Number of Ordinary Shares	Percentage of Enlarged Share Capital
Helge Ansgar Hammer*	806,667	1.42%
Jonathan Robert Cooper	325,000	0.57%
Graham Duncan Stewart	350,000	0.61%
Brent Cheshire	—	—
Jorunn Johanne Saetre	51,667	0.09%
Katherine Louise Margiad Roe	—	—
Nicholas Andrew Ingrassia	160,000	0.03%
<i>At Re-admission**</i>		
Director	Number of Ordinary Shares	Percentage of Enlarged Share Capital
Helge Ansgar Hammer*	806,667	1.42%
Jonathan Robert Cooper	325,000	0.57%
Graham Duncan Stewart	350,000	0.61%
Brent Cheshire	—	—
Jorunn Johanne Saetre	51,667	0.09%
Katherine Louise Margiad Roe	—	—
Nicholas Andrew Ingrassia	160,000	0.03%

* Held indirectly via Hammer Investering AS

** Assuming that no Ordinary Shares are issued after the date of this document, other than pursuant to the Fundraising

- 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 11.3 of this Part V.

9. Major Shareholders

In addition to the interests of the Directors disclosed in paragraph 8 above, the Directors are aware of the following persons who are at the date of this document, or will immediately following Re-admission be, directly or indirectly interested in 3 per cent. or more of the Company's issued share capital or voting rights:

<i>As at the date of this document</i>		
Shareholder	Number of Ordinary Shares	Percentage of current issued share capital
Blackrock Investment Management (UK) Ltd	1,397,335	14.0%
Canaccord Genuity Wealth Management	999,999	10.0%
FIL Limited	999,999	10.0%
AXA Investment Managers UK	500,000	5.0%
SVM Funds ICVC	500,000	5.0%
Pentwater Capital Management LP	445,000	4.5%
Stonehage Fleming	345,000	3.5%
Helge Hammer	300,000	3.0%
<i>At Admission*</i>		
Shareholder	Number of Ordinary Shares	Percentage of Enlarged Share Capital
Blackrock Investment Management	8,384,052	14.8%
Fidelity International	5,545,453	9.8%
AXA Framlington Investment Managers	5,200,000	9.2%
SVM Asset Management	4,166,666	7.4%
Smith & Williamson Investment Management LLP	2,682,000	4.7%
Chelverton Asset Management Limited	2,666,666	4.7%
Canaccord Genuity Wealth Management	2,333,332	4.1%
Janus Henderson	2,000,000	3.5%
<i>At Re-admission*</i>		
Shareholder	Number of Ordinary Shares	Percentage of Enlarged Share Capital
Blackrock Investment Management	8,384,052	14.8%
Fidelity International	5,545,453	9.8%
AXA Framlington Investment Managers	5,200,000	9.2%
SVM Asset Management	4,166,666	7.4%
Smith & Williamson Investment Management LLP	2,682,000	4.7%
Chelverton Asset Management Limited	2,666,666	4.7%
Canaccord Genuity Wealth Management	2,333,332	4.1%
Janus Henderson	2,000,000	3.5%

* Assuming that no Ordinary Shares are issued after the date of this document, other than pursuant to the Fundraising; that there is no change in the holdings of any of the Shareholders listed above; and that no other Shareholder acquires (in aggregate) 3 per cent. or more of the Company's issued share capital or voting rights

- 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. Employees

- 10.1 The Group has four employees and is in the process of recruiting up to ten further employees.

11. Material contracts

11.1 Introduction

This paragraph 11 contains summaries of:

- (a) all material subsisting agreements which are included within, or which relate to, the assets and liabilities of the Group; and
- (b) any contracts (not being contracts entered into in the ordinary course of business):
- (i) which have been entered into by any member of the Group within the two years immediately preceding the date of this document and are, or may be, material to the Group; or
 - (ii) which have been entered into by any member of the Group and contain provisions under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document.

11.2 First Placing Agreement

The Company, the Directors and Stifel entered into the First Placing Agreement in connection with the Original Admission, pursuant to which, subject to certain conditions, Stifel agreed to use its reasonable endeavours to procure subscribers for the 9,500,000 Ordinary Shares comprising the "Placing Shares" for the purposes of the First Placing Agreement.

The First Placing Agreement contains certain warranties by the Company and the Directors in favour of Stifel, including as to 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.

Pursuant to the First Placing Agreement, the Company agreed to pay to Stifel a corporate finance fee of £100,000, plus a commission of 4 per cent. and a discretionary commission of 0.5 per cent. on the value of the Placing Shares (as defined in the First Placing Agreement) placed by Stifel at the issue price of 100p per Ordinary Share with any applicable VAT.

11.3 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. The agreement is effective from the date of the Original Admission and continues 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.

11.4 Original 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 "**Original Locked-in Parties**") pursuant to which each Original Locked-in Party undertook to the Company and Stifel that, subject to limited exceptions, he would not dispose of any interest in Ordinary Shares during the period of 12 months from Original 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 an Original 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 an Original Locked-in Party to his personal representatives or to the beneficiaries of his estate and a disposal pursuant to a court order.

Each Original Locked-in Party has also undertaken that, during the period of 12 months from the first anniversary of the date of Original 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.

11.5 *Registrar agreement*

Pursuant to an agreement between the Registrar and the Company dated 26 November 2020, the Registrar has been retained by the Company to maintain the register of members. The term of the agreement is three years may be terminated by either party on service of 6 months' notice on the other. 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.

11.6 *Placing Agreement*

On 9 June 2021 the Company entered into the Placing Agreement with the Joint Bookrunners and the Directors pursuant to which the Joint Bookrunners have agreed, subject to certain conditions, to act as agents for the Company and to use their respective reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price. The Placing Agreement is conditional upon, amongst other matters, the Shareholders passing the resolutions at the General Meeting, each of the Farm-in Agreements not having lapsed or been terminated, the Exploration Finance Facility having become unconditional in all respects save for Admission, and on Admission occurring on or by 30 June 2021 (or such later date as the Joint Bookrunners and the Company may agree, but in any event not later than 9 July 2021).

The Placing Agreement contains certain warranties by the Company and the Directors in favour of the Joint Bookrunners, 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 the Joint Bookrunners in respect of any losses, damages and liabilities incurred by the Joint Bookrunners resulting from the carrying out by the Joint Bookrunners of their obligations or services under the Placing Agreement or otherwise in connection with the Placing and Admission.

The Directors have also agreed to be subject to lock-in and orderly marketing restrictions on the same terms as those described in paragraph 11.8 below.

The Placing Agreement provides for the payment by the Company of:

- an advisory fee of £150,000 to Stifel;
- at the Company's sole discretion, a discretionary advisory fee of up to £100,000 to Stifel;
- an aggregate commission of 4.0 per cent. payable to each Joint Bookrunner on the value of the Placing Shares at the Issue Price placed by such Joint Bookrunner, with any applicable VAT; and
- a discretionary commission of 0.5 per cent. payable to each Joint Bookrunner on the value of the Placing Shares at the Issue Price placed by such Joint Bookrunner, 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.

11.7 *Subscription Letters*

The Company entered into Subscription Letters dated 9 June 2021 with the Subscribers, who subscribed for Subscription Shares directly from the Company. The Subscription Letters contain customary indemnities and warranties from the Subscribers.

11.8 *New lock-in and orderly market agreement*

On 9 June 2021, the Company and Stifel entered into a lock-in deed with Julian Riddick, pursuant to which Julian Riddick undertook to the Company and Stifel that, subject to limited exceptions, he would not dispose of any interest in Ordinary Shares during the period of 12 months from the later of Admission and Re-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 Julian Riddick 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 Julian Riddick to his personal representatives or to the beneficiaries of his estate and a disposal pursuant to a court order.

Julian Riddick has also undertaken that, during the period of 12 months from the first anniversary of the later date of Admission and Re-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.

11.9 *Exploration Finance Facility*

On 9 June 2021 Longboat Energy Norge (as borrower), Longboat Energy (as guarantor), SpareBank 1 SR-Bank ASA and ING Bank N.V. (the "**Original Lenders**") and SpareBank 1 SR-Bank ASA (the "**Agent**") entered into a NOK 600 million secured revolving exploration financing facility agreement. The Original Lenders make available to Longboat Energy Norge a revolving exploration financing facility in an aggregate amount up to the total commitments under the Exploration Financing Facility (NOK 600 million at the date of signing).

Borrowings under the Exploration Financing Facility bear interest at the aggregate of NIBOR and 2.50 per cent. A commitment fee, arrangement fee and agent fee are also payable. Voluntary prepayments are permitted in certain circumstances without penalty.

Indebtedness under the Exploration Financing Facility is guaranteed by a first priority charge over the pledge account with the Agent, a first priority assignment over refunds from the relevant tax authorities of the tax value of any eligible costs and a first priority assignment of all present and future insurances taken out over a licence for the exploration and production (in Norwegian: "utvinningstillatelse") granted by the relevant Norwegian authorities in respect of oil and gas resources on the NCS.

The Exploration Financing Facility contains customary covenants which limit the Group's ability to incur indebtedness, pledge its shares and other assets and pay dividends and distributions. The Exploration Financing Facility contains standard representations and events of default for a facility of this nature.

Longboat Energy Norge is permitted to draw down under the Exploration Financing Facility from 1 January 2022 until 31 December 2023. The Exploration Financing Facility is to be repaid no later than 31 December 2024

The Exploration Financing Facility is governed by Norwegian law.

11.10 *Equinor SPA*

Longboat Energy Norge entered into the Equinor SPA with Equinor on 9 June 2021. The headline consideration to be satisfied at completion of the Equinor SPA is US\$ zero, where Longboat Energy Norge in addition shall carry a part of Equinor's joint exploration costs capped at a total of US\$19 million or US\$21 million, depending on the number of production licences to be included in the transaction (one of the production licences depending on Equinor's support of positive drill decision). The Equinor SPA is based on the recommended model agreement for sale and purchase of participating interests in licences on the Norwegian Continental Shelf of the Norwegian Oil and Gas Association.

Longboat Energy Norge will prepay the carry obligation during the interim period prior to signing to the extent and limitations as follows:

- (a) within 3 working days of the relevant operator confirming that the rig has come onto contract to drill a well relevant for the carry arrangement pre-pay to Equinor an amount of US\$4.6 million per well; and
- (b) the total prepayment payable from Longboat Energy Norge to Equinor is limited to US\$14 million.

Completion of the Equinor SPA is conditional on, *inter alia*, approval by Shareholders of the Farm-ins at the General Meeting, receipt of written consent by the Norwegian Ministry of Petroleum and Energy, submission of a joint notification/application to the Norwegian Ministry of Finance, no pre-emption right being executed and approval by the management committees of the Target Assets that are subject to the Equinor SPA. Where any of the conditions are not satisfied on or prior to the agreed longstop date being 30 September 2021 (with a unilateral right for Equinor to extend until 30 November 2021, and a mutual obligation to discuss extension in good faith), either party to the Equinor SPA has the right to terminate by way of notice to the other party.

In the event that the Equinor SPA is not completed within the longstop date due to either the default of Longboat Energy Norge to carry out the acts necessary to fulfil the conditions precedent or Longboat Energy Norge not being qualified as a licensee on the Norwegian Continental Shelf, Equinor get to retain the prepayment made in accordance with the above.

The Equinor SPA contains warranties given by Equinor in respect of title and capacity and the Target Assets that are the subject to the Equinor SPA.

Equinor's aggregate liability in respect of all other claims under the Equinor SPA is unlimited.

11.11 *Equinor Option Agreement*

Longboat Energy Norge entered into an option agreement with Equinor on 9 June 2021. Under the terms of the agreement if, following Completion of the Equinor SPA, a positive drill decision is made on licence PL1017 with the support of Longboat Energy Norge but without the support of Equinor, Equinor shall have the right to assign its entire participating interest in licence PL1017 to Longboat Energy Norge for no consideration, with an effective date of 1 January 2021. Any carry related to licence PL1017 as set out in the Equinor SPA shall then be void. Equinor is required to provide Longboat Energy Norge with as much notice as practicable of its voting intentions on the management committee of licence PL1017.

11.12 *Idemitsu SPA*

Longboat Energy Norge entered into the Idemitsu SPA with Idemitsu Petroleum on 10 June 2021. By way of consideration Longboat Energy Norge shall carry a part of Idemitsu Petroleum's joint exploration costs capped at a total of NOK 24.8 million. The Idemitsu SPA is based on the recommended model agreement for sale and purchase of participating interests in licences on the Norwegian Continental Shelf of the Norwegian Oil and Gas Association.

Completion of the Idemitsu SPA is conditional on, *inter alia*, approval by Shareholders of the Farm-ins at the General Meeting, receipt of written consent by the Ministry of Petroleum and Energy, submission of a joint notification to the Ministry of Finance, no pre-emption right being executed and approval by the management committee of the Target Assets that are subject to the Idemitsu SPA. Where any of the conditions are not satisfied on or prior to the agreed longstop date being 30 September 2021, either party to the Idemitsu SPA has the right to terminate by way of notice to the other party.

The Idemitsu SPA contains warranties given by Idemitsu Petroleum in respect of title and capacity and the Target Assets that are the subject to the Idemitsu SPA.

Idemitsu Petroleum's aggregate liability in respect of a breach of fundamental warranties is limited to 100 per cent. of the consideration. Idemitsu Petroleum's aggregate liability in respect of all other claims under the Idemitsu SPA is limited to 25 per cent. of the consideration.

11.13 *Spirit SPA*

Longboat Energy, Norge entered into the Spirit SPA with Spirit Energy on 9 June 2021. By way of consideration, Longboat Energy Norge shall carry a part of Spirit Energy's joint exploration costs capped at a total of US\$10 million. The Spirit SPA is based on the recommended model agreement for sale and purchase of participating interests in licences on the Norwegian Continental Shelf of the Norwegian Oil and Gas Association.

Completion of the Spirit SPA is conditional on, *inter alia*, approval by Shareholders of the Farm-ins at the General Meeting, receipt of written consent by the Ministry of Petroleum and Energy, submission of a joint notification to the Ministry of Finance, no pre-emption right being executed and approval by the management committee of the Target Assets that are

subject to the Spirit SPA. Where any of the conditions are not satisfied on or prior to the agreed longstop date being 30 September 2021, either party to the Spirit SPA has the right to terminate by way of notice to the other party.

The Spirit SPA contains warranties given by Spirit Energy in respect of title and capacity and the Target Assets that are the subject to the Spirit SPA.

Spirit Energy's aggregate liability in respect of all other claims under the Spirit SPA is unlimited.

11.14 *PL939 Licence*

The licence was granted on 2 March 2018 and is valid until 2 March 2023 (exploration period). Applicable mandatory work commitments remain to be performed under the licence, with the next milestone being the decision to concretise, which is due by 2 March 2022.

11.15 *PL901 Licence*

The licence was granted on 10 February 2017 and is valid until 10 February 2024 (exploration period). Applicable mandatory work commitments remain to be performed under the licence, with the next milestone being the decision to concretise, which is due by 10 February 2022.

11.16 *PL1060 Licence*

The licence was granted on 14 February 2020 and is valid until 14 February 2025 (exploration period). Applicable mandatory work commitments remain to be performed under the licence. The licence was awarded with a firm well obligation. Hence, by 14 February 2022, the licence is obliged to drill a well, and as such is not subject to a drill or drop decision.

11.17 *PL906 Licence*

The licence was granted on 2 March 2018 and is valid until 2 March 2025 (exploration period). Applicable mandatory work commitments remain to be performed under the licence, with the next milestone being the decision to concretise, which is due by 2 March 2022.

11.18 *PL1049 Licence*

The licence was granted on 14 February 2020 and is valid until 14 February 2025 (exploration period). Applicable mandatory work commitments remain to be performed under the licence. The licence was awarded with a firm well obligation. Hence, by 14 February 2022, the licence is obliged to drill a well, and as such is not subject to a drill or drop decision.

11.19 *PL1049B Licence*

The licence was granted on 19 February 2021, covering an area in extension of PL 1049. The licence terms with respect to term and work commitments are in accordance with PL 1049.

11.20 *PL1017 Licence*

The licence was granted on 1 March 2019 and is valid until 1 March 2026 (exploration period). Applicable mandatory work commitments remain to be performed under the licence. The deadline for the drill or drop decision on the licence was 1 March 2021, to which an extension application has been filed. The licence does not have a legal right to approval of an application for extension of the milestone dates in the licence work commitments, and if the milestone date is reached without a licence decision being made, there is a risk of withdrawal of the licence. However, in practice, the Norwegian Ministry of Petroleum and Energy is solution oriented, and if progress and plans towards a new deadline can be illustrated, it is common practice to approve minor extensions such as those required for PL 1017.

11.21 *PL293B Licence*

The licence was granted on 15 June 2012 and is valid until 11 April 2039. The applicable mandatory work commitment has been performed in accordance with the Licence terms.

12. Taxation

- 12.1 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 or retrospective effect.
- 12.2 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.
- 12.3 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 or her tax position or who is subject to taxation in a jurisdiction other than the UK should consult his or her 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.

12.4 *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 to tax on dividends will depend upon the individual circumstances of the Shareholder.

(a) *UK resident individual Shareholders*

To the extent the Shareholder has not already utilised their available Personal Allowance for the year (£12,570 for 2021/22) against other income, the dividends will not be subject to tax.

Thereafter, 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 2021/22 (the dividend allowance). Any dividend income received by a UK resident individual Shareholder in respect of the Ordinary Shares in excess of the dividend allowance 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 dividend allowance, which, in the absence of the dividend allowance 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, currently 19 per cent. (potentially rising to 25 per cent. from 1 April 2023).

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 UK resident Shareholders*

The annual tax-free dividend allowance of £2,000 available to individuals is not available to UK resident trustees. UK resident trustees of a discretionary trust in receipt of dividends are liable to income tax at a current rate of 7.5 per cent. on the first £1,000, to the extent this amount is not already utilised by other income of the trust and 38.1 per cent. thereafter. Where the same settlor has settled more than one trust the £1,000 is divided by the number of trusts, to a minimum amount of £200. UK resident non-discretionary trustees in receipt of dividends are liable to income tax at a current rate of 7.5 per cent. only.

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.

12.5 *Disposal of Ordinary Shares acquired under the Fundraising*

A disposal or deemed disposal (which may include a gift) 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 a current rate of 10 per cent. to the extent their income and other gains have not already fully utilised their basic rate band and a current rate of 20 per cent. thereafter. 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 other tax reliefs, capital losses brought forward and current year capital losses may be available to reduce any gain.

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 current 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, or specific non-resident gains tax provisions apply. 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.

12.6 *Tax reliefs*

Business asset disposal 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 for a period of at least two years prior to disposal. 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.

12.7 *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 New Ordinary 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).

12.8 *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 their tax position or who may be subject to tax in any other jurisdiction should consult their professional adviser.

13. Related party transactions

Save as set out in paragraph 16 of Part I, and paragraph 11.7 of Part V, of this document, the Company has not entered into a related party transaction during the period up to the date of this document.

14. 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.

15. Working capital

The Directors are of the opinion, having made due and careful enquiry, that the working capital available to the Group, taking into account the estimated net proceeds of the Fundraising, the Exploration Finance Facility and the Norwegian tax rebate system, will be sufficient for its present requirements and for at least 12 months from the date of Re-admission.

16. Litigation

No member of the Group is or 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 Group.

17. No significant change

There has been no significant change in the financial position or financial performance of the Group since 31 December 2020, save as disclosed in this document.

18. Consents

- 18.1 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.
- 18.2 DNB Markets, a part of DNB Bank ASA 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.
- 18.3 ERC Equipoise Limited of 6th Floor Stephenson House, 2 Cherry Orchard Road, Croydon, CR0 6BA, is acting as competent person to the Company. ERC Equipoise Limited has given and not withdrawn its consent to the inclusion of its name and its CPR in Part VI of this document in the form and context in which they appear and has authorised the contents of the CPR for the purposes of Schedule Two of the AIM Rules for Companies.

19. General

- 19.1 The total costs and expenses payable by the Company in connection with or incidental to the Fundraising, the Farm-in, Admission and Re-admission are estimated to be approximately £3 million (exclusive of VAT). The gross proceeds of the Fundraising are estimated to be approximately £35 million and the net proceeds of the Fundraising are estimated to be approximately £32 million.

- 19.2 Of the Issue Price, 10 pence represents the nominal value of each new Ordinary Share and 65 pence represents the premium.
- 19.3 Save as disclosed in this document, the Directors are not aware of any exceptional factors which have influenced the Company's activities.
- 19.4 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.
- 19.5 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.
- 19.6 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 Re-admission or has entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Re-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 Issue Price; or
 - (c) any other benefit with a value of £10,000 or more at the date of Re-admission.
- 19.7 There have been no payments aggregating over £10,000 to any governmental or regulatory authority or similar body made by or on behalf of any member of the Group with regard to the acquisition of, or maintenance of, its assets.
- 19.8 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.
- 19.9 BDO LLP are the auditors of the Company and are a member firm of the Chartered Institute of Accountants in England and Wales.
- 19.10 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 2021.
- 19.11 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.
- 19.12 Save as disclosed in this document, the Company has no employees.
- 19.13 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.

20. 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 Re-admission. This document will also be available for download from the Company's website at www.longboatenergy.com.

PART VI – NOTICE OF GENERAL MEETING



Longboat Energy plc

(Incorporated and registered in England and Wales with registered number 12021297)

NOTICE IS HEREBY GIVEN that a general meeting of Longboat Energy plc (the “**Company**”) will be held at the offices of Stifel Nicolaus Europe Limited, 150 Cheapside, London, EC2V 6ET at 11.00 a.m. on 28 June 2021 for the following purposes.

The Board considers that each of the resolutions are in the best interests of the Company and its shareholders as a whole and recommends that you vote in favour of each of the resolutions. Resolutions 1 and 2 will be proposed as ordinary resolutions and resolution 3 will be proposed as a special resolution.

In each of the resolutions below and the notes to this notice of general meeting, terms defined in the AIM admission document published by the Company dated 10 June 2021 (“**Admission Document**”), of which this notice of general meeting forms part, shall have the same meanings.

Ordinary Resolutions

1. That the Farm-ins be approved as a reverse-takeover in accordance with the requirements of Rule 14 of the AIM Rules for Companies.
2. That, subject to and conditional on the passing of resolution 1, the Directors be and they are authorised generally and unconditionally, in addition to all subsisting authorities, pursuant to and in accordance with section 551 of the Companies Act 2006 (the “**CA 2006**”), to exercise all the powers of the Company to allot equity securities (as defined in section 560 of the CA 2006) and to grant rights to subscribe for or convert any security into shares in the Company and to list such shares or rights on any stock exchange up to an aggregate nominal amount of £4,666,667 pursuant to the Fundraising, and such authorities shall expire at close of business on 31 August 2021 (unless previously revoked or varied by the Company in general meeting) save that the Company may, in each case, before such expiry make an offer or enter into agreements which would, or might, require equity securities to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry and the Directors may allot equity securities or grant rights to subscribe for or convert securities into shares in pursuance of any such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

Special Resolution

3. That, subject to and conditional on the passing of resolution 2 above, statutory pre-emption rights are disapplied in respect of the new Ordinary Shares to be issued pursuant to the Fundraising, in an aggregate nominal amount of £4,666,667 and the Directors be and they are hereby empowered pursuant to sections 570 and 573 of the CA 2006 to allot equity securities (as defined in section 560 of the CA 2006) for cash pursuant to the authority conferred by resolution 2 above as if section 561(1) of the CA 2006 did not apply to any such allotment or sale, provided that this power shall be limited to the allotment of equity securities for cash up to an aggregate nominal amount of £4,666,667 pursuant to the Fundraising and shall expire at close of business on 31 August 2021 (unless previously revoked or varied by the Company in a general meeting), save that the Company may, in each case, before such expiry, make an offer or enter into agreements which would, or might, require equity securities to be allotted or rights to subscribe for or convert securities into shares to be granted (and treasury shares to be sold) after such expiry and the Directors may allot equity securities or grant rights to subscribe for or convert securities into shares (and sell treasury shares) in pursuance of any such offer or agreement notwithstanding that the authority conferred by this resolution has not expired.

BY ORDER OF THE BOARD
Julian Galloway Money Riddick
Company Secretary
10 June 2021

Registered Office:
5th Floor One New Change
London
EC4M 9AF

EXPLANATORY NOTES

1. Whilst a member who is unable to be present at the General Meeting is entitled to appoint one or more proxies to exercise all or any of his/ her rights to attend, speak and vote on his/ her behalf in light of the current prohibition on attendance at public gatherings, members are strongly encouraged to appoint the chair of the meeting as proxy rather than a named person. The General Meeting will be attended only by the chair of the meeting and the Company Secretary in order to form a quorum and facilitate the administration of the General Meeting.
2. In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other registered holders of the share. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company.
3. In the case of an individual, the proxy form must be signed by the appointer or by his attorney duly authorised in writing. In the case of a corporation this proxy must be under its common seal or executed in the manner permitted by section 44 of the CA 2006 or under the hand of an officer or attorney duly authorised in writing. To be valid, a form of proxy (together with any power of attorney or other authority under which it is executed or a notarially certified or board approved copy of such power or other authority) must be completed in accordance with the notes on the enclosed form and should arrive at the Company's registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA no later than 11.00 a.m. on 24 June 2021 or not less than 48 hours (excluding non-business days) before the time appointed for any adjourned General Meeting. Alternatively, a member may appoint a proxy online by going to www.sharevote.co.uk and following the instructions provided. Members will need their Voting ID, Task ID and shareholder Reference Number which can be found on the enclosed proxy form. Alternatively, if you have already registered with Equiniti's online portfolio service, Shareview, you can submit your Form of Proxy at www.shareview.co.uk. To be a valid proxy appointment, the member's electronic message confirming the details of the appointment completed in accordance with those instructions must be transmitted so as to be received by the same time and date.
4. If a member appoints a proxy, the proxy will be entitled to vote on the shareholder's behalf at the General Meeting and at any adjournment of that meeting. The appointed proxy, noting that no named person other than the chair of the meeting will be able to attend, will use his/her discretion as to how to vote on any resolution which the shareholder has not given specific instructions and on any other business transacted at the meeting.
5. A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the General Meeting. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares.
6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting to be held on 28 June 2021 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's Agent (ID RA19) by the latest time(s) for receipt of proxy appointments specified in this notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's Agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to a proxy appointed through CREST should be communicated to the appointee by other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

7. Only those members entered on the register of members of the Company not later than the close of business on 24 June 2021 (or, if the General Meeting is adjourned, members entered on the register of members of the Company not later than 48 hours before the time fixed for the adjourned General Meeting) shall be entitled to vote at the General Meeting in respect of the number of shares registered in their name at that time. Changes to the entries on the register of members of the Company after that time shall be disregarded in determining the rights of any person to vote at the General Meeting.

PART VII – TERMS AND CONDITIONS OF THE PLACING

The information contained in this Part VII is restricted and is not for publication, release or distribution in or into the United States, 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 75 pence per Placing Share

For the purposes of this Part VII, “Relevant Bookrunner” means either Stifel or DNB Markets.

The terms and conditions set out in this Part VII (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, 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 the Joint Bookrunners. The offer and sale of Ordinary Shares has not been and will not be registered under the applicable securities laws of the United States, 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, the Republic of South Africa, Australia, the Republic of Ireland or Japan or to any national, resident or citizen of the United States, 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 U.S. Securities and Exchange Commission under the U.S. Securities Act of 1933, as amended (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 or to, or for the account or benefit of, any U.S. Person (as defined in the Regulation S promulgated under the Securities Act (“Regulation S”), 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 or to, or for the account or benefit of, any U.S. Person. The Ordinary Shares are being offered and sold only (i) outside the United States in “offshore” transactions within the meaning of, and in reliance on Regulation S, (ii) to qualified institutional buyers (“QIBs”) as defined in Rule 144A under the Securities Act, or (iii) in Canada to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. 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.

This Admission Document (including these Terms and Conditions) is being distributed to, and is directed only at: (a) persons in member states of the European Economic Area who are “qualified investors” within the meaning of Article 2(e) of Regulation (EU) 2017/1129 (together with any implementing measure in such member states, the “EEA Prospectus Regulation”); (b) persons in the United Kingdom who are “qualified investors” within the meaning of the UK version of the EEA Prospectus Regulation (the “UK Prospectus Regulation”), which forms part of UK law by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”), and who are persons who: (i) have professional experience in matters relating to investments and are “investment professionals” within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the “Order”); or (ii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations, etc.”) of the Order; 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 the Joint Bookrunners that you are a Relevant Person and agree to and will comply with the contents of these Terms and Conditions.

This Admission Document (including these Terms and Conditions) has not been approved by the Securities and Futures Commission in Hong Kong and, accordingly: (i) the Ordinary Shares may not be offered or sold in Hong Kong by means of this Admission Document (including these Terms and Conditions) or any other document other than to “professional investors” as defined in the Securities and Futures Ordinance of Hong Kong (Cap 571) and any rules made thereunder, or in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32) (the “CWUMPO”) or which do not constitute an offer to the public within the meaning of the CWUMPO; and (ii) no person shall issue or possess for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Ordinary Shares which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Ordinary Shares which are or are intended to be disposed of only to persons outside Hong Kong or to professional investors (as set out above).

This Admission Document (including these Terms and Conditions) has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Ordinary Shares are not offered or sold or caused to be made the subject of an invitation for subscription or purchase and will not be offered or sold or caused to be made the subject of an invitation for subscription or purchase, and this Admission Document (including these Terms and Conditions) or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Ordinary Shares, has not been circulated or distributed, nor will it be circulated or distributed, whether directly or indirectly, to any person in Singapore. Ordinary Shares may be offered to persons in Singapore who are: (i) an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA; (ii) a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) otherwise permitted to receive such offer pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Introduction

Each Placee which confirms its agreement to the Relevant Bookrunner (whether orally or in writing) to subscribe for Placing Shares under the Placing, hereby agrees with the Joint Bookrunners and

the Company that it will be bound by these terms and conditions and will be deemed to have accepted them.

The Company and the Joint Bookrunners 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").

Applications for admission and re-admission to trading

Application has been made to the London Stock Exchange for the admission of the Placing Shares and Subscription Shares 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 30 June 2021 for normal account settlement and that Admission will become effective on that date. The Placing Shares and Subscription Shares will not be admitted to trading on any stock exchange other than AIM.

Upon completion of one or more of the Farm-ins, the Company will cease to be an investing company for the purposes of the AIM Rules and will be an operating company instead, and the Company will apply for the Re-admission of its Enlarged Share Capital.

The Fundraising and Admission are not conditional on completion of the Farm-ins or Re-admission. Should Shareholder approval of the Resolutions not be obtained at the General Meeting, none of the Fundraising nor Admission will occur. Although the Directors consider it unlikely, it is possible that the Fundraising will complete but that just one or two, or all three, of the Farm-in Agreements will not complete. If that happens then, depending on the level of capital that will no longer be deployed, which in turn is governed by how many and which Farm-ins do not complete, the Company will either re-deploy such capital or consider returning all or part of such capital to Shareholders. If none of the Farm-ins completes, Re-admission will not occur and the Company will remain as an investing company for the purposes of the AIM Rules.

Agreement to purchase Placing Shares

Conditional on (i) Admission occurring and becoming effective on or prior to 8:00 a.m. on 30 June 2021 (or such later time and/or date, being not later than 9 July 2021, as the Company and the Joint Bookrunners may agree), (ii) the passing (without amendment) of the Resolutions at the General Meeting, (iii) the Placing Agreement becoming otherwise unconditional in all respects (save in respect of any condition to Admission or Re-admission only) and not having been terminated in accordance with its terms on or before Admission, and (iv) the Relevant Bookrunner 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 the Relevant Bookrunner 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 (other than any conditions to Admission or Re-admission only) are not satisfied (or, where relevant, waived by the Joint Bookrunners) or (ii) the Placing Agreement is terminated or (iii) the Placing Agreement does not otherwise become unconditional in all respects (save in respect of any condition to Admission or Re-admission only), the Placing will not proceed and all funds delivered by Placees to the Relevant Bookrunner 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 the Joint Bookrunners owe 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

Either or both of the Joint Bookrunners are entitled, in its or their absolute discretion, at any time before Admission, to terminate the Placing Agreement by giving notice to the Company in certain circumstances, including, *inter alia*:

1. in the opinion of either or both of the Joint Bookrunners (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 Proposals; or
2. in the opinion of either or both of the Joint Bookrunners (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 Proposals; or
3. in the opinion of either or both of the Joint Bookrunners (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, the Group or the Enlarged 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 material deterioration in, or material escalation in the response to the COVID-19 pandemic; 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 either or both of the Joint Bookrunners (acting in good faith) to materially prejudice the success of the Proposals.

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 either or both of the Joint Bookrunners of any right of termination or other discretion under the Placing Agreement shall be within the absolute discretion of either or both of the Joint Bookrunners, 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 the Joint Bookrunners, 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 the Joint Bookrunners. 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 the Joint Bookrunners or any nominee of the Joint Bookrunners 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 the Joint Bookrunners and their 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 the Joint Bookrunners or their 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 VII 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 VII 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 VII.

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.

The Company is also separately making a Subscription of the Subscription Shares to the Subscribers.

Principal terms of the Placing

Each Placee's allocation of Placing Shares will be communicated orally by the Relevant Bookrunner to the relevant Placee. That oral confirmation will give rise to an irrevocable, legally binding commitment by such Placee, in favour of the Relevant Bookrunner 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 VII and in accordance with the Articles. Except with the Relevant Bookrunner'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 the Relevant Bookrunner in accordance with either the standing CREST or certificated settlement instructions which they have in place with the Relevant Bookrunner.

Settlement of transactions in the Placing Shares (ISIN: GB00BKFW2482) will take place within the CREST system, subject to certain exceptions. Settlement through CREST will be with respect to the Placing Shares and the Subscription Shares on a T+14 basis unless otherwise notified by the Relevant Bookrunner and is expected to occur at 8:00 a.m. on 30 June 2021.

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 use of CREST in relation to the Placing, the Company and the Relevant Bookrunner may agree that the Placing Shares should be issued in certificated form.

The Relevant Bookrunner 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 the Relevant Bookrunner.

Each Placee is deemed to agree that if it does not comply with these obligations, the Relevant Bookrunner 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 the Joint Bookrunners 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 VII;
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 the Joint Bookrunners or by any subsidiary, holding company, branch or associate of the Company, the Joint Bookrunners, 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 the Joint Bookrunners or any director, employee or agent of the Company or the Joint Bookrunners other than as expressly set out in the Admission Document and these Terms and Conditions for which none of the Joint Bookrunners or any of their 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 the Joint Bookrunners, 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 the United Kingdom or 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 EEA Prospectus Regulation or the UK Prospectus Regulation (as the case may be):
 - i. the Placing Shares acquired by it have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in the UK or any member state of the EEA or persons in any jurisdiction to which the UK Prospectus Regulation or EEA Prospectus Regulation (as the case may be) otherwise applies, other than Qualified Investors or in circumstances in which the prior consent of the Joint Bookrunners has been given to the offer or resale; or
 - ii. where Placing Shares have been acquired by it on behalf of persons in the UK or any member state of the EEA or persons in any jurisdiction to which the UK Prospectus Regulation or EEA Prospectus Regulation (as the case may be) otherwise applies, other than Qualified Investors, the offer of those Placing Shares to it is not treated under the UK Prospectus Regulation or EEA Prospectus Regulation (as the case may be) as having been made to such persons

6. if in the United Kingdom, represents and warrants that it is a person: (i) who has professional experience in matters relating to investments and is an “investment professional” falling within Article 19(5) of the Order; (ii) who falls within Article 49(2)(A) to (D) (“High Net Worth Companies, Unincorporated Associations, etc”) of the Order; or (iii) to whom this Admission Document may otherwise be lawfully communicated;
7. if it is located outside of the United States: (i) it is not a U.S. Person within the meaning of Regulation S (a “**U.S. Person**”) and is not acquiring the Placing Shares for the account or benefit of a U.S. Person; (ii) it is subscribing for Placing Shares in an “offshore transaction” (within the meaning of Regulation S) and is purchasing the Placing Shares for its own account or is purchasing the Placing Shares for an account with respect to which it exercises sole investment discretion and that it (and any such account) is located outside the United States or it is a dealer or other professional fiduciary in the United States acting on a discretionary basis for non-U.S. beneficial owners (other than an estate or trust), in reliance upon Regulation S; and (iii) the Placing Shares were not offered to it by means of any “directed selling efforts” as such term is defined in Regulation S; and/or
8. if it is located in the United States or is a U.S. Person, it and any accounts it represents: (i) is QIB and will sign and return an investor representations letter in the form agreed between the Company and the Joint Bookrunners prior to confirmation of its allocation in the Placing; (ii) any Placing Shares it acquires will be for its own account (or for the account of a QIB for which it exercises sole investment discretion) for investment purposes and not with a view to resale or distribution within the meaning of the U.S. securities laws; and (iii) the Placing Shares have not been offered to it by means of any “general solicitation” or “general advertising” within the meaning of Regulation D under the Securities Act (“**Regulation D**”) nor by means of any “directed selling efforts” as such term is defined in Regulation S;
9. if it is located in Canada, it: (i) is an “accredited investor” as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario); (ii) is a “permitted client” as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*; and (iii) will sign and return an investor representations letter in the form agreed between the Company and the Joint Bookrunners prior to confirmation of its allocation in the Placing;
10. 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 that the Securities may not be reoffered, resold, pledged or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, in each case in compliance with all applicable securities laws of the United States or any State or other jurisdiction of the United States, and that no representation has been made as to the availability of any exemption under the Securities Act or any US state securities laws for the reoffer, resale, transfer or delivery of the Placing Shares;
11. 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, 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, 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;
12. it agrees that the exercise by either or both of the Joint Bookrunners of any right of termination or any right of waiver exercisable by either or both of the Joint Bookrunners contained in the Placing Agreement or the exercise of any discretion thereunder is within the absolute discretion of such Joint Bookrunner and the Joint Bookrunners 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;

13. it acknowledges that no action has been or will be taken by any of the Company, the Joint Bookrunners 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, 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, 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;
14. 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 (including to, or for the account of, any U.S. Person), and it has not distributed, forwarded, transferred or otherwise transmitted any such materials to any person;
15. 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 VII) 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 VII 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 the Joint Bookrunners for the performance of all its obligations as a Placee of the Placing (whether or not it is acting on behalf of another person);
16. 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;
17. 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 VII;
18. 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 EEA Prospectus Regulation or the UK Prospectus Regulation (as the case may be); and (ii) has been or will be prepared in connection with the Placing;
19. 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 the Joint Bookrunners or any person acting on the Joint Bookrunners' 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;
20. neither of the Joint Bookrunners, 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 any of

the Joint Bookrunners 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;

21. the content of this document has been prepared by and is exclusively the responsibility of the Company. Neither of the Joint Bookrunners nor any persons acting on behalf of them 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. The Joint Bookrunners 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 the Joint Bookrunners, 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 VII shall exclude any liability of any person for fraudulent misrepresentation;
22. 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;
23. 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 the Relevant Bookrunner 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 the Relevant Bookrunner, failing which the relevant Placing Shares may be placed with others on such terms as the Joint Bookrunners may, in their 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;
24. 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;
25. 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 the Joint Bookrunners in respect of the same on the basis that the Placing Shares will be allotted to a CREST stock account of the Relevant Bookrunner 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;
26. 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 the Joint Bookrunners have 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;

27. 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);
28. none of the Joint Bookrunners, 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 the Joint Bookrunners' 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 the Joint Bookrunners and the Joint Bookrunners have no duties or responsibilities to it for providing the protections afforded to their 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;
29. the Joint Bookrunners and each of their 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, the Joint Bookrunners and/or any of their affiliates, acting as an investor for its or their own account(s). None of the Joint Bookrunners 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;
30. 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 member state of the EEA within the meaning of the EEA Prospectus Regulation;
31. 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;
32. it is aware of the obligations regarding insider dealing in the Criminal Justice Act 1993, market abuse under MAR, and the Proceeds of Crime Act 2002 and confirms that it has and will continue to comply with those obligations;
33. 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;
34. if it has received any 'inside information' (for the purposes of 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 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;
35. in order to ensure compliance with the Regulations, the Relevant Bookrunner (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 the Relevant Bookrunner or the

Company's registrars, as applicable, of evidence of identity, definitive certificates in respect of the Placing Shares may be retained at the Relevant Bookrunner's absolute discretion or, where appropriate, delivery of the Placing Shares to it in uncertificated form may be delayed at the Relevant Bookrunner'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 the Relevant Bookrunner (for itself and as agent on behalf of the Company) or the Company's registrars have not received evidence satisfactory to them, the Relevant Bookrunner 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;

36. 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 the Joint Bookrunners' conduct of the Placing;
37. 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;
38. 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;
39. if it is acting as a "distributor" (for the purposes of MiFID II Product Governance Requirements):
 - a. it acknowledges that the product approval process, which has determined that the Placing Shares are: (i) compatible with an end target market of: (a) retail investors, (b) investors who meet the criteria of professional clients; and (c) eligible counterparties (each as defined in MiFID II); and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II ("**Target Market Assessment**") undertaken by the Relevant Bookrunner does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Placing Shares and each distributor is responsible for undertaking its own target market assessment in respect of the Placing Shares and determining appropriate distribution channels;
 - b. notwithstanding any Target Market Assessment undertaken by the Relevant Bookrunner, it confirms that, other than where it is providing an execution-only service to investors, it has satisfied itself as to the appropriate knowledge, experience, financial situation, risk tolerance and objectives and needs of the investors to whom it plans to distribute the Placing Shares and that it has considered the compatibility of the risk/reward profile of such Placing Shares with the end target market;
 - c. it acknowledges that the price of the Placing Shares may decline and investors could lose all or part of their investment; the Placing Shares offer no guaranteed income and no capital protection; and an investment in the Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom;

40. it irrevocably appoints any duly authorised officer of the Relevant Bookrunner 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;
41. the Company, the Joint Bookrunners 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 each Joint Bookrunner 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 the Joint Bookrunners;
42. time is of the essence as regards its obligations under this Part VII;
43. 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 the Relevant Bookrunner; and
44. the terms and conditions in this Part VII and all documents into which this Part VII 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 the Joint Bookrunners 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, the Joint Bookrunners 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.

10 June 2021

PART VIII – COMPETENT PERSON’S REPORT ON THE TARGET ASSETS

Competent Person's Report, Longboat Energy plc

Prepared For: Longboat Energy plc

By: ERC Equipoise Ltd

Date: June 2021

ERCE
Independent Energy Experts

Approved by: Adam Law

Date released to client: 10 June 2021

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10th June 2021

The Directors
Longboat Energy plc
5th Floor One New Change
London, EC4M 9AF

The Directors
Longboat Energy Norge AS
Løkkeveien 111, 4007
Stavanger, Norway

The Directors
Stifel Nicolaus Europe Ltd
150 Cheapside
London, EC2V 6ET
United Kingdom

Dear Directors,

Re: Prospective and Contingent Resources Evaluation

Longboat Energy plc and its subsidiaries (collectively, Longboat) is considering a potential acquisition (the Acquisition) of interests in exploration licences owned by Equinor Energy AS (Equinor), Spirit Energy Norway AS (Spirit Energy) and Idemitsu Petroleum Norge AS (Idemitsu). In accordance with your instructions, ERC Equipoise Ltd (ERCE) has prepared an independent estimate of the Prospective Resources and geological chance of success relating to the primary prospects identified within each licence block that forms part of the Acquisition.

The Effective Date of this CPR is 1 June 2021. For the preparation of this CPR ERCE was provided with data and information by Longboat up to 30 April 2020.

ERCE has carried out this work in accordance with the June 2018 SPE/WPC/AAPG/SPEE/SEG/SPWLA/EAGE Petroleum Resources Management System (PRMS) as the standard for classification and reporting. A summary of the PRMS is found in Appendix 2 of the CPR. The full text can be downloaded from:-

https://secure.spee.org/sites/spee.org/files/prmgmtsystem_final_2018.pdf.

Use of the Report

This report is produced solely for the benefit of and on the instructions of Longboat and Stifel Nicholas Europe Ltd (collectively the Parties), and not for the benefit of any third party. Any third party to whom the Parties disclose or makes available this letter or the CPR shall not be entitled to rely on it or any part of it.

The Parties agree to ensure that any publication or use of this letter which makes reference to ERCE shall be published or quoted in its entirety and the Parties shall not publish or use

extracts of this letter, the CPR or any edited or amended version of this letter or the CPR, without the prior written consent of ERCE. In the case that any part of this letter is delivered in digital format, ERCE does not accept any responsibility for edits carried out by the Parties or any third party after such material has been sent by ERCE to the Parties.

Disclaimer

ERCE has made every effort to ensure that the interpretations, conclusions and recommendations presented in this report are accurate and reliable in accordance with good industry practice. ERCE does not, however, guarantee the correctness of any such interpretations and shall not be liable or responsible for any loss, costs, damages or expenses incurred or sustained by anyone resulting from any interpretation or recommendation made by any of its officers, agents or employees.

ERCE has used standard petroleum evaluation techniques in the generation of this report. These techniques combine geophysical and geological knowledge with assessments of porosity and permeability distributions, fluid characteristics, production performance and reservoir pressure. There is uncertainty in the measurement and interpretation of basic data. ERCE has estimated the degree of this uncertainty and determined the range of petroleum initially in place and recoverable hydrocarbon volumes. In applying these procedures and tests, nothing came to the attention of ERCE that would suggest that information provided by Longboat was not complete and accurate. ERCE reserves the right to review all calculations referred to or included in this report and to revise the estimates in light of erroneous data supplied or information existing but not made available which becomes known subsequent to the preparation of this CPR.

The accuracy of any Reserves, Contingent Resources, Prospective Resources and production estimates is a function of the quality and quantity of available data and of engineering interpretation and judgment. While the estimates presented herein are considered reasonable, the estimates should be accepted with the understanding that reservoir performance subsequent to the date of the estimate may justify revision, either upward or downward.

Revenue projections presented in this report are based in part on forecasts of market prices, currency rates, inflation, market demand and government policy which are subject to many uncertainties and may, in future, differ materially from the forecasts presented herein. Present values documented in this report do not necessarily represent the fair market value of the Reserves evaluated herein.

In the case of Contingent Resources presented in this report, there is no certainty that it will be commercially viable to produce any portion of the resources.

In the case of undiscovered resources (Prospective Resources) presented in this report, there is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

No site visits were undertaken in the preparation of this report.

Professional Qualifications

ERCE is an independent consultancy specialising in geoscience evaluation, engineering and economic assessment. ERCE will receive a fee for the preparation of this report in accordance with normal professional consulting practices. This fee is not dependent on the findings of this CPR and ERCE will receive no other benefit for the preparation of this CPR.

Neither ERCE, the Competent Person who is responsible for authoring the CPR and this summary letter, nor any Directors of ERCE, have, at the date of this letter, any shareholding in Longboat. Consequently, ERCE, the Competent Person and the Directors of ERCE consider themselves to be independent of Longboat, its directors and senior management.

ERCE has the relevant and appropriate qualifications, experience and technical knowledge to appraise professionally and independently the assets.

The work has been supervised by Dr Adam Law, Director of ERCE, a post-graduate in Geology, a Fellow of the Geological Society and a member of the Society of Petroleum Evaluation Engineers.

Yours faithfully



Adam Law

Director, ERCE

1. Executive Summary

Longboat Energy plc and its subsidiaries (collectively, Longboat) is considering a potential acquisition (the Acquisition) of interests in exploration licences owned by Equinor Energy AS (Equinor), Spirit Energy Norway AS (Spirit Energy) and Idemitsu Petroleum Norge AS (Idemitsu), (collectively, the Vendors). ERCE has prepared a Competent Person's Report (CPR) of the Prospective Resources relating to the primary prospects identified within each licence block that form part of the Acquisition.

A summary of these licences and Longboat's working interest is given in Table 1.1.

Table 1.1: Summary of Licences

Licence	Primary prospect	Operator	Potential Longboat Interest (%)	Status	Licence expiry date	Licence area (Km ²)
PL1049/ PL1049B	Cambozola	Equinor Energy AS	25*	Exploration	Initial phase up to 14 February 2025	766
PL939	Egyptian Vulture	Equinor Energy AS	15	Exploration	Initial phase up to 02 March 2023	79
PL906	Mugnetind	Aker BP ASA	20	Exploration	Initial phase up to 02 March 2025	212
PL1060	Ginny / Hermine (and Galtvort Discovery)	Equinor Energy AS	9	Exploration	Initial phase up to 14 February 2025	88
PL901	Rødhetta	Vår Energi AS	20	Exploration	Initial phase up to 10 February 2024	278
PL1017	Copernicus	PGNiG Upstream Norway AS	10	Exploration	Initial phase up to 01 March 2026	494
PL293B	Kveikje	Equinor Energy AS	10	Exploration	Production phase up to 11 April 2039	42

*Potential Longboat interest for PL1049 and PL1049B includes interests from Spirit Energy and Equinor

1.1. Data Provided

ERCE has relied upon data made available by Longboat in the preparation of this report. The data include seismic data (mainly as section images), well results, conceptual development plans, and estimates of future work programmes and budgets. These budgets are primarily related to the drilling of exploration wells. All raw and composite well data supplied to ERCE is publicly available.

ERCE has reviewed data made available to 30 April 2021 and the effective date of this report is 1st June 2021. Longboat has confirmed to ERCE that there have been no material changes with respect to the properties assessed subsequent to 30 April 2021 and the date of this report.

While Longboat has a draft SPA with each of the Vendors for the transactions, the transactions are not complete and therefore all resources assigned to Longboat presented in this report are conditional upon the completion of the process. Further, Longboat has confirmed to ERCE that all information, data and/or materials disclosed in this CPR, in whatever form, is in compliance with the terms of any and all confidentiality agreements in place between Longboat and the Vendors, under which the Confidential Information was disclosed.

1.2. Work Completed

ERCE has used standard petroleum evaluation techniques in the generation of this report. These techniques combine geophysical and geological knowledge with assessments of porosity and permeability distributions, fluid characteristics, production performance and reservoir pressure of analogue wells and fields. There is uncertainty in the measurement and interpretation of basic data. ERCE has estimated the degree of this uncertainty and determined the range of petroleum initially in place and recoverable hydrocarbon volumes. Risk associated with the Prospective Resources has been assessed to determine chance of geological success (GCOS).

In the case of Contingent Resources presented in this report (the Galtvort discovery only), there is no certainty that it will be commercially viable to produce any portion of the resources.

In the case of undiscovered resources (Prospective Resources) presented in this report, there is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

1.3. Summary of Results

A location map showing the position of the licences assessed is shown in Figure 1.1. The primary prospect identified by the Operator in each licence is also named in the figure. While additional prospects are identified by the Operator within these licences, ERCE's review is limited to the primary prospect only.

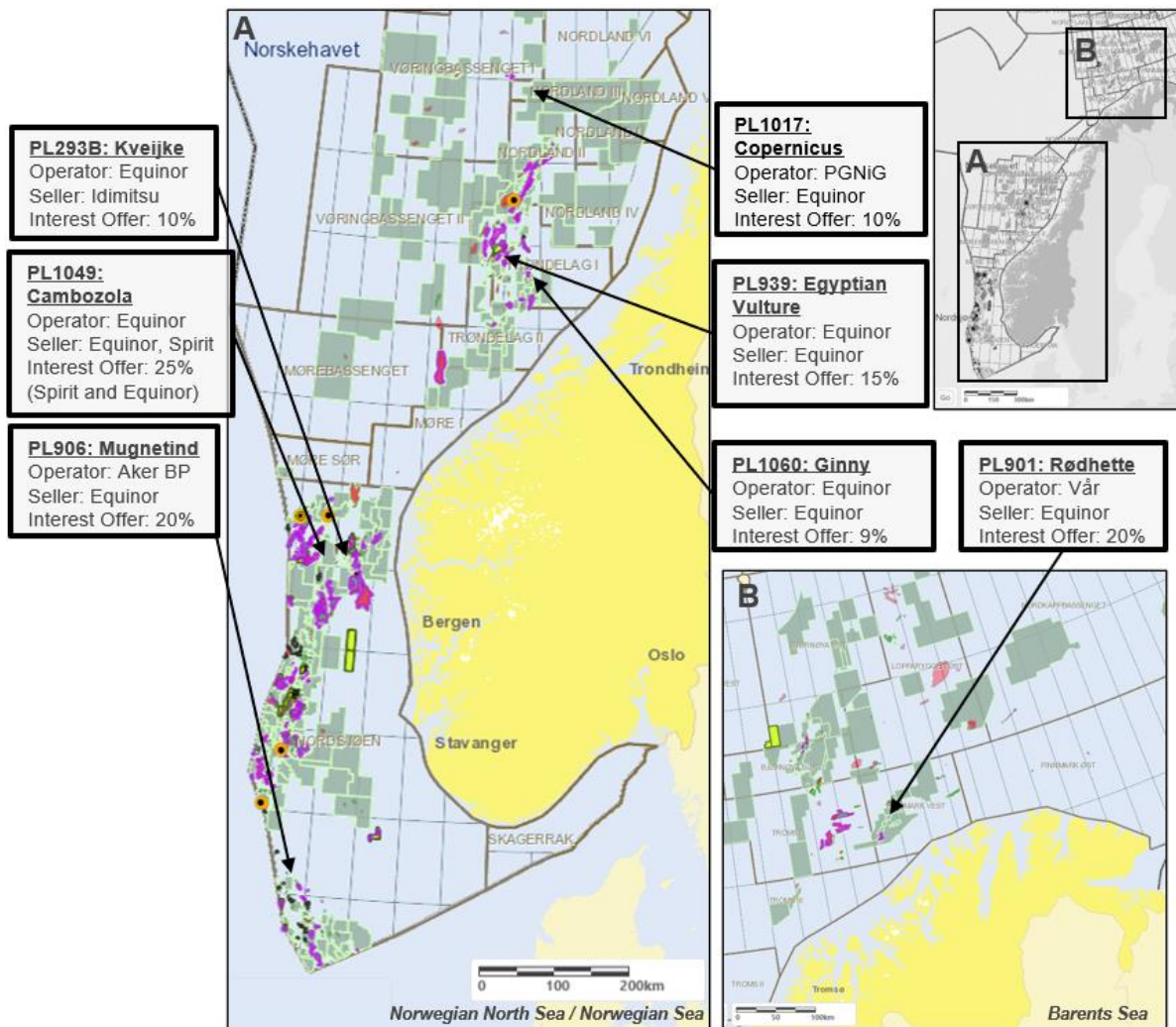


Figure 1.1: Location Map of the Licences Assessed. Operator, Seller and Working Interest on Offer are Displayed for Each Licence.

(Map Source: Norwegian Petroleum Directorate)

The Operator’s planned exploration well drilling dates for each prospect are summarised in Table 1.2. All are planned to spud within the next 18 months, and partner meeting minutes suggest that well planning is mature for each project.

Table 1.2: Summary of Planned Exploration Well Dates

Licence	Primary prospect	Primary Fluid	Planned Exploration Well	Days Drilling
PL1049/ PL1049B	Cambozola	Gas	Q3 2022	80
PL939	Egyptian Vulture	Gas	Q3 2021	39
PL906	Mugnetind	Oil	Q4 2021	46
PL1060	Ginny / Hermine	Gas	Q3 2021	27
PL901	Rødhetta	Oil with Gas Cap	Q3 2021	46
PL1017	Copernicus	Gas	Q3 2022	39
PL293B	Kveijke Main / Kveijke Hordaland	Oil	Q4 2021	36

ERCE has independently assessed the Prospective Resources and Geological Chance of Success (GCOS) for the prospects to be drilled by these seven planned wells. One of these wells within Licence PL1060 targets two prospects, each of which has been assigned a chance of success. In addition, Contingent Resources are attributable to the Galtvort discovery within Licence PL1060.

Table 1.3 and Table 1.4 summarise ERCE's estimates of unrisks Prospective Resources for gas and hydrocarbon liquids, both gross and net to Longboat on completion of the Acquisition. In the case of Mugnetind, Rødhetta and Kveikje the prognosed hydrocarbon is oil; for the other prospects the expected hydrocarbons in the success case are gas and condensate. For Cambozola, natural gas liquids (NGLs) are also included along with condensate volumes in the liquid hydrocarbon totals.

ERCE's estimates of Contingent Resources for gas and hydrocarbon liquids for the Galtvort Discovery are summarised in Table 1.5 and Table 1.6, both gross and net to Longboat on completion of the Acquisition. ERCE attributes the Contingent Resources associated with the Galtvort discovery to the sub-class Development Unclassified. The Galtvort Development Unclassified Contingent Resources are contingent on the Operator finalising a commercially viable further development plan and the Operator being able to fund and execute this development plan, including obtaining partner and regulatory consents to the appropriate facilities.

Table 1.3: Gross and Net Attributable Unrisks Gas Prospective Resources

Asset	Operator	Longboat Working Interest %	Gross Gas Prospective Resources				Net Attributable Prospective Resources (gas)				Net Gas Liquids	GCOS
			1U	2U	3U	Mean	1U	2U	3U	Mean	Mean	
			(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	MMboe	
* Cambozola	Equinor	25%	216.6	596.0	1406.7	729.9	54.2	149.0	351.7	182.5	32.6	15.0%
Egyptian Vulture	Equinor	15%	110.7	287.3	716.5	368.7	16.6	43.1	107.5	55.3	9.9	25.0%
Mugnetind	Aker BP	20%	3.3	9.9	27.3	13.5	0.7	2.0	5.5	2.7	0.5	51.0%
Ginny	Equinor	9%	46.4	140.7	411.1	201.0	4.2	12.7	37.0	18.1	3.2	27.0%
Hermine	Equinor	9%	53.0	127.2	221.0	133.3	4.8	11.4	19.9	12.0	2.1	21.5%
** Rødhetta (Gas Cap)	Vår Energi	20%	23.2	37.2	56.7	38.8	4.6	7.4	11.3	7.8	1.4	40.5%
Rødhetta Oil (Rim)	Vår Energi	20%	4.4	14.2	43.6	20.9	0.9	2.8	8.7	4.2	0.7	40.5%
Copernicus	PGNiG	10%	493.0	1110.5	2552.3	1375.4	49.3	111.1	255.2	137.5	24.6	25.5%
Kveikje	Equinor	10%	0.9	3.5	13.0	5.9	0.1	0.4	1.3	0.6	0.1	55.0%
Total							135.3	339.8	798.1	420.6	75.1	

Table 1.4: Gross and Net Attributable Unrisked Oil, Condensate and NGL Prospective Resources

Asset	Operator	Longboat Working Interest %	Gross Liquid Hydrocarbons Prospective Resources				Net Attributable Prospective Resources (HC Liquids)				Net HC Liquids	GCOS
			1U	2U	3U	Mean	1U	2U	3U	Mean	Mean	
			(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	MMboe	
* Cambozola	Equinor	25%	8.1	23.1	56.1	28.8	2.0	5.8	14.0	7.2	7.2	15.0%
Egyptian Vulture	Equinor	15%	7.4	26.9	79.8	37.4	1.1	4.0	12.0	5.6	5.6	25.0%
Mugnetind	Aker BP	20%	6.2	16.7	42.6	21.7	1.2	3.3	8.5	4.3	4.3	51.0%
Ginny	Equinor	9%	1.0	3.3	10.6	5.0	0.1	0.3	1.0	0.5	0.5	27.0%
Hermine	Equinor	9%	1.1	2.8	5.9	3.2	0.1	0.3	0.5	0.3	0.3	21.5%
** Rødhetta (Gas Cap)	Vår Energi	20%	-	-	-	-	-	-	-	-	-	-
Rødhetta Oil (Rim)	Vår Energi	20%	6.6	20.5	62.9	30.1	1.3	4.1	12.6	6.0	6.0	40.5%
Copernicus	PGNiG	10%	2.9	6.7	15.4	8.2	0.3	0.7	1.5	0.8	0.8	25.5%
Kveikje	Equinor	10%	6.0	21.2	76.9	35.0	0.6	2.1	7.7	3.5	3.5	55.0%
Total							6.8	20.6	57.8	28.2	28.2	

Table 1.5: Gross and Net Attributable Gas Contingent Resources

Asset	Operator	Longboat Working Interest %	Gross Gas Contingent Resources				Net Attributable Contingent Resources (gas)				Net Attributable Gas Liquids
			1C	2C	3C	Mean	1C	2C	3C	Mean	Mean
			(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)
Galtvort	Equinor	9%	39.7	55.9	78.1	57.7	3.6	5.0	7.0	5.2	0.9

Table 1.6: Gross and Net Attributable Oil, Condensate and NGL Contingent Resources

Asset	Operator	Longboat Working Interest %	Gross Liquid Hydrocarbons Contingent Resources				Net Attributable Contingent Resources (HC Liquids)				Net HC Attributable Liquids
			1C	2C	3C	Mean	1C	2C	3C	Mean	Mean
			(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)
Galtvort	Equinor	9%	0.7	1.3	2.2	1.4	0.1	0.1	0.2	0.1	0.1

While gas volumes are reported for the Barents Sea prospect, Rødhetta, there is no near-term development option for the produced gas, which is likely to be re-injected.

Table 1.7 summarises the net unrisks Prospective Resources for gas and hydrocarbon liquids in a single table.

Table 1.7 Net Unrisked Prospective Gas and Hydrocarbon Liquids Resources

Asset	Operator	Longboat Working Interest %	Net Attributable Prospective Resources (HC Liquids)				Net Attributable Prospective Resources (gas)				Gas + HC Liquids	GCOS
			1U	2U	3U	Mean	1U	2U	3U	Mean	Mean	
			(MMstb)	(MMstb)	(MMstb)	(MMstb)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	Mmboe	
* Cambozola	Equinor	25%	2.0	5.8	14.0	7.2	54.2	149.0	351.7	182.5	39.8	15.0%
Egyptian Vulture	Equinor	15%	1.1	4.0	12.0	5.6	16.6	43.1	107.5	55.3	15.5	25.0%
Mugnetind	Aker BP	20%	1.2	3.3	8.5	4.3	0.7	2.0	5.5	2.7	4.8	51.0%
Ginny	Equinor	9%	0.1	0.3	1.0	0.5	4.2	12.7	37.0	18.1	3.7	27.0%
Hermine	Equinor	9%	0.1	0.3	0.5	0.3	4.8	11.4	19.9	12.0	2.4	21.5%
** Rødhetta (Gas Cap)	Vår Energi	20%	0.0	0.0	0.0	0.0	4.6	7.4	11.3	7.8	1.4	40.5%
Rødhetta Oil (Rim)	Vår Energi	20%	1.3	4.1	12.6	6.0	0.9	2.8	8.7	4.2	6.8	40.5%
Copernicus	PGNiG	10%	0.3	0.7	1.5	0.8	49.3	111.1	255.2	137.5	25.4	25.5%
Kveikje	Equinor	10%	0.6	2.1	7.7	3.5	0.1	0.4	1.3	0.6	3.6	55.0%
Total			6.8	20.6	57.8	28.2	135.3	339.8	798.1	420.6	103.3	

Table 1.8 combines the net unrisked mean Prospective Resources estimates with the geological chance of success to give net risked mean Prospective Resources. Table 1.9 and Table 1.10 summarises the net unrisked Contingent Resources for gas and hydrocarbon liquids and net risked mean Contingent Resources for gas and hydrocarbon liquids for the Galtvort Discovery respectively.

In all these summary tables the totals provided are arithmetic sums.

At the request of Longboat, ERCE has also reported the mean Prospective Resources estimate for each prospect as a barrels of oil equivalent value. The conversion factor used for this calculation is 5,600 scf/stb.

Table 1.8 Net Risked Mean Prospective Gas and Hydrocarbon Liquids Resources

Asset	Operator	Longboat Working Interest %	Risked Net Attributable Prospective Resources (HC Liquids)	Risked Net Attributable Prospective Resources (gas)	Gas + HC Liquids	GCOS
			Mean	Mean	Mean	
			(MMstb)	(Bscf)	MMboe	
* Cambozola	Equinor	25%	1.1	27.4	6.0	15.0%
Egyptian Vulture	Equinor	15%	1.4	13.8	3.9	25.0%
Mugnetind	Aker BP	20%	2.2	1.4	2.5	51.0%
Ginny	Equinor	9%	0.1	4.9	1.0	27.0%
Hermine	Equinor	9%	0.1	2.6	0.5	21.5%
** Rødhetta (Gas Cap)	Vår Energi	20%	0.0	3.1	0.6	40.5%
Rødhetta Oil (Rim)	Vår Energi	20%	2.4	1.7	2.7	40.5%
Copernicus	PGNiG	10%	0.2	35.1	6.5	25.5%
Kveikje	Equinor	10%	1.9	0.3	2.0	55.0%
Total			9.4	90.3	25.6	

Notes

1. Prospective Resources assume that for oil targets water injection is implemented should a discovery be made
2. The geological chance of success (GCOS) is an estimate of the probability that drilling the prospect would result in a discovery as defined under SPE PRMS
3. In the case of Prospective Resources, there is no certainty that hydrocarbons will be discovered, nor if discovered will it be commercially viable to produce any portion of the resources
4. At Longboat's request mean resource volume are also shown as barrels of oil equivalent, a conversion factor of 5,600 scf/stb is used
5. Totals may not equal the sum of the values due to rounding

* NGLs are reported for Cambozola only. For these estimates a gas shrinkage of 7% has been applied and a NGL yield of 6.077 bbl/MMscf assumed. NGL volumes are included with condensate in these tables

** For Rødhette, although options for the evacuation of associated gas from the Goliat field are being explored only the prospective oil rim is likely to be developed and all gas is likely to be reinjected

Table 1.9: Net Unrisked Contingent Gas and Hydrocarbon Liquids Resources

Asset	Operator	Longboat Working Interest %	Net Attributable Contingent Resources (HC Liquids)				Net Attributable Contingent Resources (gas)				Net Attributable Gas + HC Liquids	GCOS
			1C	2C	3C	Mean	1C	2C	3C	Mean	Mean	
			(MMstb)	(MMstb)	(MMstb)	(MMstb)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	Mmboe	
Galtvort	Equinor	9%	0.1	0.1	0.2	0.1	3.6	5.0	7.0	5.2	1.1	100.0%

Table 1.10: Net Risked Mean Contingent Gas and Hydrocarbon Liquids Resources

Asset	Longboat Working Interest %	Risked Net Attributable Prospective Resources (HC Liquids)	Risked Net Attributable Prospective Resources (gas)	Net Attributable Gas + HC Liquids	GCOS
		Mean	Mean	Mean	
		(MMstb)	(Bscf)	Mmboe	
Galtvort	9%	0.1	5.2	1.1	100.0%

Table 1.11: Conceptual Development Information

Asset	Sub Group	Primary Fluid	First Production Year	Dev. Well Count	Distance to host
					(km)
Cambozola	North + South	Gas	2027	6	25
Egyptian Vulture	Single Reservoir	Gas	2026	5	30
Mugnetind	Upper + Lower	Oil	2025	3	11
Galtvort/Ginny/Hermine	Galtvort	Gas	2026	4	11
	Ginny	Gas			
	Hermine	Gas			
Rødhette	Single Reservoir	Oil (with gas cap)	2026	4	30
Copernicus	Sand Lobe 2	Gas	2028	9	48
Kveikje	Main + Horda	Oil	2026	3	15

Additional prospectivity has been identified by the Operator in the licences ERCE has assessed. The Operator's estimates of Prospective Resources and GCOS for the additional prospects identified in PL901, PI293B, PL1049 and PL1060 are summarised in Appendix 1 of this report.

2. PL1049 & PL1049B – The Cambozola Prospect

2.1. Summary and Description

Cambozola is the primary prospect located in licence PL1049/PL1049B (Figure 2.1). The licence is located in the Mange Sub-basin of the Norwegian North Sea. Water depth is approximately 380 m. Prior to the farm-down Equinor holds a 40% interest in this licence and is operator, with 40% being held by Spirit and the remaining 20% being held by Petoro.

The Acquisition involves Longboat acquiring a 5% interest in the licence from Equinor, and a 20% interest in the licence from Spirit. Therefore, ERCE has assumed a Longboat interest of 25% in PL1049/PL1049B on closure of the Acquisition.

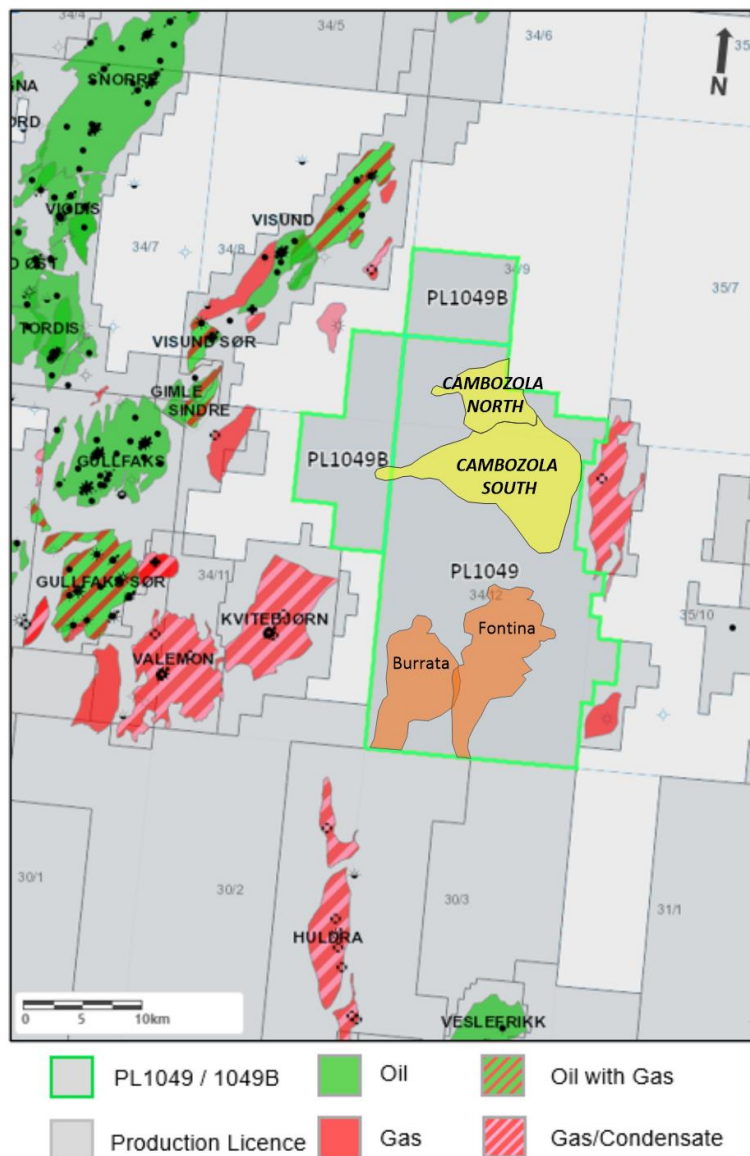


Figure 2.1: PL1049 / PL1049B Location Map.

(Source: Norwegian Petroleum Directorate)

The play within which the Cambozola prospect sits is an emerging play in the Mange Sub-Basin, formed by turbidite sands of Lower Cretaceous age, redeposited from the highs around Gullfaks to the west and Troll to the east, ponding against submarine highs to create structural/stratigraphic traps. The 'lobes' associated with these sands can be mapped using the available seismic data, with amplitude anomalies identifiable within the two mapped lobes. A representative stratigraphic column for the area is shown in Figure 2.2.

The Cambozola prospect is composed of two lobes and is divided into Cambozola North and Cambozola South. Cambozola North is a stratigraphic pinch out trap and Cambozola South is a combination trap with a structural element to the south east. ERCE's volumetric estimates treat Cambozola North and South as a single prospect with a common chance of geological success.

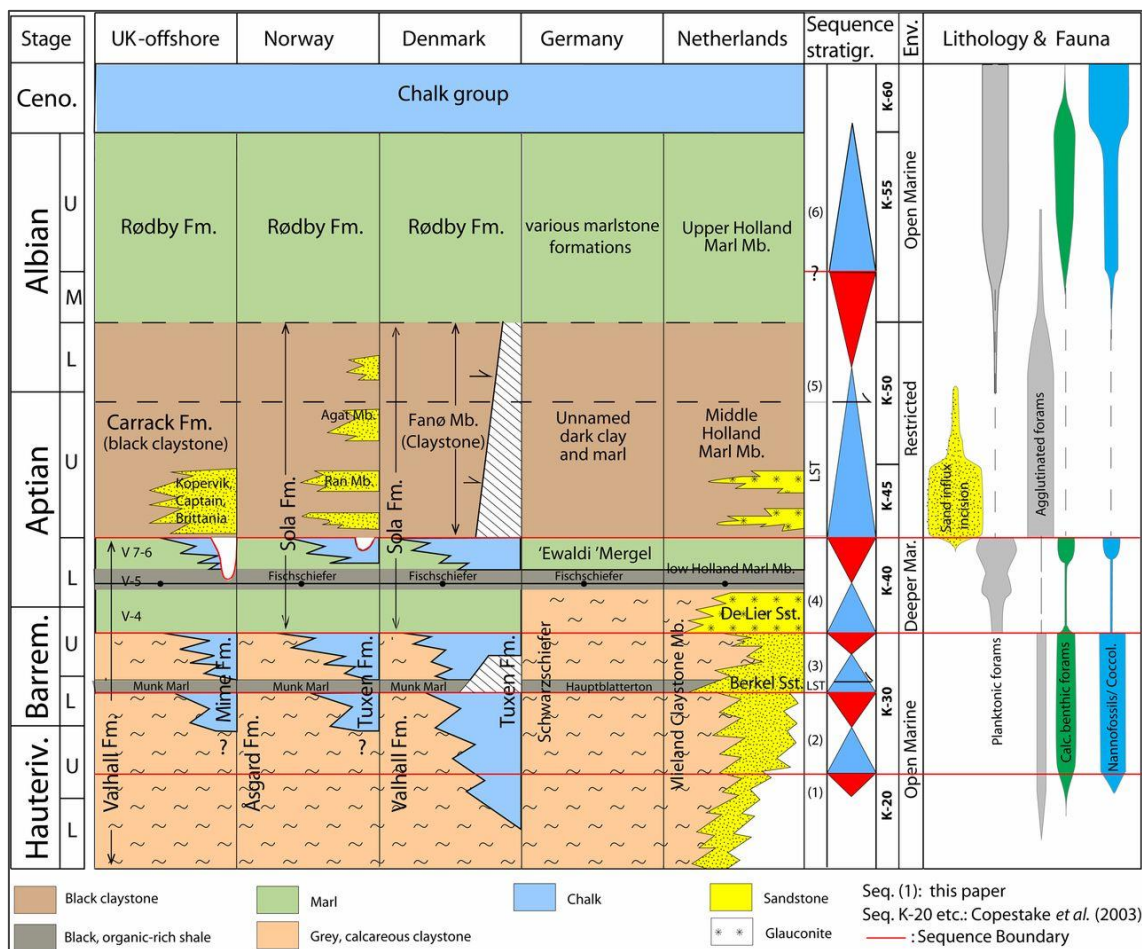


Figure 2.2: Cambozola Prospect, Regional Stratigraphic Column.

(Source: van Buchem *et al.*, 2017)

2.2. Reservoir Characterisation

There has been limited drilling of the Mange Sub-basin and there are few nearby wells penetrating the Lower Cretaceous Sola Formation. Porosity is estimated to be approximately between 12-18% for Cambozola North and 10-16% for Cambozola South. Although the depth

of the reservoir is relatively deep (~4000m below seabed) porosity preservation could occur, such as in the nearby Kvitebjørn field, through diagenetic processes or overpressure.

2.3. HIIP and Prospective Resources

ERCE has estimated the GIIP and Prospective Resources for Cambozola as a whole but has determined reservoir parameters for the North and South polygons separately.

After review, ERCE has been able to adopt the Operator’s top reservoir depth surface for use in volumetric estimates. ERCE has assumed a common accumulation with a common contact. ERCE has made estimates of GWC for the prospect with reference to the Operator’s estimates and variation in seismic amplitude within the mapped lobes. ERCE’s low and high case GRV estimates for Cambozola North and South were set to the ninetieth and tenth percentiles of a log-normal distribution for use in a probabilistic simulation of GIIP.

ERCE has independently assessed the seismic amplitude response and seismically mapped thicknesses within the Cambozola lobes and has used these to estimate NTG and also gross thickness. In the low case, the maximum gross thickness of reservoir is set to 50m. In the high case, ERCE has assumed a gross thickness equal to the mapped thickness of the lobes.

Inputs to and the results of the probabilistic simulation of GIIP for the Cambozola North and South polygons are summarised in Table 2.1 and Table 2.2. Hydrocarbons in place for the prospect as a whole is estimated by the deterministic addition of North and South.

Gas expansion factors and CGR inputs are based on analogue fields at similar depths. Reservoir pressures are estimated to lie between 750-830 bar and temperatures are likely to range between 150-155 degrees C. This range lies at the lower level of HPHT reservoirs.

CGR ranges and estimates of CIIP are summarised in Table 2.3.

Table 2.1: Cambozola North and South – Volumetric Input Parameter Ranges

(best estimate GRV from the P50 of the log-normal distribution)

Prospect	GRV (MMm3)			NTG (%)			Areal NTG (%)			Porosity (%)			Gas Saturation (%)			GEF scf/rscf)		
	Low	Best	High	Low	Best	High	Low	Best	High	Low	Best	High	Low	Best	High	Low	Best	High
Cambozola North	587	1212	2504	20	55	90	80	85	90	12	15	18	50	60	70	300	325	350
Cambozola South	4193	5065	6118	10	45	80	20	45	70	10	13	16	40	50	60	300	325	350

Table 2.2: Cambozola Prospect – GIIP Estimates

Cambozola Prospect	Undiscovered GIIP			
	Low	Best	High	Mean
	(Bscf)	(Bscf)	(Bscf)	(Bscf)
Cambozola North	229	560	1295	689
Cambozola South	235	644	1380	747
Arithmetic Aggregation	463	1204	2675	1436

Table 2.3: Cambozola Prospect - CGR and CIIP Estimates

Cambozola Prospect	CGR (MMstb/Bscf)			Undiscovered CIIP			
				Low	Best	High	Mean
	Low	Best	High	(MMstb)	(MMstb)	(MMstb)	(MMstb)
Cambozola North	28	31	34	7	17	40	21
Cambozola South	28	31	34	7	20	43	23
Arithmetic Aggregation				14	37	83	45

ERCE has estimated recovery factors based on a range of UK and Norwegian continental shelf gas and gas/condensate fields. The recovery factors which were used as inputs for probabilistic estimate are summarised in Table 2.4 below. Seismic amplitude anomalies within Cambozola South are less well developed than those observed within Cambozola North. As a result, ERCE has reduced recovery factor estimates for Cambozola South to reflect the possibility of poorer reservoir connectivity based on the interpretation of the seismic amplitudes.

Table 2.4: Cambozola Prospect – Recovery Factor

Prospect	Rf (%)		
	Low	Best	High
Cambozola North	40	60	80
Cambozola South	30	50	70

ERCE has used a four-component matrix to estimate the geological chance of success (GCOS) for the aggregated Cambozola prospect (Table 2.5). The key risks are in the trap definition and reservoir quality and efficacy. ERCE has estimated an overall GCOS for the Cambozola prospect of 15%.

Table 2.5: Cambozola Prospect – Geological Chance of Success

Source and Migration (%)	Reservoir Presence and Efficacy (%)	Trap Presence and Integrity (%)	Seal Presence and Integrity (%)	GCOS (%)
100	50	50	60	15

The ERCE estimates for unrisks gas Prospective Resources and GCOS for the Cambozola prospect are summarised in Table 2.6. A 7% shrinkage factor for NGL extraction has been applied and an NGL yield of 6.077 bbl/MMscf assumed. The NGL yield is derived from Spirit's development case volumes.

Unrisks condensate and NGL Prospective Resources are summarised in Table 2.7 and Table 2.8.

Table 2.6: Prospective Gas Resources and GCOS for the Cambozola Prospect

Longboat 25%	Gross Prospective Resources				Net Attributable Prospective Resources				GCOS
	1U	2U	3U	Mean	1U	2U	3U	Mean	
	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(%)
Cambozola North	118	308	743	384	30	77	186	96	-
Cambozola South	98	288	664	346	25	72	166	87	-
Arithmetic Aggregate	217	596	1407	730	54	149	352	182	15

Table 2.7: Prospective Condensate Resources and GCOS for the Cambozola Prospect

Longboat 25%	Gross Condensate Prospective Resources				Net Attributable Condensate Prospective Resources				GCOS
	1U	2U	3U	Mean	1U	2U	3U	Mean	
	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(%)
Cambozola North	4	10	25	13	0.9	2.5	6.3	3.2	-
Cambozola South	3	9	23	12	0.8	2.4	5.6	2.9	-
Arithmetic Aggregate	7	19	48	24	1.7	4.9	11.9	6.1	15

Table 2.8: Prospective NGL Resources and GCOS for the Cambozola Prospect

(An NGL yield of 6.077 bbl/MMscf assumed)

Longboat 25%	Gross NGL Prospective Resources				Net NGL Condensate Prospective Resources				GCOS
	1U	2U	3U	Mean	1U	2U	3U	Mean	
	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(%)
Cambozola North	0.7	1.9	4.5	2.3	0.2	0.5	1.1	0.6	-
Cambozola South	0.6	1.8	4.0	2.1	0.2	0.4	1.0	0.5	-
Arithmetic Aggregate	1.3	3.6	8.6	4.5	0.3	0.9	2.1	1.1	15

Notes

1. The geological chance of success (GCOS) is an estimate of the probability that drilling the prospect would result in a discovery as defined under SPE PRMS
2. In the case of Prospective Resources, there is no certainty that hydrocarbons will be discovered, nor if discovered will it be commercially viable to produce any portion of the resources

3. PL939 – The Egyptian Vulture Prospect

3.1. Summary and Description

Egyptian Vulture is the primary prospect within licence PL939 and is located in the Halten-Dønna Terrace region of the Norwegian Sea (Figure 3.1). Water depth is approximately 300 m. Equinor holds a 70% interest in this licence and is Operator, with the remaining 30% being held by PGNiG. The Acquisition involves Longboat acquiring a 15% non-operating interest in the licence from Equinor.

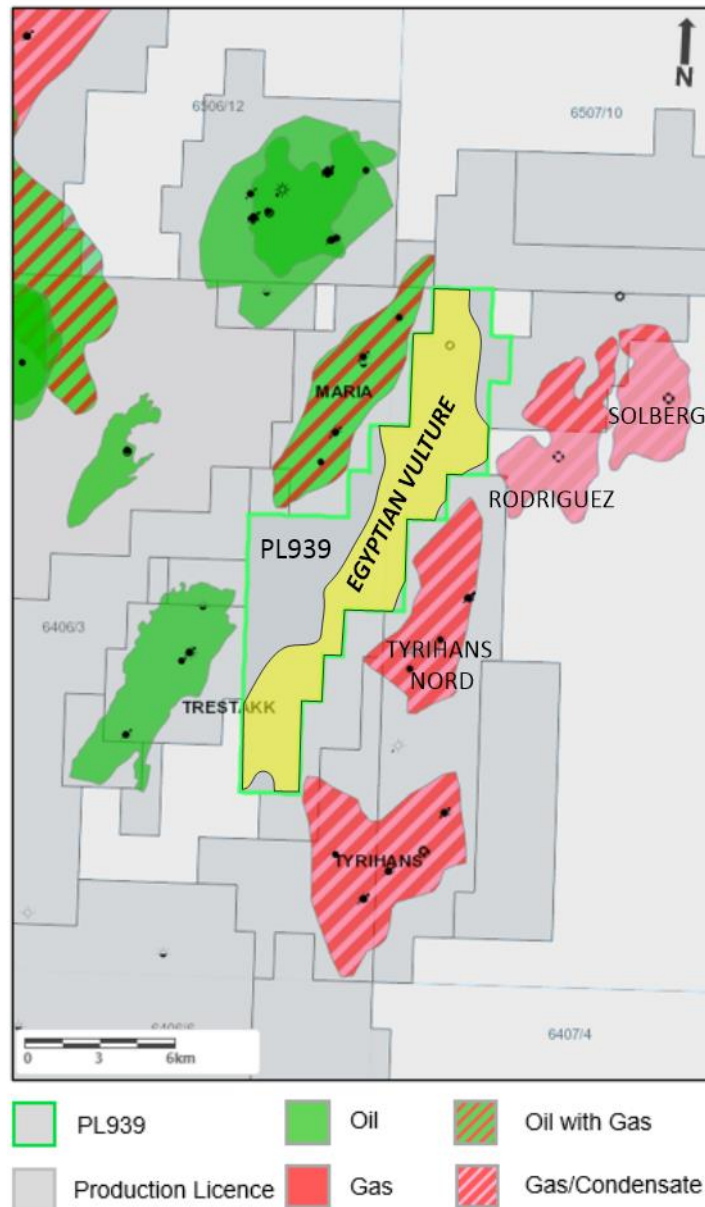


Figure 3.1: PL939 Location Map.
 (Source: Norwegian Petroleum Directorate)

The Egyptian Vulture prospect is a stratigraphic trap, with pinch out towards the north, a dip closure towards the south, and is bounded by faults towards the east and west. A representative stratigraphic column for the region is shown Figure 3.2.

The reservoir is prognosed to comprise deep marine turbidite sandstones of the Lower Cretaceous (Cenomanian) Intra-Lange Formation, deposited in a similar manner to the reservoir in the Rodriguez and Solberg gas-condensate discoveries to the north-east of the prospect. There is seismic evidence that the reservoir may be thicker than in the Rodriguez and Solberg discoveries.

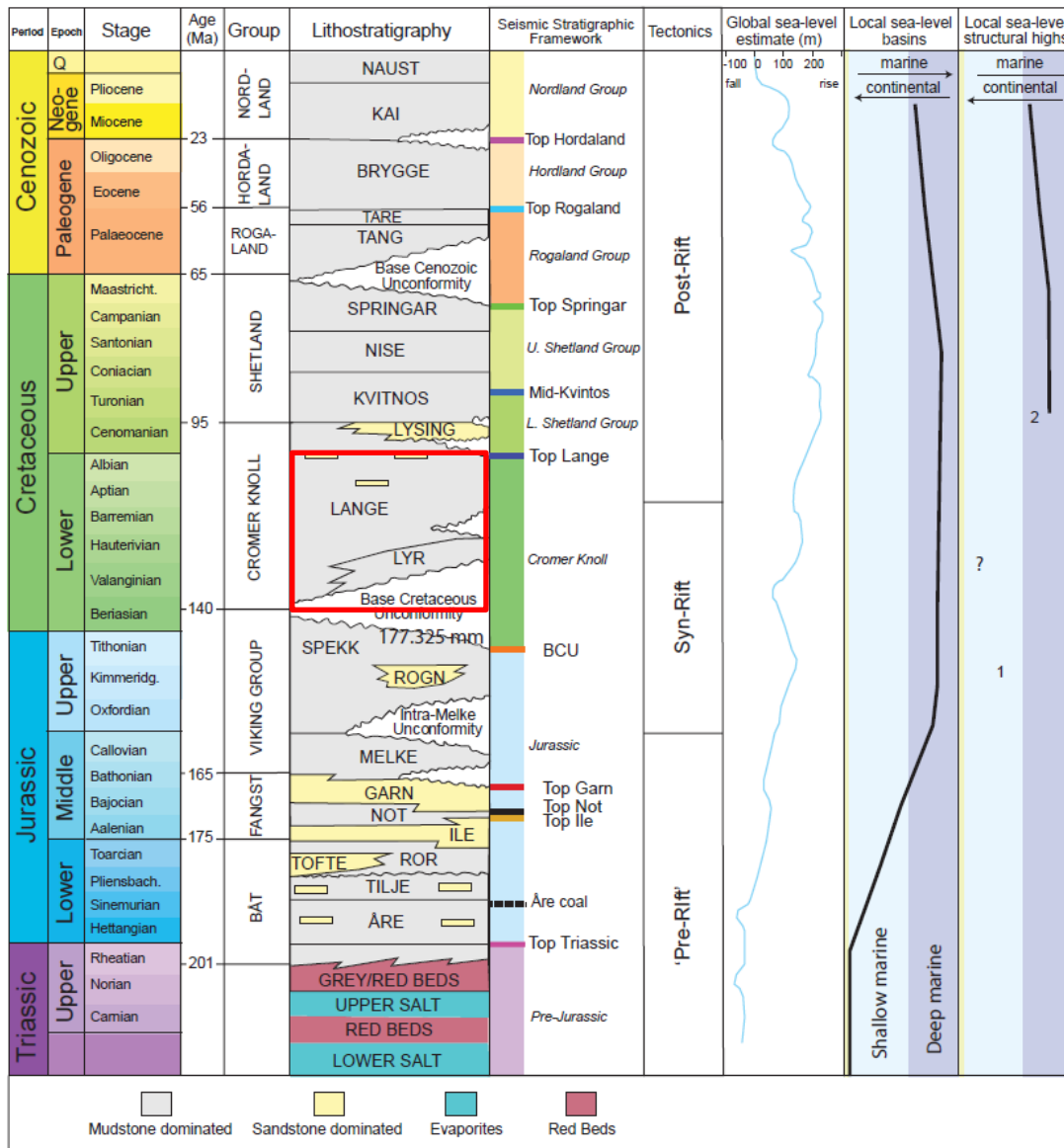


Figure 3.2: Halten Terrace Regional Stratigraphic Column.

Reservoir Interval Highlighted by Red Box.

(Source: Bell et al., 2014)

For the surrounding fields and discoveries, the hydrocarbons are sourced from the Late Jurassic Spekk and Melke Formations. It is also possible that long distance migration from the outer Halten/Skinna or Ras Basin may provide gas to the prospect. The Operator interprets gas condensate as the hydrocarbon phase likely to be present at Egyptian Vulture in the success case. This is supported by the Solberg and Rodriguez gas discoveries.

Late Cretaceous mudstones are extensive in the area and are likely to provide an effective top and lateral seal.

3.2. Reservoir Characterisation

Seismic data are used by the Operator to interpret the Lange formation within the Egyptian Vulture prospect. Reservoir thickness and the lateral continuity of this reservoir are an

uncertainty in existing Lange formation discoveries. The seismic response at the Egyptian Vulture Prospect has been calibrated by the Operator to the nearby Rodriguez and Solberg Lange gas condensate discoveries, and the seismic interpretation suggests the Lange formation may be thicker over the Egyptian Vulture prospect.

The Intra-Lange sandstones are encountered in wells drilled in the nearby Solberg discovery (Figure 3.1). In these wells, the reservoir is formed of good quality sands with porosities of ~18-22%. Net to gross is variable, reflecting variation in geological facies type.

Solberg discovery Well 6407/1-7 has been used by ERCE as an analogue for the Lange sandstones in the Egyptian Vulture prospect (Figure 3.3). The well shows good quality sandstones over a 20m gross reservoir interval with an average effective porosity of 21% and a low-mid net to gross. Permeability ranges from 10-1000mD.

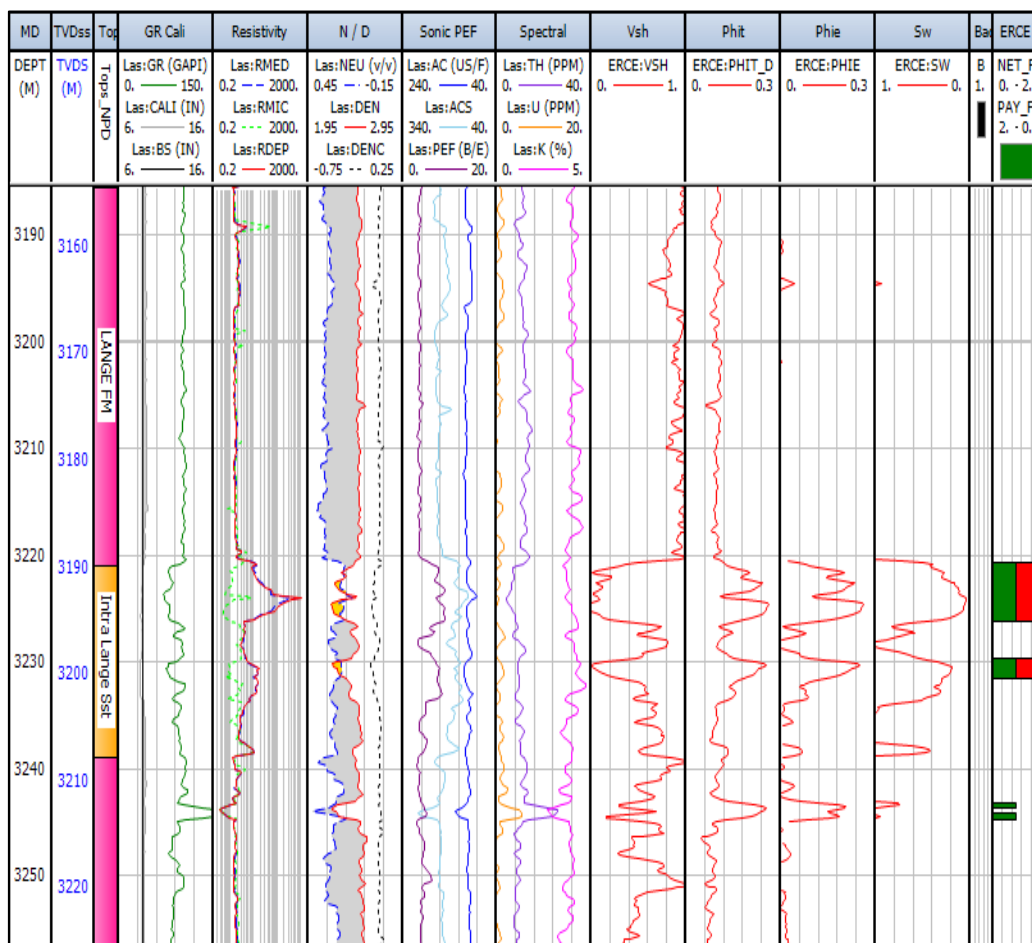


Figure 3.3: ERCE CPI of Well 6407/1-7.

3.3. HIIP and Prospective Resources

ERCE has estimated GIIP and Prospective Resources for the Egyptian Vulture prospect.

After review, ERCE has been able to adopt the Operator’s top and base reservoir depth grids for volumetric estimations and has made estimates of degree of fill (GWC) based on variations in seismic amplitude within the mapped prospect closure. The reservoir analogues of the

Solberg and Rodriguez discoveries have guided reservoir parameter range estimation. ERCE's low and high case GRV estimates for the Egyptian Vulture prospect were set to the ninetieth and tenth percentiles of a log-normal distribution for use in a probabilistic simulation of STOIP.

GEF and CGR inputs are guided by the gas properties of nearby discoveries and the likely temperature and pressure estimated at the prognosed reservoir depth. In addition, the area pore pressure regime suggests some 180 bar of overpressure.

Inputs to and the results of the probabilistic simulation of GIIP for the Egyptian Vulture prospect are summarised in Table 3.1 and Table 3.2. CGR ranges and estimates of CIIP are summarised in Table 3.3.

Table 3.1: Egyptian Vulture Prospect – Volumetric Input Parameter Ranges

(best estimate GRV from the P50 of the log-normal distribution)

Prospect	GRV (MMm3)			NTG (%)			Porosity (%)			Gas Saturation (%)			GEF		
	Low	Best	High	Low	Best	High	Low	Best	High	Low	Best	High	Low	Best	High
Egyptian Vulture	707	1551	3401	6	23	40	17	20	23	65	75	85	250	270	290

Table 3.2: Egyptian Vulture Prospect – GIIP Estimates

Egyptian Vulture Prospect	Undiscovered GIIP			
	Low	Best	High	Mean
	(Bscf)	(Bscf)	(Bscf)	(Bscf)
Egyptian Vulture	190	482	1195	615

Table 3.3: Egyptian Vulture Prospect - CGR and CIIP Estimates

Prospect	CGR (MMstb/Bscf)			Undiscovered CIIP			
	Low	Best	High	Low	Best	High	Mean
				(MMstb)	(MMstb)	(MMstb)	(MMstb)
Egyptian Vulture	0.04	0.10	0.16	13	45	132	62

ERCE has estimated recovery factors for the Egyptian Vulture prospect, with the low case representing a poorly connected reservoir, which is a reasonable assumption for the existing Lange reservoir fields, and a more connected reservoir which may be suggested by the seismic response.

Gas recovery factors are summarised in Table 3.4. For estimates of liquid hydrocarbon recovery ERCE assumes a range based on Egyptian Vulture either being a wet gas discovery or a retrograde condensate field.

Table 3.4: Egyptian Vulture Prospect –Recovery Factor

Prospect	Rf (%)		
	Low	Best	High
Egyptian Vulture	50	60	70

ERCE has used a four-component matrix to estimate the geological chance of success (GCOS) for the prospect (Table 3.5). The key risks lie in the presence and integrity of the trap, specifically the efficacy of the fault seal towards the north of the prospect. ERCE has estimated an overall GCOS for the Egyptian Vulture prospect of 25%.

Table 3.5: Egyptian Vulture Prospect - Geological Chance of Success

Source and Migration (%)	Reservoir Presence and Efficacy (%)	Trap Presence and Integrity (%)	Seal Presence and Integrity (%)	GCOS (%)
90	70	50	80	25

ERCE's estimates of Unrisked Prospective Resources and GCOS for the Egyptian Vulture prospect are summarised in Table 3.6 below. Condensate Prospective Resources are summarised in Table 3.7.

Table 3.6: Prospective Resources and GCOS for Egyptian Vulture

Longboat 15%	Gross Prospective Resources				Net Attributable Prospective Resources				GCOS
	1U	2U	3U	Mean	1U	2U	3U	Mean	
	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(%)
Egyptian Vulture	111	287	717	369	17	43	107	55	25

Table 3.7: Condensate Prospective Resources and GCOS for Egyptian Vulture

Longboat 15%	Gross Condensate Prospective Resources				Net Condensate Attributable Prospective Resources				GCOS
	1U	2U	3U	Mean	1U	2U	3U	Mean	
	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(%)
Egyptian Vulture	7	27	80	37	1	4	12	6	25

Notes

1. The geological chance of success (GCOS) is an estimate of the probability that drilling the prospect would result in a discovery as defined under SPE PRMS
2. In the case of Prospective Resources, there is no certainty that hydrocarbons will be discovered, nor if discovered will it be commercially viable to produce any portion of the resources

4. PL906 – The Mugnetind Prospect

4.1. Summary and Description

The Mugnetind prospect is located in licence PL906, which lies in the Central Graben area, 11 km to the west of the Ula Field (Figure 4.1). The prospect is up-dip from Well 7/11-6 which is a dry well with shows in the Ula Formation. Water depth is approximately 100 m.

Prior to farm-down AkerBP held a 60% interest in this licence and is Operator, with 20% being held by Equinor, and the remaining 20% by DNO. The Acquisition involves Longboat acquiring a 20% non-operating working interest in this licence from Equinor.

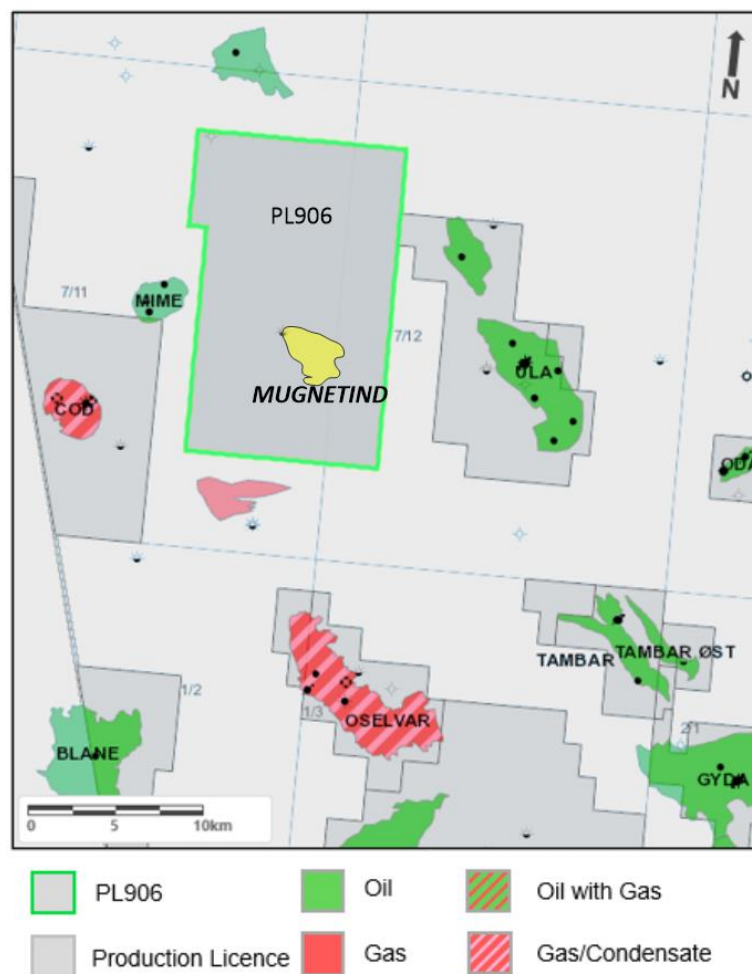


Figure 4.1: PL906 Location Map.

(Source: Norwegian Petroleum Directorate)

The trap style is a four-way dip closure with a structural component towards the north where there is fault seal. Shoreface sands and offshore bar complexes of the Upper Jurassic Ula Formation compose the prospective reservoir interval. The Ula Formation is divided into the Upper and Lower Ula. At the location of Well 7/11-6, the Lower Ula interval has a high

amplitude response on seismic data while the Upper Ula shows limited seismic reflectivity. Based on analogue fields, it is likely that both reservoirs are in charge communication.

The Mugnetind prospect is located adjacent to a mature source kitchen. Charging the region are the oil mature Upper Jurassic Farsund and Mandal shales, deposited within the confines of local mini-basins. The same formations act as a top seal to the neighbouring fields and is proposed for the prospect (Figure 4.2).

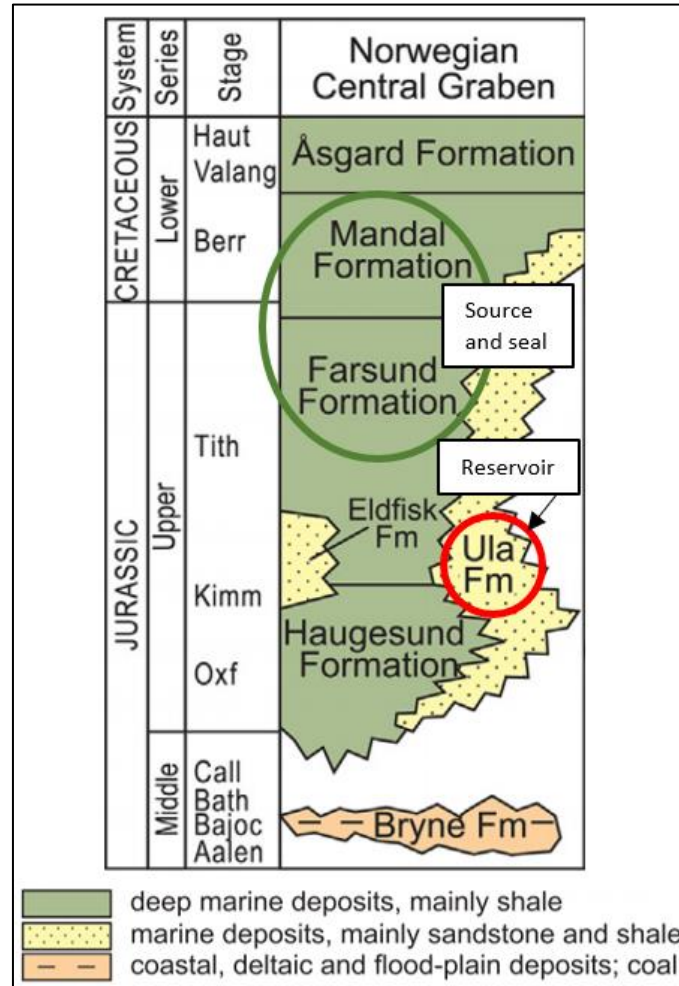


Figure 4.2: Mugnetind Prospect, Regional Stratigraphic Column.

(Source: Georgiev et al., 2019, Modified)

Well 7/11-6, drilled downdip of the Mugnetind structural closure, is a water bearing well with shows within the Ula Formation. Based on offset fields, the most likely hydrocarbon charge in this region is oil.

4.2. Reservoir Characterisation

The Ula sandstones were deposited in a marine mini-basin, characterised by shoreface sands and offshore bar complexes. The average porosity of the cored interval in nearby Well 7/11-6

is 15.8%. Shows in the core were patchy, one core shows weak traces of bleeding gas and oil.

In the Tambar field the Ula sandstone has a porosity of around 21%, and an equivalent sandstone may be the cause of the amplitude anomaly associated with the Mugnetind prospect. However, it should also be noted that the Tambar Ula reservoir lies over coal sequences of the Bryne Formation. A coal dominated interval would also cause an elevated seismic amplitude response.

Well 7/11-6 was used as an analogue for the upper Ula interval. Better quality reservoir has been assumed, based on regional analogues from the Ula and Tambar fields, for the lower Ula interval.

4.3. HIIP and Prospective Resources

ERCE has estimated STOIP and Prospective Resources for the Upper and Lower Ula sandstone reservoir units of the Mugnetind prospect.

ERCE has reviewed the mapped top reservoir in TWT and depth. Both surfaces appear reasonable and are used as the basis for ERCE's volumetric estimates. A high case estimate of OWC for the Upper Ula reservoir has been constrained using the WUT defined by Well 7/11-6. A low case estimate was made using a shallower OWC that assumes fault seal against the northern bounding fault as mapped on seismic data. The same range of contacts has been applied to the Lower Ula reservoir. The extent of the lower Ula reservoir has been constrained by the uncertainty in the distribution of the seismic amplitude anomaly at this level.

ERCE's low and high case GRV estimates for the Mugnetind prospect were set to the ninetieth and tenth percentiles of a log-normal distribution for use in a probabilistic simulation of STOIP.

Inputs to and the results of the probabilistic simulation of STOIP for the Mugnetind prospect are summarised in Table 4.1 and Table 4.2. GOR inputs and associated GIIP estimates are summarised in Table 4.3 and based on parameters from the surrounding fields.

Table 4.1: Mugnetind Prospect – Volumetric Input Parameter Ranges

(best estimate GRV from the P50 of the log-normal distribution)

Prospect	GRV (MMm3)			NTG (%)			Porosity (%)			Oil Saturation (%)			FVF		
	Low	Best	High	Low	Best	High	Low	Best	High	Low	Best	High	Low	Best	High
Mugnetind Upper	130	198	302	30	38	60	12	14	16	50	60	70	0.60	0.75	0.85
Mugnetind Lower	20	53	142	50	65	80	20	25	30	60	70	80	0.60	0.75	0.85

Table 4.2: Mugnetind Prospect – STOIP Estimates

Mugnetind Prospect	Undiscovered STOIP			
	Low	Best	High	Mean
	(MMstb)	(MMstb)	(MMstb)	(MMstb)
Mugnetind Upper	19	32	53	35
Mugnetind Lower	9	27	76	37
Arithmetic Aggregation	28	59	130	72

Table 4.3: Mugnetind Prospect - GOR and Associated GIIP Estimates

Prospect	GOR (scf/stb)			Undiscovered Associated GIIP			
	Low	Best	High	Low	Best	High	Mean
				(Bscf)	(Bscf)	(Bscf)	(Bscf)
Mugnetind Upper	236	505	1123	10	19	36	22
Mugnetind Lower	236	505	1123	5	16	48	23
Arithmetic Aggregate				15	35	85	45

ERCE has estimated recovery factors for the Mugnetind Lower and Upper reservoir using material published on the nearby fields as a low case analogue and the Ula field as a high case analogue. Recovery factors for both the oil and associated gas case are summarised in Table 4.4 below.

Table 4.4: Mugnetind Prospect - Recovery Factor

Prospect	Rf (%)		
	Low	Best	High
Mugnetind Upper	15	30	45
Mugnetind Lower	15	30	45

ERCE has attributed Prospective Resources to Mugnetind and has used a four-component matrix to estimate the geological chance of success (GCOS) for the prospect (Table 4.5).

ERCE propose a combined risk for the Upper and Lower reservoirs. The key risk is in the reservoir presence and quality of the Lower reservoir interval. ERCE has estimated an overall GCOS for the Mugnetind prospect of 51%.

Table 4.5: Mugnetind Prospect – Geological Chance of Success

Source and Migration (%)	Reservoir Presence and Efficacy (%)	Trap Presence and Integrity (%)	Seal Presence and Integrity (%)	GCOS (%)
90	70	90	90	51

ERCE's estimates of Prospective Resources and GCOS for the Mugnetind prospect are summarised in Table 4.6 and Table 4.7 below.

Table 4.6: Prospective Resources and GCOS for the Mugnetind Prospect

Longboat 20%	Gross Prospective Resources				Net Attributable Prospective Resources				GCOS
	1U	2U	3U	Mean	1U	2U	3U	Mean	
	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(%)
Mugnetind Upper	4.0	9.2	18.4	10.4	0.8	1.8	3.7	2.1	-
Mugnetind Lower	2.2	7.5	24.2	11.3	0.4	1.5	4.8	2.3	-
Arithmetic Aggregate	6.2	16.7	42.6	21.7	1.2	3.3	8.5	4.3	51

Table 4.7: Associated Gas Prospective Resources and GCOS for the Mugnetind Prospect

Longboat 20%	Gross Associated Gas Prospective Resources				Net Associated Gas Attributable Prospective Resources				GCOS
	1U	2U	3U	Mean	1U	2U	3U	Mean	
	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(%)
Mugnetind Upper	2.1	5.4	12.0	6.5	0.4	1.1	2.4	1.3	-
Mugnetind Lower	1.2	4.5	15.3	7.0	0.2	0.9	3.1	1.4	-
Arithmetic Aggregate	3.3	9.9	27.3	13.5	0.7	2.0	5.5	2.7	51

Notes

1. Prospective Resources assume water injection is implemented should a discovery be made
2. The geological chance of success (GCOS) is an estimate of the probability that drilling the prospect would result in a discovery as defined under SPE PRMS
3. In the case of Prospective Resources, there is no certainty that hydrocarbons will be discovered, nor if discovered will it be commercially viable to produce any portion of the resources

5. PL1060 – The Ginny & Hermine Prospects and The Galtvort Discovery

5.1. Summary and Description

The Ginny prospect is located in licence PL1060 which lies in the Norwegian Sea in a water depth of approximately 270 m (Figure 5.1). Equinor has a 40% interest in this licence and is Operator, with 40% being held by OKEA and the remaining 20% being held by Harbour. The Acquisition involves Longboat acquiring a 9% non-operating interest in this licence from Equinor.

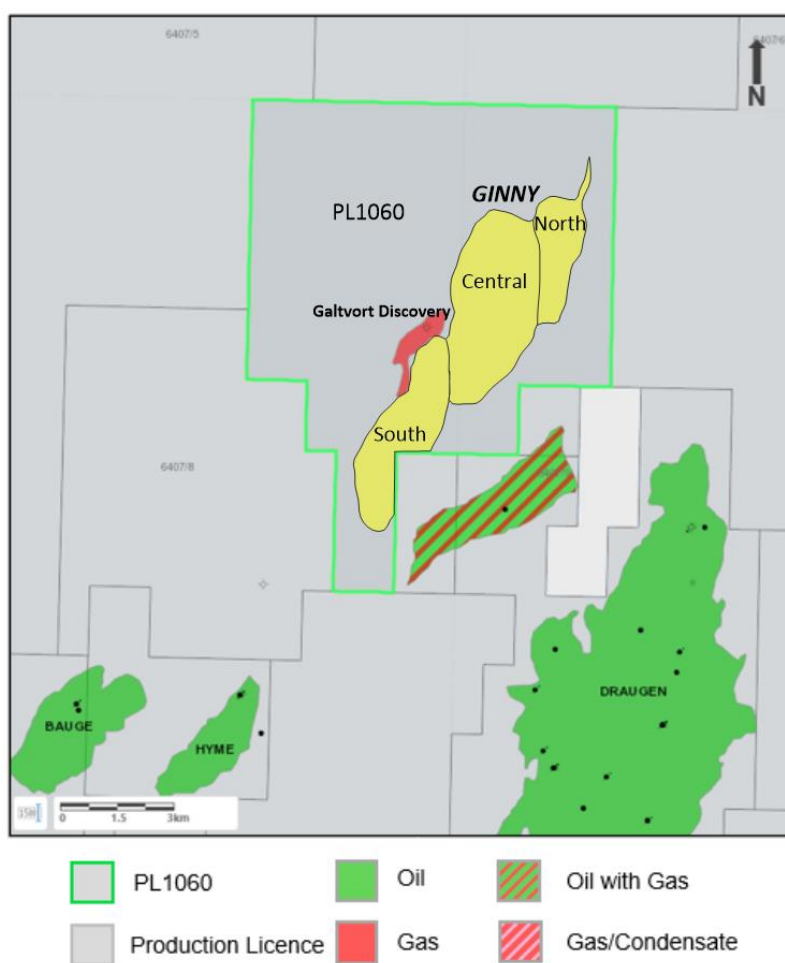


Figure 5.1: PL1060 Location Map.

(Source: Norwegian Petroleum Directorate)

The Ginny prospect is interpreted as a hanging-wall half graben, with the prospective interval identified as the Upper Jurassic Rogn and Melke Formation sandstone, formed by gravity flow deposits sourced from the adjacent high. The Galtvort discovery, made by Wells 6407/8-4S and -4A, is located directly down dip from the Ginny prospect with a reservoir in the older Middle Jurassic Garn and Lower Jurassic Tilje Formations. Thick successions of Cretaceous mudstones act as a top seal to the Ginny prospect.

A stratigraphic column for the region is shown in Figure 5.2

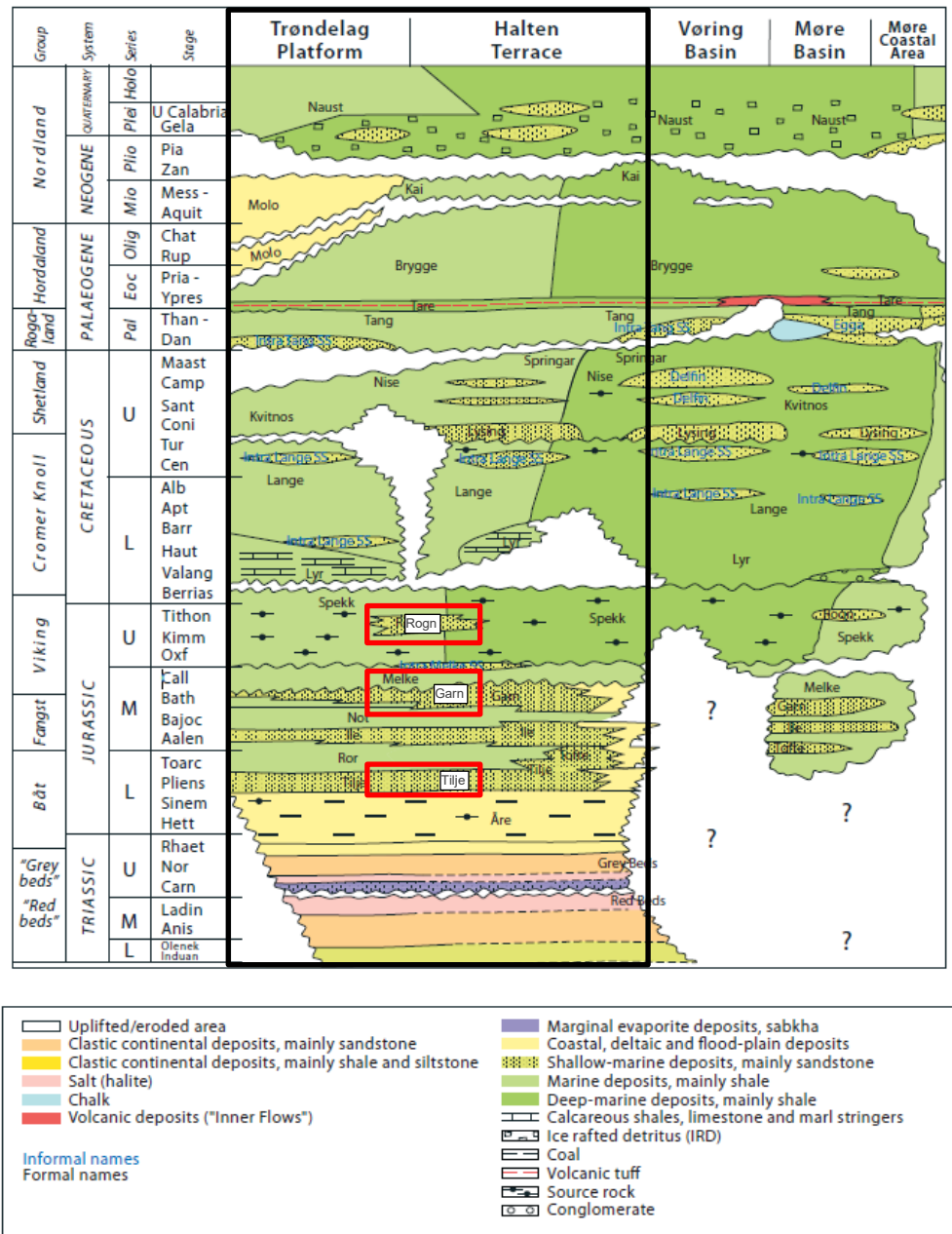


Figure 5.2: Norwegian Sea Regional Stratigraphic Column.

The Rogn, Melke, Garn and Tilje Formations are highlighted by the red box.

(Source: Norwegian Petroleum Directorate)

Faults subdivide the prospect into three segments; Ginny North, Central and South. The segments may or may not allow charge communication. The trap is a series of bisected tilted fault blocks adjacent to the Bremstein High and fault seal along the major northeast-southwest bounding fault is the key risk.

Hydrocarbon charge is prognosed from the Upper Jurassic Spekk Formation which is late oil to wet gas mature in the vicinity of the Ginny prospect. The Åre Formation may also contribute a gas charge. While there is one large oil field in the area (Draugen), a gas charge seems more likely in the success case as the down-dip Galtvort discovery wells were both gas bearing, while Well 6407/9-9 (Hasselmus) found 16 m of gas over 7 m of oil within the Ror and Ile Formations.

The Hermine prospect is identified up-dip of the Galtvort discovery within the Middle Jurassic Garn Formation, which is absent in the Galtvort Well 6407/8-4S. However, there is seismic evidence that it is present directly under the proposed Ginny Rogn/Melke reservoir target. Like the Ginny prospect, the most likely hydrocarbon phase in the success case for Hermine is gas. ERCE has assessed both the Ginny and Hermine prospects as they will both be drilled by the planned exploration well.

5.2. Reservoir Characterisation

Fault seal against the Garn, Ile and Ror Formations in the hanging wall low along the main fault to the east is required to trap hydrocarbons within the prospect. These formations may be sand bearing in the hanging wall low.

A CPI of Well 6407/8-4S is shown in Figure 5.3. Within the well, there is a thin (4 m) gas filled Rogn sandstone overlying a largely non-net Melke Formation and the main gas bearing Garn interval. Prospectivity relies on the possibility that the Rogn and Melke intervals become more proximal over the Ginny prospect, and that there is a common gas column between the Garn and the Rogn/Melke Formations.

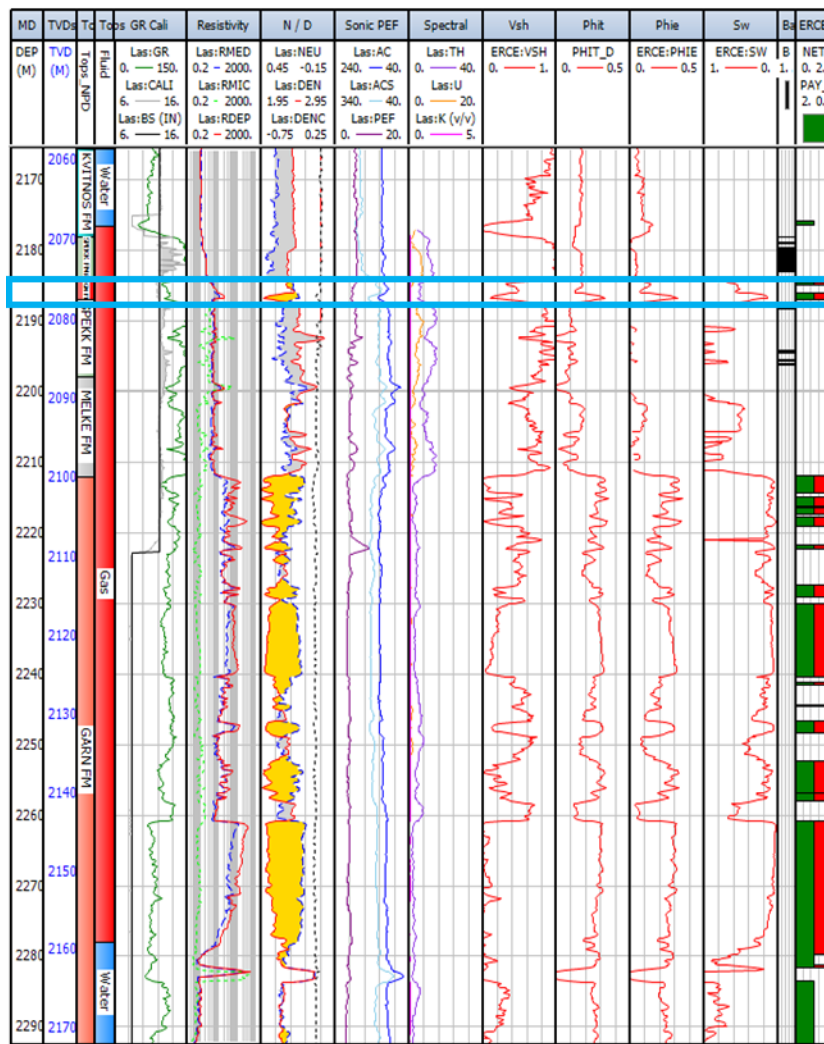


Figure 5.3 CPI of Well 6407/8-4S Showing Thin Rogn (blue box) Above Thick Gas Bearing Garn.

The Rogn Formation sands are good quality with porosities of the order of 22-28%. Based on core data, permeability ranges from 10s to 100s of mD. Net to gross is 39-74%, based on nearby wells in the Hasselmus discovery. The underlying Garn and Tilje Formation reservoirs are thicker, with the Garn Formation being 95 m in Well 6407/8-4S and the Tilje Formation over 200 m in Well 6407/8-4A, with porosities similar to the Rogn Formation and net to gross between 55-75%.

5.3. HIIP and Prospective Resources

ERCE has estimated GIIP and Prospective Resources for the Ginny and Hermine prospects, and GIIP and Contingent Resources for the Galtvort discovery.

ERCE has reviewed the provided seismic interpretations and grids and considers the top reservoir and isopach maps provided are suitable for volumetric estimation purposes.

A high case estimate of GRV for the Ginny prospect has been made using the mapped Top Rogn Formation surface and the GWC found in Well 6407/8-4S of the adjacent Galtvort discovery. The high case GRV includes the Ginny Central, North and South segments.

A low case estimate of GRV has been constrained using the top reservoir surface and a GWC based on seismic amplitude response. The low case GRV also only includes the Central area of the prospect – the fault block mapped as being drilled by the planned exploration well (Figure 5.1).

ERCE’s low and high case GRV estimates for the Ginny were set to the ninetieth and tenth percentiles of a log-normal distribution for use in a probabilistic simulation of GIIP.

Inputs to the probabilistic simulation of GIIP for the Ginny prospect are summarised in Table 5.1. The results are summarised in Table 5.2. GEF and CGR inputs are guided by the gas properties from Galtvort Wells 6407/8-4S and -4A. CGR and CIIP estimates are summarised in Table 5.3.

Table 5.1: Ginny Prospect – Volumetric Input Parameter Ranges
(best estimate GRV from the P50 of the log-normal distribution)

Prospect	GRV (MMm3)			NTG (%)			Porosity (%)			Gas Saturation (%)			GEF		
	Low	Best	High	Low	Best	High	Low	Best	High	Low	Best	High	Low	Best	High
Ginny	121	331	910	39	55	74	22	26	28	57	65	73	175	195	215

Table 5.2: Ginny Prospect – GIIP Estimates

Ginny Prospect	Undiscovered GIIP			
	Low	Best	High	Mean
	(Bscf)	(Bscf)	(Bscf)	(Bscf)
Ginny	67	204	586	287

Table 5.3: Ginny Prospect – CGR and CIIP Estimates

Prospect	CGR (MMstb/Bscf)			Undiscovered CIIP			
	Low	Best	High	Low	Best	High	Mean
				(MMstb)	(MMstb)	(MMstb)	(MMstb)
Ginny	0.015	0.025	0.035	1	5	15	7

ERCE has estimated gas recovery factors for the Ginny prospect between 60% and 80%. These assume a reasonably connected reservoir both laterally and vertically. Recovery factors are summarised in Table 5.4 below.

Table 5.4: Ginny Prospect – Recovery Factor

Prospect	Rf (%)		
	Low	Best	High
Ginny	60	70	80

ERCE has used a four-component matrix to estimate the geological chance of success (GCOS) for the Ginny prospect (Table 5.5). Key risks are to reservoir presence and efficacy and trap presence and integrity based on the eastern fault seal requirement. ERCE has used a source and migration chance factor of 100% as the prospect is adjacent to the Galtvort discovery. ERCE has estimated an overall GCOS for the Ginny prospect of 27%.

Table 5.5: Ginny Prospect – Geological Chance of Success

Source and Migration (%)	Reservoir Presence and Efficacy (%)	Trap Presence and Integrity (%)	Seal Presence and Integrity (%)	GCOS (%)
100	50	60	90	27

ERCE's estimates of unrisked Prospective Resources and GCOS for the Ginny prospect are summarised in Table 5.6 below. Associated condensate Prospective Resources are summarised in Table 5.7 below.

Table 5.6: Gas Prospective Resources and Geological Chance of Success (GCOS) for the Ginny Prospect

Longboat 9%	Gross Prospective Resources				Net Attributable Prospective Resources				GCOS
	1U	2U	3U	Mean	1U	2U	3U	Mean	
	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(%)
Ginny	46	141	411	201	4	13	37	18	27

Table 5.7: Condensate Prospective Resources and GCOS for the Ginny Prospect

Longboat 9%	Gross Condensate Prospective Resources				Net Attributable Condensate Prospective Resources				GCOS
	1U	2U	3U	Mean	1U	2U	3U	Mean	
	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(%)
Ginny	1.0	3.3	10.6	5.0	0.1	0.3	1.0	0.5	27

Notes

1. The geological chance of success (GCOS) is an estimate of the probability that drilling the prospect would result in a discovery as defined under SPE PRMS
2. In the case of Prospective Resources, there is no certainty that hydrocarbons will be discovered, nor if discovered will it be commercially viable to produce any portion of the resources

ERCE has also made estimates of HIIP and Prospective Resources for the Hermine prospect and determined Contingent Resources for the Galtvort discovery.

The Hermine prospect lies beneath the Ginny prospect, with reservoir prognosed within the Garn Formation. Again, fault seal to the east is required. The Galtvort discovery is interpreted as a fault bound high to the west of the Hermine trap.

A high case estimate of GRV for the Hermine prospect has been made using the supplied Top Garn Formation depth surface and the GWC of the adjacent Galtvort discovery from Well 6407/8-4S. The high case GRV for the Hermine prospect includes only the Central area of the prospect.

A low case estimate of GRV has been constrained using the Top Garn Formation depth surface, a limit of 50m for the reservoir thickness, and is limited in area assuming that the Garn reservoir is only preserved locally to a subset of the Central area of the prospect, based on seismic mapping.

ERCE’s low and high case GRV estimates for the Hermine prospect were set to the ninetieth and tenth percentiles of a log-normal distribution for use in a probabilistic simulation of GIIP.

For Galtvort a single mid case value for GRV was determined based on the known GWC with an uncertainty range estimated as +/-20%.

Inputs to and the results of the probabilistic simulation of GIIP for Hermine and Galtvort are summarised in Table 5.8, Table 5.9 and Table 5.10. GEF and CGR inputs are guided by the PVT reports from Wells 6407/8-4S and -4A. CGR and CIIP estimates are summarised in Table 5.11 and Table 5.12.

Table 5.8: Galtvort and Hermine– Volumetric Input Parameter Ranges

Prospect	GRV (MMm3)			NTG (%)			Porosity (%)			Gas Saturation (%)			GEF		
	Low	Best	High	Low	Best	High	Low	Best	High	Low	Best	High	Low	Best	High
Galtvort	66	83	100	60	70	80	24	26	28	70	80	90	175	195	215
Hermine	97	225.5	354	50	60	70	23	25	28	70	80	90	175	195	215

Table 5.9: Hermine – GIIP Estimates

Prospect	Undiscovered GIIP			
	Low	Best	High	Mean
	(Bscf)	(Bscf)	(Bscf)	(Bscf)
Hermine	76	184	311	190

Table 5.10: Galtvort - GIIP Estimates

Prospect	Discovered GIIP			
	Low	Best	High	Mean
	(Bscf)	(Bscf)	(Bscf)	(Bscf)
Galtvort	59	81	108	83

Table 5.11 Hermine - CGR and CIIP Estimates

Prospect	CGR (MMstb/Bscf)			Undiscovered CIIP			
	Low	Best	High	Low	Best	High	Mean
				(MMstb)	(MMstb)	(MMstb)	(MMstb)
Hermine	0.015	0.025	0.035	2	4	8	5

Table 5.12: Galtvort - CGR and CIIP Estimates

Prospect	CGR (MMstb/Bscf)			Discovered CIIP			
				Low	Best	High	Mean
	Low	Best	High	(MMstb)	(MMstb)	(MMstb)	(MMstb)
Galtvort	0.015	0.025	0.035	1	2	3	2

ERCE has estimated gas recovery factors for the Galtvort discovery and the Hermine prospect of between 60% and 80%. These assume a reasonably connected reservoir, both laterally and vertically. Recovery factors are summarised in Table 5.13 below.

Table 5.13: Galtvort and Hermine - Recovery Factor

Prospect	Rf (%)		
	Low	Best	High
Galtvort	60	70	80
Hermine	60	70	80

ERCE has attributed Prospective Resources to the Hermine prospect and has used a four-component matrix to estimate the geological chance of success (GCOS) for the prospect (Table 5.14).

As with the Ginny prospect the key risks for the Hermine prospect are reservoir presence/efficacy and trap efficacy based on the requirement for eastern fault seal. There is greater top seal risk for the Hermine prospect than the Ginny prospect, as if the Rogn/Melke sequence is sand-prone then the seal for the deeper Hermine prospect will be breached. ERCE has estimated an overall GCOS for the Hermine prospect of 22%.

Table 5.14: Hermine Prospect – Geological Chance of Success

Prospect	Source and Migration (%)	Reservoir Presence and Efficacy (%)	Trap Presence and Integrity (%)	Seal Presence and Integrity (%)	GCOS (%)
Galtvort	100	100	100	100	100
Hermine	100	60	60	60	22

ERCE's estimates of unrisked Prospective Resources and GCOS for the Hermine prospect are summarised in Table 5.15 below. Associated condensate Prospective Resources are summarised in Table 5.16 below.

Table 5.15: Prospective Resources and GCOS for the Hermine Prospect

Longboat 9%	Gross Prospective Resources				Net Attributable Prospective Resources				COS
	1U	2U	3U	Mean	1U	2U	3U	Mean	
	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(%)
Hermine	53	127	221	133	5	11	20	12	22

Table 5.16 Condensate Prospective Resources and GCOS for the Hermine Prospect

Longboat 9%	Gross Condensate Prospective Resources				Net Attributable Condensate Prospective Resources				COS
	1U	2U	3U	Mean	1U	2U	3U	Mean	
	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(%)
Hermine	1.1	2.8	5.9	3.2	0.1	0.3	0.5	0.3	22

Notes

1. The geological chance of success (GCOS) is an estimate of the probability that drilling the prospect would result in a discovery as defined under SPE PRMS
2. In the case of Prospective Resources, there is no certainty that hydrocarbons will be discovered, nor if discovered will it be commercially viable to produce any portion of the resources

The Contingent Resources estimated for the Galtvort discovery are given in Table 5.17 and Table 5.18. ERCE attributes the Contingent Resources associated with the Galtvort discovery to the sub-class Development Unclassified. The Galtvort Development Unclassified Contingent resources are contingent on the Operator finalising a commercially viable further development plan and the Operator being able to fund and execute this development plan, including obtaining partner and regulatory consents to the appropriate facilities.

Table 5.17: Gas Contingent Resources for the Galtvort Discovery

Longboat 9%	Gross Contingent Resources				Net Attributable Contingent Resources			
	1C	2C	3C	Mean	1C	2C	3C	Mean
	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)
Galtvort	40	56	78	58	4	5	7	5

Table 5.18: Condensate Contingent Resources for the Galtvort Discovery

Longboat 9%	Gross Condensate Contingent Resources				Net Attributable Condensate Contingent Resources			
	1C	2C	3C	Mean	1C	2C	3C	Mean
	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)
Galtvort	0.7	1.3	2.2	1.4	0.1	0.1	0.2	0.1

Notes

1. The tables 'C' as Galtvort is a Contingent Resource

6. PL901 – The Rødhette Prospect

6.1. Summary and Description

Rødhette is the primary prospect located in licence PL901 (Figure 6.1). The licence lies in the Western Barents Sea on the margin of the Hammerfest Basin. Water depth is approximately 240 m.

Vår Energi holds a 50% interest in this licence and is Operator, with 30% being held by Equinor and the remaining 20% held by Concedo. The Acquisition involves Longboat acquiring a 20% non-operated interest from Equinor.

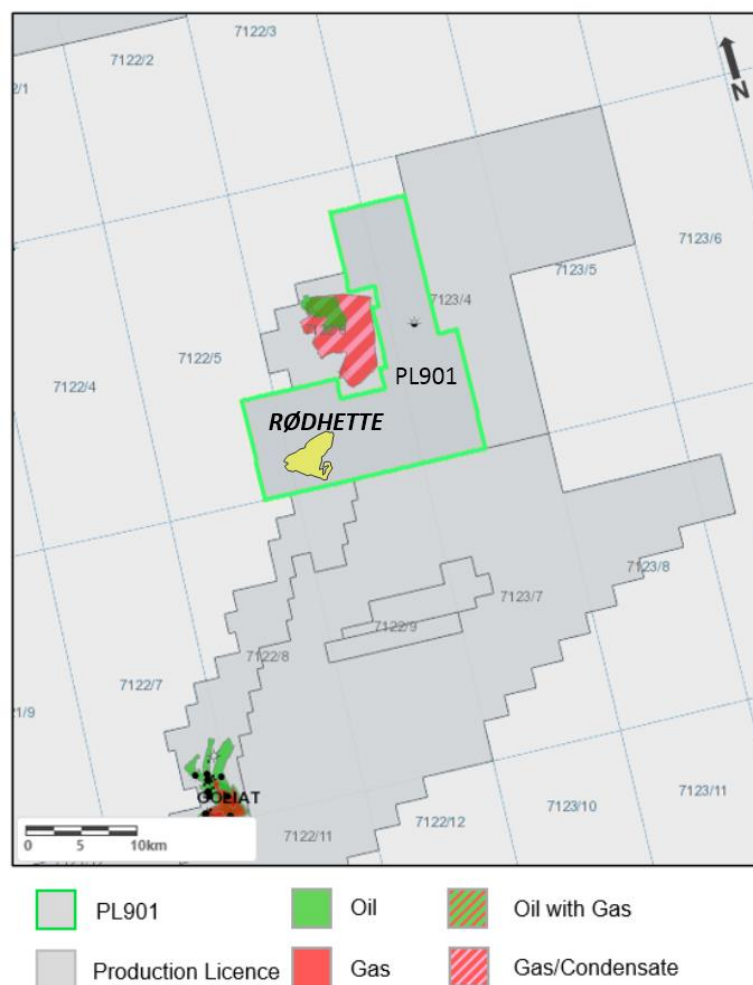


Figure 6.1: PL901 Location Map.

(Source: Norwegian Petroleum Directorate)

The Rødhette prospect is mapped as a tilted fault block, fault bounded on two sides, with the primary reservoir interval within the Lower to Mid Jurassic Stø Formation. Charge is prognosed to be from the Early to Middle Triassic Klappmyuss and Kobbe Formations, or possibly the Late Jurassic Hekkingen Formation. The Late Jurassic Hekkingen Formation and Early Cretaceous Knurr Formation shales act as a thick regional top seal for the Rødhette prospect, and surrounding discoveries.

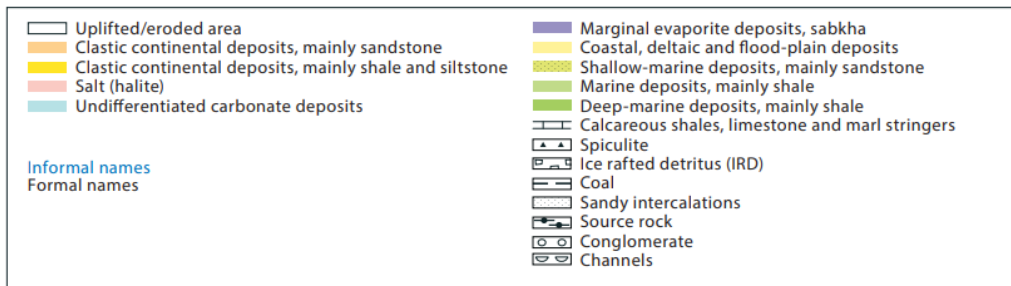
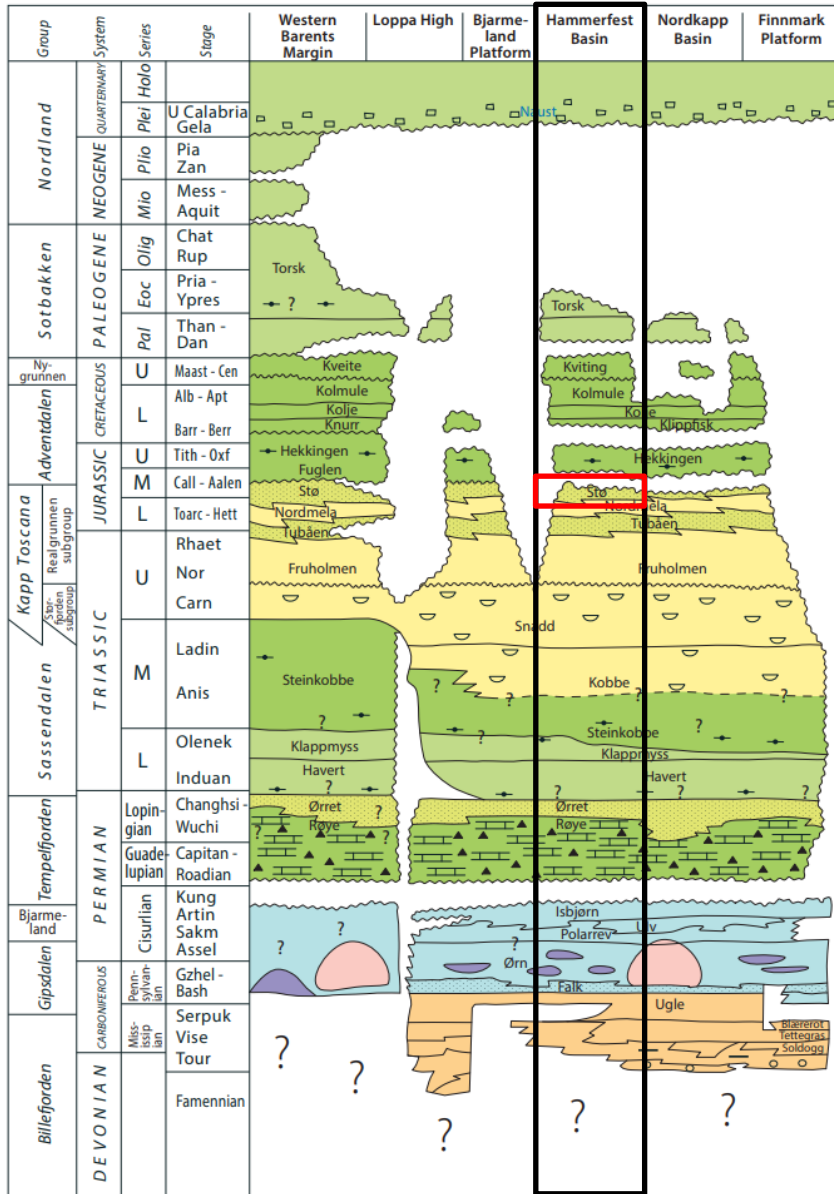


Figure 6.2: Barents Sea Regional Lithostratigraphic Chart. Rødhetta Stø Formation reservoir interval highlighted by the red box.

(Source: Norwegian petroleum directorate)

6.2. Reservoir Characterisation

The Stø Formation is part of the Realgrunnen Subgroup. Core analysis of offset Well 7122/6-1 suggests that the Realgrunnen is a transgressive sequence with delta plain channels and crevasse splays common in the Nordmela and Tubåen, with fluvial shoreface deposits predominant in the Stø Formation. While the whole Realgrunnen Subgroup is considered reservoir, the upper section that includes the Stø Formation shows improved reservoir quality, as seen in Figure 6.3.

All members of the Realgrunnen Subgroup are interpreted to be present at the Rødhette prospect although thinning of the reservoir is observed from the Snøhvit gas field to the west towards the Tornerose Wells 7122/6-1 and 7122/6-2 in the east. These Tornerose wells found 55m and 65m of Realgrunnen Subgroup respectively. Of this approximately half comprises the better quality Stø Formation reservoir. Based on petrophysical analysis of the Tornerose wells, overall porosity averages 18.5% and NTG is around 60%. Based on core data, permeability is around 100 mD.

ERCE has used these wells to make estimates of reservoir parameters for the Rødhette prospect.

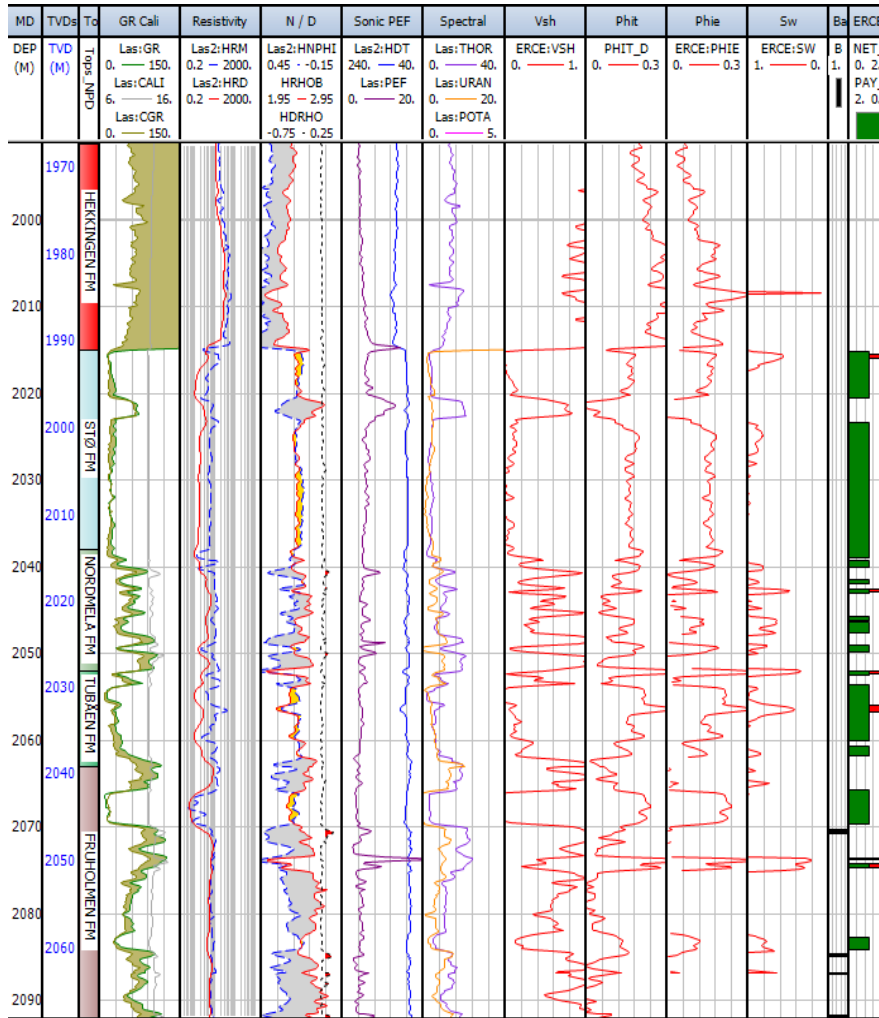


Figure 6.3 CPI, Well 7122/6-1 Showing Stø, Nordmela, Tubåen Sands and the Fruholmen Formation.

The trap is well defined on the available seismic data and the Stø Formation reservoir can be correlated into the prospect from the Tornerose wells. In addition there is a seismic amplitude anomaly interpreted as a DHI which shows good depth conformance and is interpreted by the Operator as indicating the presence of a gas cap, beneath which there is a lower confidence amplitude anomaly interpreted as indicating the presence of an oil leg.

6.3. HIIP and Prospective Resources

ERCE has estimated STOIIP and Prospective Resources for the Rødhette prospect for both oil and gas phases. Although it is likely that the gas will initially be re-injected into the structure, Longboat has informed ERCE that Operators in the region are developing a regional gas exploitation plan. Thus, there is the possibility that the gas will be commercialised in the success case. The main uncertainty in the assessment is in the degree of fill of the trap.

ERCE has reviewed the data provided and considers the top depth grid provided by the Operator suitable for volumetric estimation.

The mid case GRV for the gas phase has been constrained using the top reservoir depth map and a GOC derived from an interpretation of the brightest area on the amplitude extraction from seismic data, and acoustic impedance inversion (AI) seismic data.

For oil, a high case estimate of the GRV has been derived from the change in seismic amplitude at the location of the spill towards the Tornerose discovery. Further dimming of amplitudes and AI response are used to guide estimates for the mid and low case respectively.

The low and high case GRVs have been set to the first and ninety-ninth percentile, based on ERCE's estimates of uncertainty.

Inputs to the probabilistic simulation of HIIP for the Rødhette prospect are summarised in Table 6.1. The results are summarised in Table 6.2. GOR inputs were estimated with reference to nearby fields. Associated GIIP estimates for the Rødhette prospect are summarised in Table 6.3.

Table 6.1: Rødhette Prospect – Volumetric Input Parameter Ranges

Prospect	GRV (MMm3)			NTG (%)			Porosity (%)			Hydrocarbon Saturation (%)			GEF/FVF		
	Low	Best	High	Low	Best	High	Low	Best	High	Low	Best	High	Low	Best	High
Rødhette Gas	69	77	85	55	65	90	16	19	21	50	60	70	250	300	350
Rødhette Oil	30	252	1999	55	65	90	16	18.5	21	50	60	70	0.694	0.733	0.775

Table 6.2: Rødhette Prospect – HIIP Estimates

Rødhette Prospect	Undiscovered HIIP			
	Low	Best	High	Mean
	(MMstb/Bscf)	(MMstb/Bscf)	(MMstb/Bscf)	(MMstb/Bscf)
Rødhette Gas	46	62	81	39
Rødhette Oil	31	86	244	30

Table 6.3: Rødhette Prospect - GOR and Associated GIIP Estimates

Prospect	GOR (scf/stb)			Undiscovered Associated GIIP			
	Low	Best	High	Low	Best	High	Mean
				(Bscf)	(Bscf)	(Bscf)	(Bscf)
Rødhette Gas	-	-	-	-	-	-	-
Rødhette Oil	550	700	850	21	59	172	83

ERCE has estimated recovery factors for the Rødhette oil case of 15%, 25% and 35%. Recovery factors in the low case assume development of a relatively thin oil leg. These are summarised in Table 6.4 below.

Table 6.4: Rødhette Prospect - Recovery Factors

Prospect	Rf (%)		
	Low	Best	High
Rødhette Gas	50	60	70
Rødhette Oil	15	25	35

ERCE has used a four-component matrix to estimate the geological chance of success (GCOS) for the prospect (Table 6.5). The key risk is to trap as a result of the requirement for side seal. ERCE has estimated an overall GCOS for the Rødhette prospect of 41%.

Table 6.5: Rødhette Prospect – Geological Chance of Success

Source and Migration (%)	Reservoir Presence and Efficacy (%)	Trap Presence and Integrity (%)	Seal Presence and Integrity (%)	GCOS (%)
90	90	50	100	41

ERCE's estimates of unrisked Prospective Resources and GCOS for the Rødhette prospect are summarised in Table 6.6 and Table 6.7.

Table 6.6: Prospective Gas Resources and GCOS for the Rødhette Prospect

Longboat 20%	Gross Prospective Gas Resources				Net Attributable Prospective Resources				GCOS (%)
	1U	2U	3U	Mean	1U	2U	3U	Mean	
	(MMstb/Bscf)	(MMstb/Bscf)	(MMstb/Bscf)	(MMstb/Bscf)	(MMstb/Bscf)	(MMstb/Bscf)	(MMstb/Bscf)	(MMstb/Bscf)	(MMstb/Bscf)
Rødhette Gas Cap	23	37	57	39	5	7	11	8	41
Rødhette Oil Leg	4	14	44	21	1	3	9	4	41

Notes

1. Only oil is likely to be developed at least initially, and all gas reinjected.
2. The geological chance of success (GCOS) is an estimate of the probability that drilling the prospect would result in a discovery as defined under SPE PRMS
3. In the case of Prospective Resources, there is no certainty that hydrocarbons will be discovered, nor if discovered will it be commercially viable to produce any portion of the resources

Table 6.7: Prospective Oil Resources and GCOS for the Rødhette Prospect

Longboat 20%	Gross Associated Prospective Resources				Net Attributable Prospective Resources				GCOS (%)
	1U	2U	3U	Mean	1U	2U	3U	Mean	
	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)
Rødhette Oil Leg	7	21	63	30	1	4	13	6	41

Notes

1. Prospective Resources assume water injection is implemented should a discovery be made
2. No Prospective Resources have been assigned to the gas cap or associated gas as it is assumed gas would be reinjected
3. The geological chance of success (GCOS) is an estimate of the probability that drilling the prospect would result in a discovery as defined under SPE PRMS
4. In the case of Prospective Resources, there is no certainty that hydrocarbons will be discovered, nor if discovered will it be commercially viable to produce any portion of the resources

7. PL1017 – The Copernicus Prospect

7.1. Summary and Description

Copernicus is the primary prospect located in licence PL1017. The licence is located on the Utgard High in the Vøring Basin region of the Norwegian Sea (Figure 7.1). Water depths vary from 400 m to 700 m over Copernicus. PGNiG holds a 50% interest in this licence and is operator, with the remaining 50% being held by Equinor. The Acquisition involves Longboat acquiring a 10% non-operated interest in this licence from Equinor.

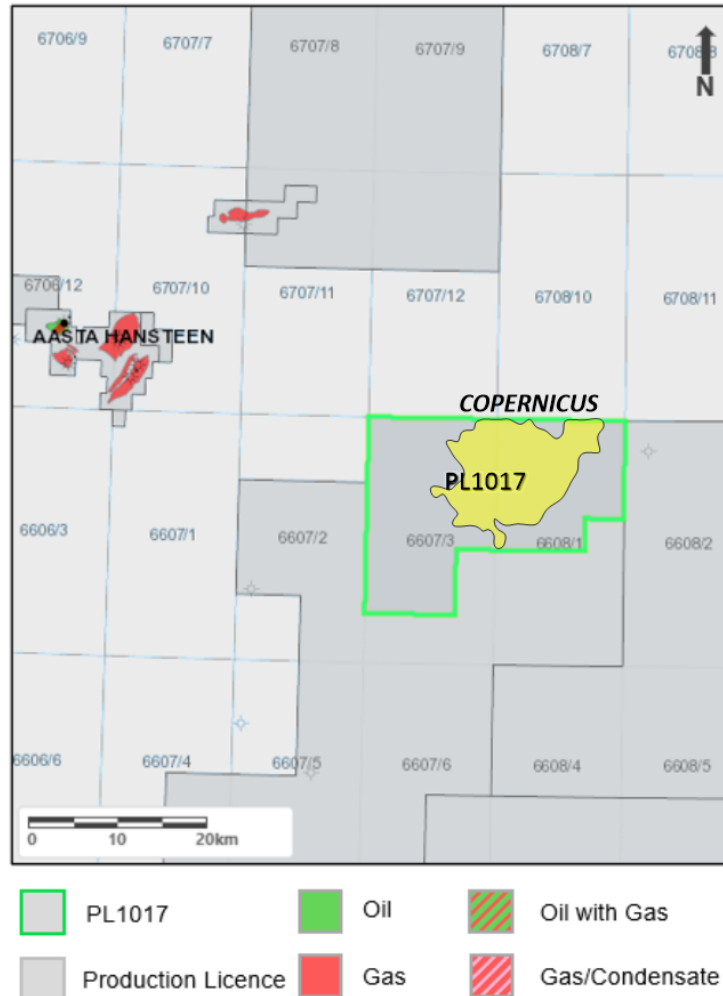


Figure 7.1: PL1017 Location Map.

(Source: Norwegian Petroleum Directorate)

The prospect is a combination trap with mapped stratigraphic pinch out down-dip and a small structural component at the apex. The prospective interval is identified as the Pliocene-Pleistocene Naust Formation. Based on seismic features this interval is interpreted as representing distal fan lobes sourced from erosion of coastal plain sediments in the Lofoten area.

Water depths over the prospect are between 400 - 700 m as the seabed dips over Copernicus. The reservoir lies at around 2100 mTVDSS or approximately 1500m below seabed.

At this shallow depth below seabed, porosities can be high and reservoirs permeable. Charge is interpreted as being biogenic gas.

A stratigraphic column for the Vøring Basin region of the Norwegian Sea is shown in Figure 7.2.

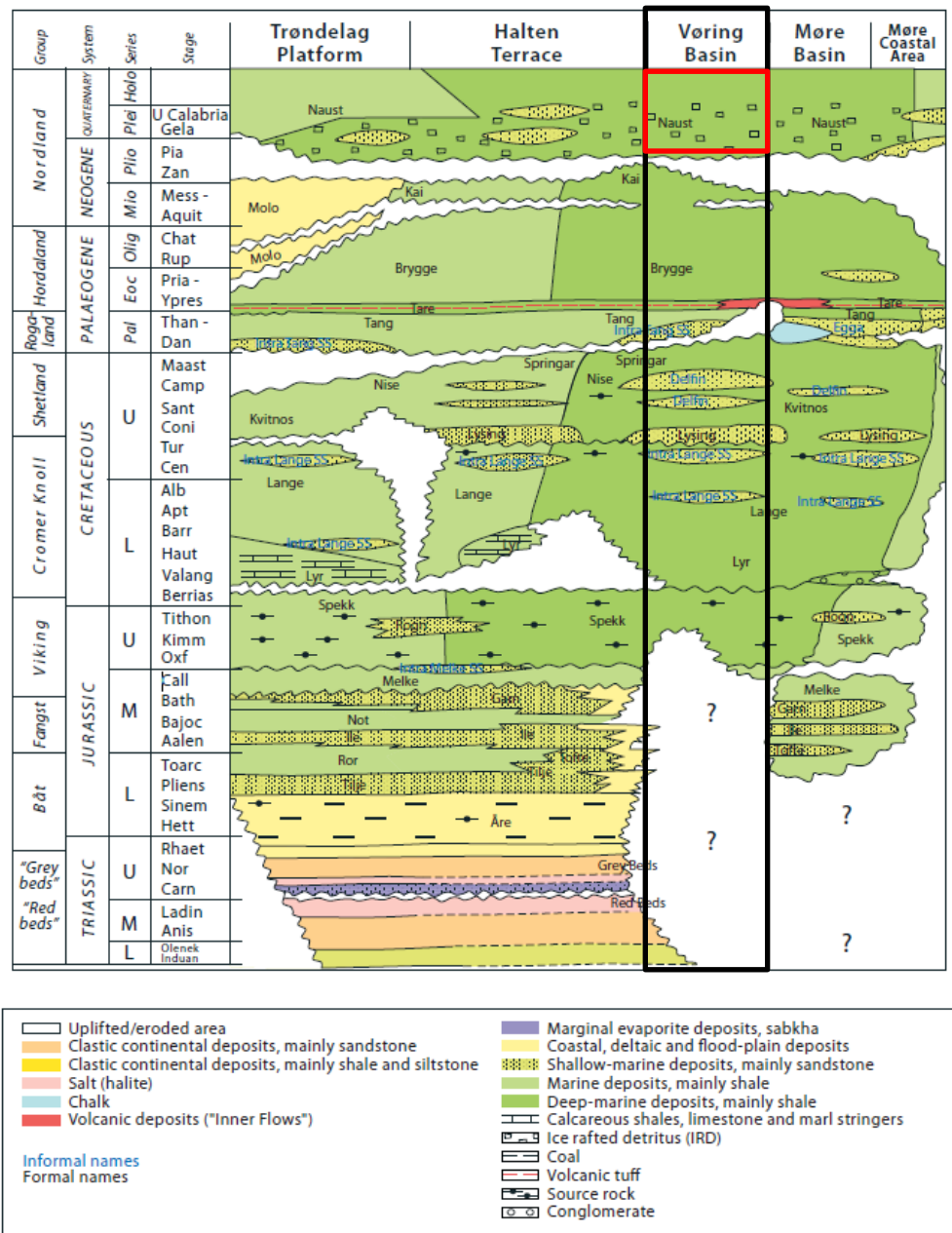


Figure 7.2: Vøring Basin Region, Norwegian Sea Regional Stratigraphic Column.

The Naust Formation is highlighted by the red box.

(Source: Norwegian Petroleum Directorate)

7.2. Reservoir Characterisation

As the reservoir is relatively shallow and not previously the target of interest, available log and core data are limited. Petrophysical analysis of nearby Wells 6607/5-1 and 6607/5-2 show the Naust sands are good quality, with porosities of 25-35% and 100s to 1000s mD permeability. Wells from the Peon discovery are used as an analogue for Sw values.

Well 6608/2-15 is also close to the Copernicus prospect, but encountered shale with elevated gas readings. There appears to be a brightening on the seismic data downdip of this well, with a depth conformant anomaly.

7.3. HIIP and Prospective Resources

ERCE has estimated GIIP and Prospective Resources for the Copernicus prospect. ERCE has made an independent depth conversion primarily to account for the dipping seabed in the area.

ERCE's top reservoir depth surface has been used to make estimates of GRV for the Copernicus prospect, with uncertainty in GWC estimated with reference to variations in seismic amplitude variations and the Operator's work. ERCE's low and high case GRV estimates for the Copernicus prospect were set to the ninetieth and tenth percentiles of a log-normal distribution for use in a probabilistic simulation of GIIP. Reservoir parameters are estimated with reference to the offset Wells 6607/5-1 and 6608/2-1S.

Inputs to the probabilistic simulation of GIIP for the Copernicus prospect are summarised in Table 7.1. The results are summarised in Table 7.2. CGR inputs and CIIP estimates are summarised in Table 7.3 below. The assumption is that as the most likely gas is biogenic and thus there will be low attributable hydrocarbon liquids volumes.

Table 7.1: Copernicus Prospect – Volumetric Input Parameter Ranges

(best estimate GRV from the P50 of the log-normal distribution)

Prospect	GRV (MMm3)			NTG (%)			Porosity (%)			Gas Saturation (%)			GEF		
	Low	Best	High	Low	Best	High	Low	Best	High	Low	Best	High	Low	Best	High
Copernicus	569	1227	2645	70	85	95	25	30	35	57	65	73	175	195	215

Table 7.2: Copernicus Prospect – GIIP Estimates

Copernicus Prospect	Undiscovered GIIP			
	Low	Best	High	Mean
	(Bscf)	(Bscf)	(Bscf)	(Bscf)
Copernicus	838	1879	4223	2295

Table 7.3: Copernicus Prospect - CGR and CIIP Estimates

Prospect	CGR (MMstb/Bscf)			Undiscovered CIIP			
	Low	Best	High	Low	Best	High	Mean
				(MMstb)	(MMstb)	(MMstb)	(MMstb)
Copernicus	0.005	0.006	0.007	5	11	25	14

ERCE has estimated recovery factors for the Copernicus prospect of 50%, 60% and 70% for the low, best and high case respectively. The recovery factors assume a conventional gas reservoir, with limited tieback constraints, which were modelled by ERCE. Recovery factors are summarised in Table 7.4 below.

Table 7.4: Copernicus Prospect - Recovery Factors

Prospect	Rf (%)		
	Low	Best	High
Copernicus	50	60	70

ERCE has used a four-component matrix to estimate the geological chance of success (GCOS) for the prospect (Table 7.5). Key risks are seen in the reservoir presence and efficacy and trap/charge, although favourable, as alternative models are proposed that could give a similar seismic signature.

ERCE has estimated an overall GCOS for the Copernicus prospect of 25%.

Table 7.5: Copernicus Prospect – Geological Chance of Success

Source and Migration (%)	Reservoir Presence and Efficacy (%)	Trap Presence and Integrity (%)	Seal Presence and Integrity (%)	GCOS (%)
70	65	70	80	25

ERCE's estimates of unrisks Prospective Resources and GCOS for the Copernicus prospect are summarised in Table 7.6 and Table 7.7 below.

Table 7.6: Prospective Resources and GCOS for the Copernicus Prospect

Longboat 10%	Gross Prospective Resources				Net Attributable Prospective Resources				GCOS
	1U	2U	3U	Mean	1U	2U	3U	Mean	
	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(%)
Copernicus	493	1111	2552	1375	49	111	255	138	25

Table 7.7: Associated Condensate Prospective Resources and GCOS for the Copernicus Prospect

Longboat 10%	Gross Condensate Prospective Resources				Net Attributable Condensate Prospective Resources				GCOS
	1U	2U	3U	Mean	1U	2U	3U	Mean	
	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(%)
Copernicus	2.9	6.7	15.4	8.2	0.3	0.7	1.5	0.8	25

Notes

1. The geological chance of success (GCOS) is an estimate of the probability that drilling the prospect would result in a discovery as defined under SPE PRMS
2. In the case of Prospective Resources, there is no certainty that hydrocarbons will be discovered, nor if discovered will it be commercially viable to produce any portion of the resources

8. PL293 B – The Kveikje Prospect

8.1. Summary and Description

Kveikje is the primary prospect located in licence PL293 B, which lies in the Lomre Terrace region of the Norwegian North Sea (Figure 8.1). Water depth is approximately 360 m. Equinor holds a 51% interest in this licence and is Operator, with 20% being held by DNO and the remaining 20% being held by Idemitsu. The Acquisition involves Longboat acquiring a 10% interest in this licence from Idemitsu.

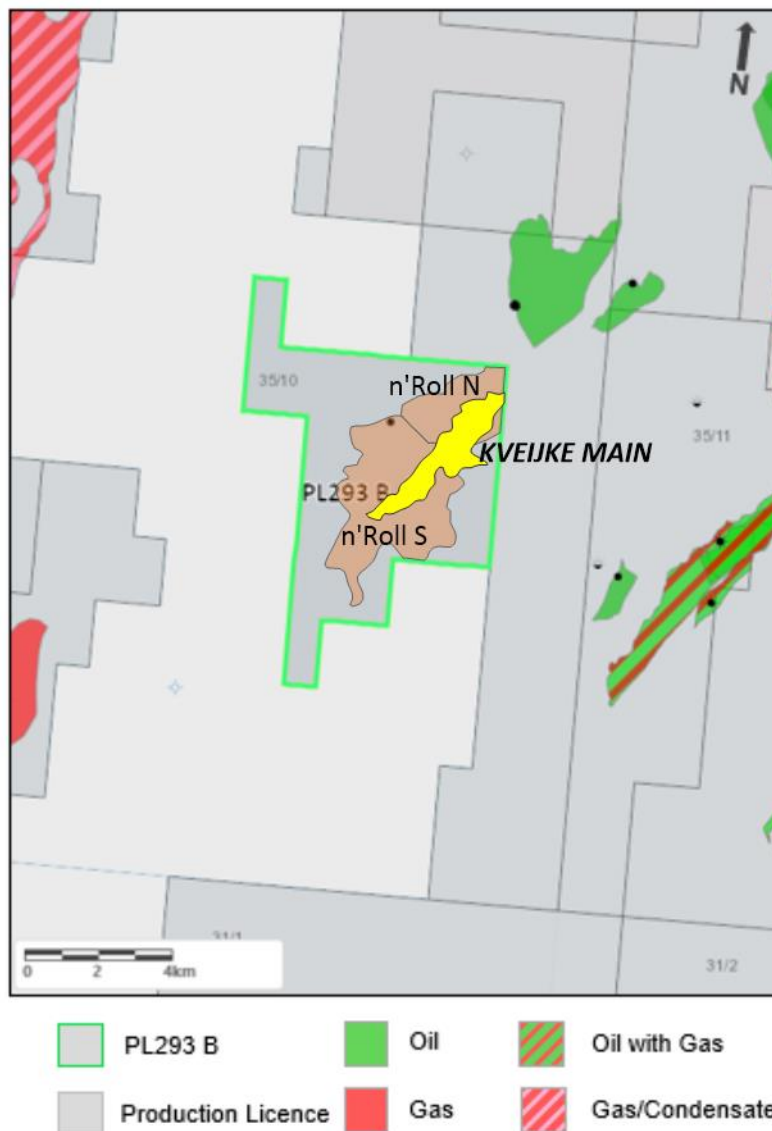


Figure 8.1: PL293 B Location Map.

(Source: Norwegian Petroleum Directorate)

The prospect is mapped as an injectite feature with structural and stratigraphic elements. There is brightening of the seismic amplitudes within the structural closure. The prospective interval is interpreted as turbidite deposits of the Eocene Balder Formation (Radøy Member) which have been subject to remobilisation and subsequent injection into shallower lithology.

The prognosed source rocks for the Kveikje prospect are the Upper Jurassic mature, organic-rich shales of the Draupne and Heather Formations. Eocene marine shales of the Hordaland Group and Balder Formation act as a top seal.

There are two segments assessed by ERCE within the Kveikje prospect; Kveikje Main and Kveikje-Hordaland. The Kveikje-Hordaland prospect is prognosed to be composed of remobilised, injected Radøy Member sandstones and is mapped as being connected to the Kveikje Main reservoir.

8.2. Reservoir Characterisation

Two wells have been drilled in the licence which penetrate the reservoir fairway but lie outside the mapped trap. Wells 35/10-4S and 35/11-18A both show good reservoir quality with average porosities of approximately 27% and 32% respectively. The closest well to the structure, Well 35/10-1, shows no indication of sandstone within the Balder Formation. Interpretation of the seismic data can be used to define the Eocene turbidite fairway. Well logs suggest likely gross thicknesses of 10-30m with net to gross of approximately 60 to 100%. Regional wells, such as Wells 35/10-1, 35/10-4 and 35/11-18A, that penetrate the Radøy sandstone, have been used to determine porosity, net to gross and Sw.

8.3. HIIP and Prospective Resources

ERCE has made estimates of the STOIP and Prospective Resources for the Kveikje Main and Kveikje-Hordaland prospect.

ERCE has reviewed the Operator's work and considers the top reservoir interpretation in time and depth as suitable for use in volumetric assessments. A high case estimate of GRV for Kveikje Main has been constrained using an OWC defined by the ultimate spill of the mapped structure. A low case estimate was made using a shallower OWC estimated from seismic amplitude anomaly variation. ERCE's low and high case GRV estimates for the Kveikje Main prospect were set to the ninetieth and tenth percentiles of a log-normal distribution for use in a probabilistic simulation of STOIP. Reservoir parameters are taken from offset wells in the licence.

For the Kveikje-Hordaland prospect ERCE has assumed that the gross reservoir thickness is 5m in the low case and 10m in the high case. As the origin of the sand is equivalent to the Main prospect ERCE has used the same range for other reservoir parameters as the primary target (Table 8.1). Areal extent of the prospect has been estimated using variations in seismic amplitude anomaly.

Inputs to and the results of the probabilistic simulation of STOIP for the Kveikje Main and Kveikje-Hordaland prospect are summarised in Table 8.1 and Table 8.2.

Bo and GOR inputs are guided by fluid properties from nearby analogues. The associated GIIP estimates are summarised in Table 8.3.

Table 8.1: Kveikje Prospect – Volumetric Input Parameter Ranges*(best estimate GRV from the P50 of the log-normal distribution)*

Prospect	GRV (MMm3)			NTG (%)			Porosity (%)			Oil Saturation (%)			FVF		
	Low	Best	High	Low	Best	High	Low	Best	High	Low	Best	High	Low	Best	High
Kveikje Main	14	37	100	60	80	100	26	30	34	60	75	90	0.83	0.87	0.91
Kveikje-Hordaland	7	28.8	118.5	60	80	100	26	30	34	60	75	90	0.83	0.87	0.91

Table 8.2: Kveikje Prospect – STOIP Estimates

Kveikje Prospect	Undiscovered STOIP			
	Low	Best	High	Mean
	(MMstb)	(MMstb)	(MMstb)	(MMstb)
Kveikje Main	13	36	99	49
Kveikje-Hordaland	6	28	118	51
Arithmetic Aggregation	19	63	217	100

Table 8.3: Kveikje Prospect - GOR and Associated GIIP Estimates

Prospect	GOR (scf/stb)			Undiscovered Associated GIIP			
	Low	Best	High	Low	Best	High	Mean
				(Bscf)	(Bscf)	(Bscf)	(Bscf)
Kveikje Main	56	168	280	2	6	17	8
Kveikje-Hordaland	56	168	280	1	4	20	9

ERCE has estimated recovery factors for the Kveikje prospect of 25%, 40% and 55% for the low, best and high case respectively. Using analogues from the Viper, Kobra and Frosk are fields. Neither Volund or Viper Kobra require water injection. However, ERCE assumes water injection will be required for the Kveikje reservoirs.

Table 8.4: Kveikje Prospect - Recovery Factors

Prospect	Rf (%)		
	Low	Best	High
Kveikje Main	25	40	55
Kveikje-Hordaland	15	30	45

ERCE has used a four-component matrix to estimate the geological chance of success (GCOS) for Kveikje Main and Kveikje-Hordaland (Table 8.5). The key risks for both Kveikje Main and Kveikje-Hordaland are in the trap presence and the seal integrity. Specifically, the Kveikje Main prospect is dependent on shale and fault seal towards the younger (Balder) fan in the northwest.

ERCE has estimated an overall GCOS for the Kveikje Main prospect of 55%. ERCE estimates the same GCOS for the Kveikje-Hordaland prospect as the seismic suggests communication.

Table 8.5: Kveikje Prospect – Geological Chance of Success

Prospect	Source and Migration (%)	Reservoir Presence and Efficacy (%)	Trap Presence and Integrity (%)	Seal Presence and Integrity (%)	GCOS (%)
Kveikje Main	90	95	80	80	55
Kveikje-Hordaland	90	95	80	80	55

ERCE's estimates of unrisks Prospective Resources and GCOS for the two Kveikje prospects are summarised in Table 8.6 and Table 8.7 below.

Table 8.6: Prospective Resources and GCOS for the Kveikje Main and Kveikje-Hordaland Prospect

Longboat 10%	Gross Prospective Resources				Net Attributable Prospective Resources				GCOS
	1U	2U	3U	Mean	1U	2U	3U	Mean	
	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(MMstb)	(%)
Kveikje Main	4.4	13.5	41.2	19.6	0.4	1.4	4.1	2.0	55
Kveikje-Hordaland	1.6	7.7	35.7	15.4	0.2	0.8	3.6	1.5	55

Table 8.7: Associated Gas Prospective Resources and GCOS for the Kveikje Main and Hordaland

Longboat 10%	Gross Associated Gas Prospective Resources				Net Associated Gas Attributable Prospective Resources				GCOS
	1U	2U	3U	Mean	1U	2U	3U	Mean	
	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(Bscf)	(%)
Kveikje Main	0.6	2.2	7.0	3.3	0.1	0.2	0.7	0.3	55
Kveikje-Hordaland	0.3	1.3	6.0	2.6	0.0	0.1	0.6	0.3	55

Notes

1. Prospective Resources assume water injection is implemented should a discovery be made
2. The geological chance of success (GCOS) is an estimate of the probability that drilling the prospect would result in a discovery as defined under SPE PRMS
3. In the case of Prospective Resources, there is no certainty that hydrocarbons will be discovered, nor if discovered will it be commercially viable to produce any portion of the resources

9. Conclusions

Longboat Energy plc and its subsidiaries (collectively, Longboat) is considering a potential acquisition (the Acquisition) of interests in exploration licences owned by Equinor Energy AS (Equinor), Spirit Energy Norway AS (Spirit Energy) and Idemitsu Petroleum Norge AS (Idemitsu), collectively the Vendors. ERCE has prepared independent estimates of Contingent Resources, Prospective Resources and Geological Chance of Success (GCOS) associated with the primary prospects identified within these licences. These estimates are summarised in Table 1.3, Table 1.4, Table 1.5, and Table 1.6.

ERCE has reviewed data made available to 30 April 2021 and the effective date of this report is 1st June 2021. Longboat has confirmed to ERCE that there have been no material changes with respect to the properties assessed subsequent to 30 April 2021 and the date of this report.

ERCE has used standard petroleum evaluation techniques in the generation of this report. These techniques combine geophysical and geological knowledge with assessments of porosity and permeability distributions, fluid characteristics, production performance and reservoir pressure of analogue wells and fields. There is uncertainty in the measurement and interpretation of basic data. ERCE has estimated the degree of this uncertainty and determined the range of petroleum initially in place and recoverable hydrocarbon volumes, discovered and undiscovered. Risk associated with the undiscovered resources (Prospective Resources) has been assessed to determine chance of geological success (GCOS).

In the case of the Contingent Resources presented in this report there is no certainty that it will be commercially viable to produce any portion of the resources.

In the case of the Prospective Resources presented in this report, there is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

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Appendix 1: Additional Licence Prospectivity

Additional prospectivity has been identified by the Operator in the licences ERCE has assessed. At the request of Longboat, Table 0.1 summarises the Operator's mean estimates of Prospective Resources and GCOS for the additional prospects identified the Operator in PL901, PI293B, PL1049 and PL1060.

Table 0.1: GCOS and Gross Prospective Resources (Operator Mean Case) for Additional Prospects

Licence / Primary Prospect	Additional Prospects	Gross Mean Prospective Resources	GCOS
		(MMboe)	(%)
PL901 - (Rødhette)	Kalrsborg	88.1	3%
	Ymir	11.3	4%
	Bestemor	10.1	42%
	Jægeren	10.7	20%
	Ulven	8.8	20%
PL293 B - (Kveikje)	Rokke	84.3	34%
	n'Roll Sør	24.5	14%
	n'Roll Nord	18.2	23%
PL1049 - (Cambozola)	Fontina - Burrata	292.0	6%
PL1060 - (Ginny)	Blunka	30.4	11%
	Holk	12.8	29%
	Dobby	11.4	63%
	Albus	8.7	22%
	Nottung	8.2	30%
	Beluga Melke	7.0	14%
	Draco	3.0	52%
	Potte	0.7	24%
Severus	0.4	51%	

Appendix 2: SPE PRMS Guidelines

This report references the SPE/WPC/AAG/SPEE/SEG/SPWLA/EAGE Petroleum Reserves and Resources Classification System and Definitions, as revised in June 2018 (PRMS). The full text of the PRMS document can be viewed at:

https://secure.spee.org/sites/spee.org/files/prmgmtsystem_final_2018.pdf.

Definitions of the key PRMS Reserves and Resource classes, categories and a glossary of related terms can be found at the above address.

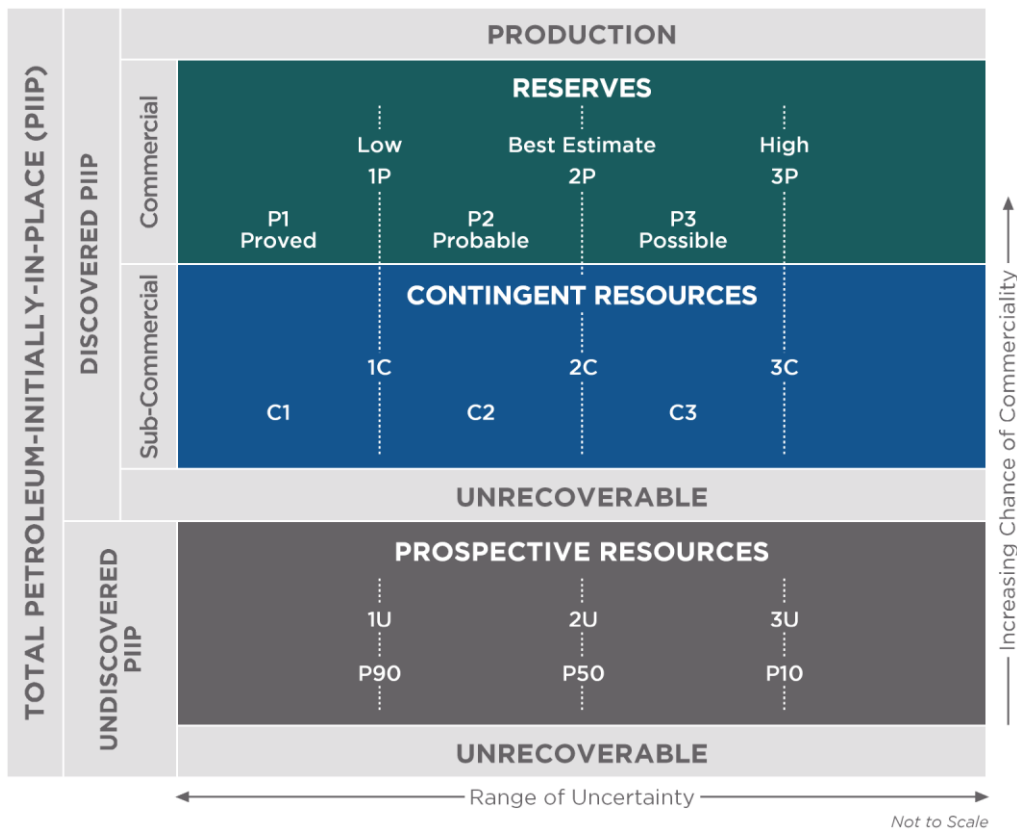


Figure A: PRMS Resources classification framework

(Modified from Petroleum Resources Management System (PRMS) Revised June 2018, page 8, Figure 1.1)

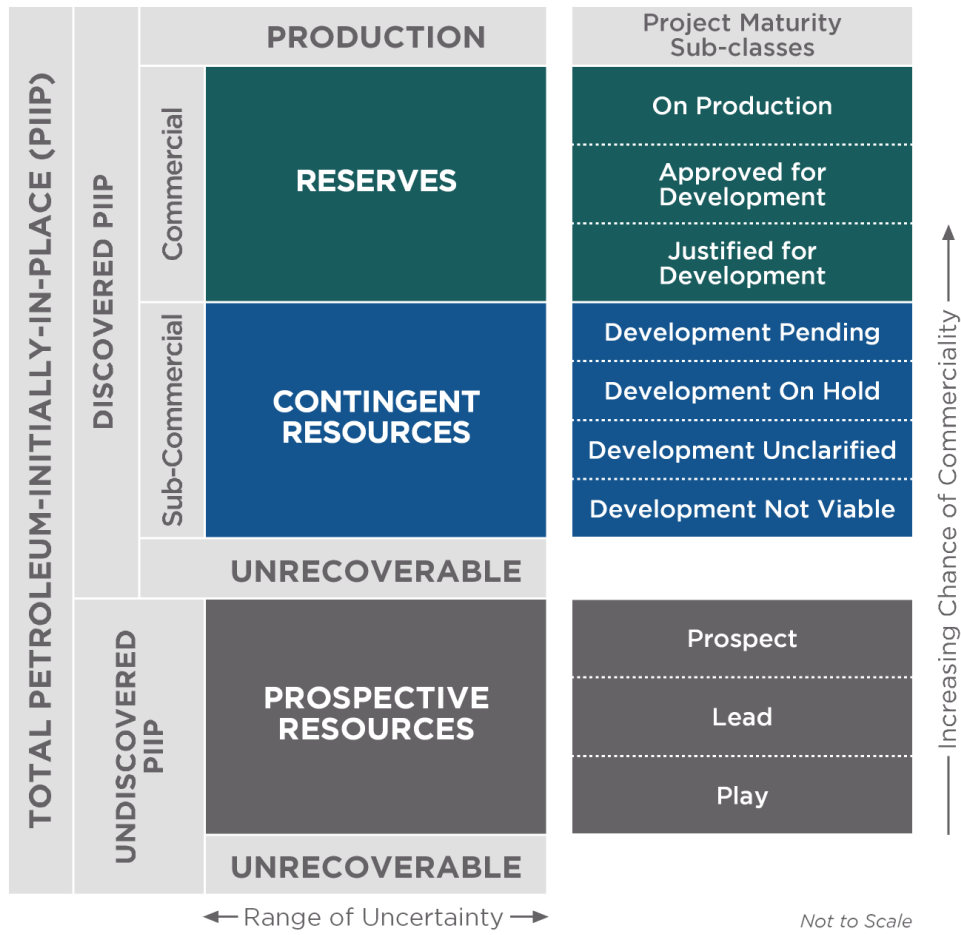


Figure B: PRMS Resources sub-classes

(Modified from Petroleum Resources Management System (PRMS) Revised June 2018, page 8, Figure 2.1)

Table 1: PRMS Recoverable Resources Classes and Sub-Classes

Classes/Sub-classes	Definition	Guidelines
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.	<p>Reserves must satisfy four criteria: discovered, recoverable, commercial, and remaining based on the development project(s) applied. Reserves are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by the development and production status.</p> <p>To be included in the Reserves class, a project must be sufficiently defined to establish its commercial viability (see Section 2.1.2, Determination of Commerciality). This includes the requirement that there is evidence of firm intention to proceed with development within a reasonable time-frame.</p> <p>A reasonable time-frame for the initiation of development depends on the specific circumstances and varies according to the scope of the project. While five years is recommended as a benchmark, a longer time-frame could be applied where, for example, development of an economic project is deferred at the option of the producer for, among other things, market-related reasons or to meet contractual or strategic objectives. In all cases, the justification for classification as Reserves should be clearly documented.</p> <p>To be included in the Reserves class, there must be a high confidence in the commercial maturity and economic producibility of the reservoir as supported by actual production or formation tests. In certain cases, Reserves may be assigned on the basis of well logs and/or core analysis that indicate that the subject reservoir is hydrocarbon-bearing and is analogous to reservoirs in the same area that are producing or have demonstrated the ability to produce on formation tests.</p>
On Production	The development project is currently producing or capable of producing and selling petroleum to market.	<p>The key criterion is that the project is receiving income from sales, rather than that the approved development project is necessarily complete. Includes Developed Producing Reserves.</p> <p>The project decision gate is the decision to initiate or continue economic production from the project.</p>

Classes/Sub-classes	Definition	Guidelines
Approved for Development	All necessary approvals have been obtained, capital funds have been committed, and implementation of the development project is ready to begin or is under way.	<p>At this point, it must be certain that the development project is going ahead. The project must not be subject to any contingencies, such as outstanding regulatory approvals or sales contracts. Forecast capital expenditures should be included in the reporting entity's current or following year's approved budget.</p> <p>The project decision gate is the decision to start investing capital in the construction of production facilities and/or drilling development wells.</p>
Justified for Development	Implementation of the development project is justified on the basis of reasonable forecast commercial conditions at the time of reporting, and there are reasonable expectations that all necessary approvals/contracts will be obtained.	<p>To move to this level of project maturity, and hence have Reserves associated with it, the development project must be commercially viable at the time of reporting (see Section 2.1.2, Determination of Commerciality) and the specific circumstances of the project. All participating entities have agreed and there is evidence of a committed project (firm intention to proceed with development within a reasonable time-frame}) There must be no known contingencies that could preclude the development from proceeding (see Reserves class).</p> <p>The project decision gate is the decision by the reporting entity and its partners, if any, that the project has reached a level of technical and commercial maturity sufficient to justify proceeding with development at that point in time.</p>
Contingent Resources	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 owing to one or more contingencies.	<p>Contingent Resources may include, for example, projects for which there are currently no viable markets, where commercial recovery is dependent on technology under development, where evaluation of the accumulation is insufficient to clearly assess commerciality, where the development plan is not yet approved, or where regulatory or social acceptance issues may exist.</p> <p>Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by the economic status.</p>

Classes/Sub-classes	Definition	Guidelines
Development Pending	A discovered accumulation where project activities are ongoing to justify commercial development in the foreseeable future.	<p>The project is seen to have reasonable potential for eventual commercial development, to the extent that further data acquisition (e.g., drilling, seismic data) and/or evaluations are currently ongoing with a view to confirming that the project is commercially viable and providing the basis for selection of an appropriate development plan. The critical contingencies have been identified and are reasonably expected to be resolved within a reasonable time-frame. Note that disappointing appraisal/evaluation results could lead to a reclassification of the project to On Hold or Not Viable status.</p> <p>The project decision gate is the decision to undertake further data acquisition and/or studies designed to move the project to a level of technical and commercial maturity at which a decision can be made to proceed with development and production.</p>
Development on Hold	A discovered accumulation where project activities are on hold and/or where justification as a commercial development may be subject to significant delay.	<p>The project is seen to have potential for commercial development. Development may be subject to a significant time delay. Note that a change in circumstances, such that there is no longer a probable chance that a critical contingency can be removed in the foreseeable future, could lead to a reclassification of the project to Not Viable status.</p> <p>The project decision gate is the decision to either proceed with additional evaluation designed to clarify the potential for eventual commercial development or to temporarily suspend or delay further activities pending resolution of external contingencies.</p>
Development Unclarified	A discovered accumulation where project activities are under evaluation and where justification as a commercial development is unknown based on available information.	<p>The project is seen to have potential for eventual commercial development, but further appraisal/evaluation activities are ongoing to clarify the potential for eventual commercial development.</p> <p>This sub-class requires active appraisal or evaluation and should not be maintained without a plan for future evaluation. The sub-class should reflect the actions required to move a project toward commercial maturity and economic production.</p>

Classes/Sub-classes	Definition	Guidelines
Development Not Viable	A discovered accumulation for which there are no current plans to develop or to acquire additional data at the time because of limited production potential.	<p>The project is not seen to have potential for eventual commercial development at the time of reporting, but the theoretically recoverable quantities are recorded so that the potential opportunity will be recognized in the event of a major change in technology or commercial conditions.</p> <p>The project decision gate is the decision not to undertake further data acquisition or studies on the project for the foreseeable future.</p>
Prospective Resources	Those quantities of petroleum that are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.	Potential accumulations are evaluated according to the chance of geologic discovery and, assuming a discovery, the estimated quantities that would be recoverable under defined development projects. It is recognized that the development programs will be of significantly less detail and depend more heavily on analog developments in the earlier phases of exploration.
Prospect	A project associated with a potential accumulation that is sufficiently well defined to represent a viable drilling target.	Project activities are focused on assessing the chance of geologic discovery and, assuming discovery, the range of potential recoverable quantities under a commercial development program.
Lead	A project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and/or evaluation to be classified as a Prospect.	Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to confirm whether or not the Lead can be matured into a Prospect. Such evaluation includes the assessment of the chance of geologic discovery and, assuming discovery, the range of potential recovery under feasible development scenarios.
Play	A project associated with a prospective trend of potential prospects, but that requires more data acquisition and/or evaluation to define specific Leads or Prospects.	Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to define specific Leads or Prospects for more detailed analysis of their chance of geologic discovery and, assuming discovery, the range of potential recovery under hypothetical development scenarios.

Table 2: PRMS Reserves Status Definitions and Guidelines

Status	Definition	Guidelines
Developed Reserves	Expected quantities to be recovered from existing wells and facilities.	Reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor compared to the cost of a well. Where required facilities become unavailable, it may be necessary to reclassify Developed Reserves as Undeveloped. Developed Reserves may be further sub-classified as Producing or Non-producing.
Developed Producing Reserves	Expected quantities to be recovered from completion intervals that are open and producing at the effective date of the estimate.	Improved recovery Reserves are considered producing only after the improved recovery project is in operation.
Developed Non-Producing Reserves	Shut-in and behind-pipe Reserves.	<p>Shut-in Reserves are expected to be recovered from (1) completion intervals that are open at the time of the estimate but which have not yet started producing, (2) wells which were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe Reserves are expected to be recovered from zones in existing wells that will require additional completion work or future re-completion before start of production with minor cost to access these reserves.</p> <p>In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.</p>
Undeveloped Reserves	Quantities expected to be recovered through future significant investments.	Undeveloped Reserves are to be produced (1) from new wells on undrilled acreage in known accumulations, (2) from deepening existing wells to a different (but known) reservoir, (3) from infill wells that will increase recovery, or (4) where a relatively large expenditure (e.g., when compared to the cost of drilling a new well) is required to (a) recomplete an existing well or (b) install production or transportation facilities for primary or improved recovery projects.

Table 3: PRMS Reserves Category Definitions and Guidelines

Category	Definition	Guidelines
Proved Reserves	Those quantities of petroleum that, 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.	<p>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% probability (P90) that the quantities actually recovered will equal or exceed the estimate.</p> <p>The area of the reservoir considered as Proved includes (1) the area delineated by drilling and defined by fluid contacts, if any, and</p> <p>2) adjacent undrilled portions of the reservoir that can reasonably be judged as continuous with it and commercially productive on the basis of available geoscience and engineering data.</p> <p>In the absence of data on fluid contacts, Proved quantities in a reservoir are limited by the LKH as seen in a well penetration unless otherwise indicated by definitive geoscience, engineering, or performance data. Such definitive information may include pressure gradient analysis and seismic indicators. Seismic data alone may not be sufficient to define fluid contacts for Proved.</p> <p>Reserves in undeveloped locations may be classified as Proved provided that:</p> <ul style="list-style-type: none"> A. The locations are in undrilled areas of the reservoir that can be judged with reasonable certainty to be commercially mature and economically productive. B. Interpretations of available geoscience and engineering data indicate with reasonable certainty that the objective formation is laterally continuous with drilled Proved locations. <p>For Proved Reserves, the recovery efficiency applied to these reservoirs should be defined based on a range of possibilities supported by analogs and sound engineering judgment considering the characteristics of the Proved area and the applied development program.</p>
Probable Reserves	Those additional Reserves that analysis of geoscience and engineering data indicates are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves.	<p>It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.</p> <p>Probable Reserves may be assigned to areas of a reservoir adjacent to Proved where data control or interpretations of available data are less certain. The interpreted reservoir continuity may not meet the reasonable certainty criteria.</p> <p>Probable estimates also include incremental recoveries associated with project recovery efficiencies beyond that assumed for Proved.</p>

Possible Reserves	Those additional reserves that analysis of geoscience and engineering data indicates are less likely to be recoverable than Probable Reserves.	<p>The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P), which is equivalent to the high-estimate scenario.</p> <p>When probabilistic methods are used, there should be at least a 10% probability (P10) that the actual quantities recovered will equal or exceed the 3P estimate.</p> <p>Possible Reserves may be assigned to areas of a reservoir adjacent to Probable where data control and interpretations of available data are progressively less certain. Frequently, this may be in areas where geoscience and engineering data are unable to clearly define the area and vertical reservoir limits of economic production from the reservoir by a defined, commercially mature project.</p> <p>Possible estimates also include incremental quantities associated with project recovery efficiencies beyond that assumed for Probable.</p>
Probable and Possible Reserves	See above for separate criteria for Probable Reserves and Possible Reserves.	<p>The 2P and 3P estimates may be based on reasonable alternative technical interpretations within the reservoir and/or subject project that are clearly documented, including comparisons to results in successful similar projects.</p> <p>In conventional accumulations, Probable and/or Possible Reserves may be assigned where geoscience and engineering data identify directly adjacent portions of a reservoir within the same accumulation that may be separated from Proved areas by minor faulting or other geological discontinuities and have not been penetrated by a wellbore but are interpreted to be in communication with the known (Proved) reservoir. Probable or Possible Reserves may be assigned to areas that are structurally higher than the Proved area. Possible (and in some cases, Probable) Reserves may be assigned to areas that are structurally lower than the adjacent Proved or 2P area.</p> <p>Caution should be exercised in assigning Reserves to adjacent reservoirs isolated by major, potentially sealing faults until this reservoir is penetrated and evaluated as commercially mature and economically productive. Justification for assigning Reserves in such cases should be clearly documented. Reserves should not be assigned to areas that are clearly separated from a known accumulation by non-productive reservoir (i.e., absence of reservoir, structurally low reservoir, or negative test results); such areas may contain Prospective Resources.</p> <p>In conventional accumulations, where drilling has defined a highest known oil elevation and there exists the potential for an associated gas cap, Proved Reserves of oil should only be assigned in the structurally higher portions of the reservoir if there is reasonable certainty that such portions are initially above bubble point pressure based on documented engineering analyses. Reservoir portions that do not meet this certainty may be assigned as Probable and Possible oil and/or gas based on reservoir fluid properties and pressure gradient interpretations.</p>

Table 4: Glossary of Terms Used in PRMS

Term	Definition
1C	Denotes low estimate of Contingent Resources.
2C	Denotes best estimate of Contingent Resources.
3C	Denotes high estimate of Contingent Resources.
1P	Denotes low estimate of Reserves (i.e., Proved Reserves). Equal to P1.
2P	Denotes the best estimate of Reserves. The sum of Proved plus Probable Reserves.
3P	Denotes high estimate of reserves. The sum of Proved plus Probable plus Possible Reserves.
1U	Denotes the unrisked low estimate qualifying as Prospective Resources.
2U	Denotes the unrisked best estimate qualifying as Prospective Resources.
3U	Denotes the unrisked high estimate qualifying as Prospective Resources.
Abandonment, Decommissioning, and Restoration (ADR)	The process (and associated costs) of returning part or all of a project to a safe and environmentally compliant condition when operations cease. Examples include, but are not limited to, the removal of surface facilities, wellbore plugging procedures, and environmental remediation. In some instances, there may be salvage value associated with the equipment removed from the project. ADR costs are presumed to be without consideration of any salvage value, unless presented as "ADR net of salvage."
Accumulation	An individual body of naturally occurring petroleum in a reservoir.
Aggregation	The process of summing well, reservoir, or project-level estimates of resources quantities to higher levels or combinations, such as field, country or company totals. Arithmetic summation of incremental categories may yield different results from probabilistic aggregation of distributions.
Appraisal	The phase that may follow successful exploratory drilling. Activities to further evaluate the discovery, such as seismic acquisition, geological studies, and drilling additional wells may be conducted to reduce technical uncertainties and commercial contingencies.
Approved for Development	All necessary approvals have been obtained, capital funds have been committed, and implementation of the development project is underway. A project maturity sub-class of Reserves.
Analog	Method used in resources estimation in the exploration and early development stages (including improved recovery projects) when direct measurement is limited. Based on evaluator's assessment of similarities of the analogous reservoir(s) together with the development plan.
Analogous Reservoir	Reservoirs that have similar rock properties (e.g., petrophysical, lithological, depositional, diagenetic, and structural), fluid properties (e.g., type, composition, density, and viscosity), reservoir conditions (e.g., depth, temperature, and pressure) and drive mechanisms, but are typically at a more advanced stage of development than the reservoir of interest and thus may provide insight and comparative data to assist in estimation of recoverable resources.

Assessment	See Evaluation.
Associated Gas	A natural gas found in contact with or dissolved in crude oil in the reservoir. It can be further categorized as gas cap gas or solution gas.
Basin-Centered Gas	An unconventional natural gas accumulation that is regionally pervasive and characterized by low permeability, abnormal pressure, gas-saturated reservoirs, and lack of a down dip water leg.
Barrel of Oil Equivalent (BOE)	The term allows for a single value to represent the sum of all the hydrocarbon products that are forecast as resources. Typically, condensate, oil, bitumen, and synthetic crude barrels are taken to be equal (1 stb = 1 BOE). Gas and NGL quantities are converted to an oil equivalent based on a conversion factor that is recommended to be based on a nominal heating content or calorific value equivalent to a barrel of oil.
Basis for Estimate	The methodology (or methodologies) and supporting data on which the estimated quantities are based. (Also referenced as basis for the estimation.)
Behind-Pipe Reserves	Reserves that are expected to be recovered from zones in existing wells, which will require additional completion work or future re-completion before the start of production. In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling and completing a new well including hook-up to allow production.
Best Estimate	With respect to resources categorization, the most realistic assessment of recoverable quantities if only a single result were reported. If probabilistic methods are used, there should be at least a 50% probability (P50) that the quantities actually recovered will equal or exceed the best estimate.
C1	Denotes low estimate of Contingent Resources. C1 is equal to 1C.
C2	Denotes Contingent Resources of same technical confidence as Probable, but not commercially matured to Reserves.
C3	Denotes Contingent Resources of same technical confidence as Possible, but not commercially matured to Reserves.
Chance	Chance equals 1-risk. Generally synonymous with likelihood. (See Risk)
Chance of Commerciality	The estimated probability that the project will achieve commercial maturity to be developed. For Prospective Resources, this is the product of the chance of geologic discovery and the chance of development. For Contingent Resources and Reserves, it is equal to the chance of development.
Chance of Development	The estimated probability that a known accumulation, once discovered, will be commercially developed.
Chance of Geologic Discovery	The estimated probability that exploration activities will confirm the existence of a significant accumulation of potentially recoverable petroleum.
Coalbed Methane (CBM)	Natural gas contained in coal deposits. Coalbed gas, although usually mostly methane, may be produced with variable amounts of inert or even non-inert gases. [Also called coal-seam gas (CSG) or natural gas from coal (NGC).]

Commercial	A project is commercial when there is evidence of a firm intention to proceed with development within a reasonable time-frame. Typically, this requires that the best estimate case meet or exceed the minimum evaluation decision criteria (e.g., rate of return, investment payout time). There must be a reasonable expectation that all required internal and external approvals will be forthcoming. Also, there must be evidence of a technically mature, feasible development plan and the essential social, environmental, economic, political, legal, regulatory, decision criteria, and contractual conditions are met. .
Committed Project	Project that the entity has a firm intention to develop in a reasonable time-frame. Intent is demonstrated with funding/financial plans, but FID has not yet been declared (See also Final Investment Decision.)
Completion	Completion of a well. The process by which a well is brought to its operating status (e.g., producer, injector, or monitor well). A well deemed to be capable of producing petroleum, or used as an injector, is completed by establishing a connection between the reservoir(s) and the surface so that fluids can be produced from, or injected into, the reservoir.
Completion Interval	The specific reservoir interval(s) that is (are) open to the borehole and connected to the surface facilities for production or injection, or reservoir intervals open to the wellbore and each other for injection purposes.
Concession	A grant of access for a defined area and time period that transfers certain entitlements to produced hydrocarbons from the host country to an entity. The entity is generally responsible for exploration, development, production, and sale of hydrocarbons that may be discovered. Typically granted under a legislated fiscal system where the host country collects taxes, fees, and sometimes royalty on profits earned. (Also called a license.)
Condensate	A mixture of hydrocarbons (mainly pentanes and heavier) that exist in the gaseous phase at original temperature and pressure of the reservoir, but when produced, are in the liquid phase at surface pressure and temperature conditions. Condensate differs from NGLs in two respects: (1) NGL is extracted and recovered in gas plants rather than lease separators or other lease facilities, and (2) NGL includes very light hydrocarbons (ethane, propane, or butanes) as well as the pentanes-plus that are the main constituents of condensate.
Confidence Level	A measure of the estimated reliability of a result. As used in the deterministic incremental method, the evaluator assigns a relative level of confidence (high/moderate/low) to areas/segments of an accumulation based on the information available (e.g., well control and seismic coverage). Probabilistic and statistical methods use the 90% (P90) for the high confidence (low value case), 50% (P50) for the best estimate (moderate value case), and 10% (P10) for the low (high value case) estimate to represent the chances that the actual value will equal or exceed the estimate.
Constant Case	A descriptor applied to the economic evaluation of resources estimates. Constant-case estimates are based on current economic conditions being those conditions (including costs and product prices) that are fixed at the evaluation date and held constant, with no inflation or deflation made to costs or prices throughout the remainder of the project life other than those permitted contractually.
Consumed in Operations (CiO)	That portion of produced petroleum consumed as fuel in production or lease plant operations before delivery to the market at the reference point. (Also called lease fuel.)

Contingency	A condition that must be satisfied for a project in Contingent Resources to be reclassified as Reserves. Resolution of contingencies for projects in Development Pending is expected to be achieved within a reasonable time period.
Contingent Project	A project that is not yet commercial owing to one or more contingencies that have not been resolved.
Contingent Resources	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 owing to one or more contingencies.
Continuous-Type Deposit	A petroleum accumulation that is pervasive throughout a large area and that generally lacks well-defined OWC or GWC. Such accumulations are included in unconventional resources. Examples of such deposits include "basin-centered" gas, tight gas, tight oil, gas hydrates, natural bitumen, and oil shale (kerogen) accumulations.
Conventional Resources	Resources that exist in porous and permeable rock with buoyancy pressure equilibrium. The PIIP is trapped in discrete accumulations related to a localized geological structural feature and/or stratigraphic condition, typically with each accumulation bounded by a down dip contact with an aquifer and is significantly affected by hydrodynamic influences such as buoyancy of petroleum in water.
Cost Recovery	Under a typical production-sharing agreement, the contractor is responsible for the field development and all exploration and development expenses. In return, the contractor recovers costs (investments and operating expenses) out of the production stream. The contractor normally receives an entitlement interest share in the petroleum production and is exposed to both technical and market risks.
Crude Oil	Crude oil is the portion of petroleum that exists in the liquid phase in natural underground reservoirs and remains liquid at atmospheric conditions of pressure and temperature (excludes retrograde condensate). Crude oil may include small amounts of non-hydrocarbons produced with the liquids but does not include liquids obtained from the processing of natural gas.
Cumulative Production	The sum of petroleum quantities that have been produced at a given date. (See also Production). Production is measured under defined conditions to allow for the computation of both reservoir voidage and sales quantities and for the purpose of voidage also includes non-petroleum quantities.
Current Economic Conditions	Economic conditions based on relevant historical petroleum prices and associated costs averaged over a specified period. The default period is 12 months. However, in the event that a step change has occurred within the previous 12-month period, the use of a shorter period reflecting the step change must be justified and used as the basis of constant-case resources estimates and associated project cash flows.
Defined Conditions	Forecast of conditions to exist and impact the project during the time period being evaluated. Forecasts should account for issues that impact the commerciality, such as economics (e.g., hurdle rates and commodity price); operating and capital costs; and technical, marketing, sales route, legal, environmental, social, and governmental factors.
Deposit	Material laid down by a natural process. In resources evaluations, it identifies an accumulation of hydrocarbons in a reservoir. (See Accumulation.)

Deterministic Incremental Method	An assessment method based on defining discrete parts or segments of the accumulation that reflect high, moderate, and low confidence regarding the estimates of recoverable quantities under the defined development plan.
Deterministic Method	An assessment method based on discrete estimate(s) made based on available geoscience, engineering, and economic data and corresponds to a given level of certainty.
Deterministic Scenario Method	Method where the evaluator provides three deterministic estimates of the quantities to be recovered from the project being applied to the accumulation. Estimates consider the full range of values for each input parameter based on available engineering and geoscience data, but one set is selected that is most appropriate for the corresponding resources confidence category. A single outcome of recoverable quantities is derived for each scenario.
Developed Reserves	Reserves that are expected to be recovered from existing wells and facilities. Developed Reserves may be further sub-classified as Producing or Non- Producing.
Developed Producing Reserves	Developed Reserves that are expected to be recovered from completion intervals that are open and producing at the effective date. Improved recovery reserves are considered producing only after the improved recovery project is in operation.
Developed Non-Producing Reserves	Developed Reserves that are either shut-in or behind-pipe. (See also Shut-In Resources and Behind-Pipe Reserves.)
Development On Hold	A discovered accumulation where project activities are on hold and/or where justification as a commercial development may be subject to significant delay. A project maturity sub-class of Contingent Resources.
Development Not Viable	A discovered accumulation for which there are contingencies resulting in there being no current plans to develop or to acquire additional data at the time due to limited commercial potential. A project maturity sub-class of Contingent Resources.
Development Pending	A discovered accumulation where project activities are ongoing to justify commercial development in the foreseeable future. A project maturity sub-class of Contingent Resources.
Development Plan	The design specifications, timing, and cost estimates of the appraisal and development project(s) that are planned in a field or group of fields. The plan will include, but is not limited to, well locations, completion techniques, drilling methods, processing facilities, transportation, regulations, and marketing. The plan is often executed in phases when involving large, complex, sequential recovery and/or extensive areas.
Development Unclarified	A discovered accumulation where project activities are under evaluation and where justification as a commercial development is unknown based on available information. This sub-class requires appraisal or study and should not be maintained without a plan for future evaluation. The sub-class should reflect the actions required to move a project toward commercial maturity. A project maturity sub-class of Contingent Resources.

Discovered	A petroleum accumulation where one or several exploratory wells through testing, sampling, and/or logging have demonstrated the existence of a significant quantity of potentially recoverable hydrocarbons and thus have established a known accumulation. In this context, "significant" implies that there is evidence of a sufficient quantity of petroleum to justify estimating the in-place volume demonstrated by the well(s) and for evaluating the potential for technical recovery. (See also Known Accumulation.)
Discovered Petroleum Initially-In-Place	Quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations before production. Discovered PIIP may be subdivided into commercial, sub-commercial, and the portion remaining in the reservoir as Unrecoverable.
Discovered Unrecoverable	Discovered petroleum in-place resources that are evaluated, as of a given date, as not able to be recovered by the commercial and sub-commercial projects envisioned.
Dry Gas	Natural gas remaining after hydrocarbon liquids have been removed before the reference point. It should be recognized that this is a resources assessment definition and not a phase behavior definition. (Also called lean gas.)
Economic	A project is economic when it has a positive undiscounted cumulative cash flow from the effective date of the evaluation, the net revenue exceeds the net cost of operation (i.e., positive cumulative net cash flow at discount rate greater than or equal to zero percent).
Economic Interest	Interest that is possessed when an entity has acquired an interest in the minerals in-place or a license and secures, by any form of legal relationship, revenue derived from the extraction of the mineral to which he must look for a return.
Economic Limit	Defined as the time when the maximum cumulative net cash flow (see Net Entitlement) occurs for a project.
Economically Not Viable Contingent Resources	Those quantities for which development projects are not expected to yield positive cash flows under reasonable forecast conditions. May also be subject to additional unsatisfied contingencies.
Economically Viable Contingent Resources	Those quantities associated with technically feasible projects where cash flows are positive under reasonable forecast conditions but are not Reserves because it does not meet the other commercial criteria
Economically Producing	Refers to the situation where the net revenue from an ongoing producing project exceeds the net expenses attributable to a certain entity's interest. The ADR costs are excluded from the determination.
Effective Date	Resource estimates of remaining quantities are "as of the given date" (effective date) of the evaluation. The evaluation must take into account all data related to the period before the "as of date."
Entitlement	That portion of future production (and thus resources) legally accruing to an entity under the terms of the development and production contract or license.
Entity	A legal construct capable of bearing legal rights and obligations. In resources evaluations, this typically refers to the lessee or contractor, which is some form of legal corporation (or consortium of corporations). In a broader sense, an entity can be an organization of any form and may include governments or their agencies.
Established Technology	Methods of recovery or processing that have proved to be successful in commercial applications.

Estimated Ultimate Recovery (EUR)	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable plus those quantities that have been already produced. For clarity, EUR must reference the associated technical and commercial conditions for the resources; for example, proved EUR is Proved Reserves plus prior production.
Evaluation	The geosciences, engineering, and associated studies, including economic analyses, conducted on a petroleum exploration, development, or producing project resulting in estimates of the quantities that can be recovered and sold and the associated cash flow under defined forward conditions. (Also called assessment.)
Evaluator	The person or group of persons responsible for performing an evaluation of a project. These may be employees of the entities that have an economic interest in the project or independent consultants contracted for reviews and audits. In all cases, the entity accepting the evaluation takes responsibility for the results, including its resources and attributed value estimates.
Exploration	Prospecting for undiscovered petroleum using various techniques, such as seismic surveys, geological studies, and exploratory drilling.
Field	In conventional reservoirs, a field is typically an area consisting of a single reservoir or multiple reservoirs all grouped on, or related to, the same individual geological structural feature and/or stratigraphic condition. There may be two or more reservoirs in a field that are separated vertically by intervening impermeable rock, laterally by local geologic barriers, or both. The term may be defined differently by individual regulatory authorities. For unconventional reservoirs without hydrodynamic influences, a field is often defined by regulatory or ownership boundaries as necessary.
Final Investment Decision (FID)	Project approval stage when the participating companies have firmly agreed to the project and the required capital funding.
Flare Gas	The total quantity of gas vented and/or burned as part of production and processing operations (but not as fuel).
Flow Test	An operation on a well designed to demonstrate the existence of recoverable petroleum in a reservoir by establishing flow to the surface and/or to provide an indication of the potential productivity of that reservoir (such as a wireline formation test). May also demonstrate the potential of certain completion techniques, particularly in unconventional reservoirs.
Fluid Contacts	The surface or interface in a reservoir separating two regions characterized by predominant differences in fluid saturations. Because of capillary and other phenomena, fluid saturation change is not necessarily abrupt or complete, nor is the surface necessarily horizontal.
Forecast Case	A descriptor applied to a scenario when production and associated cash-flow estimates are based on those conditions (including costs and product price schedules, inflation indexes, and market factors) forecast by the evaluator to reasonably exist throughout the evaluation life (i.e., defined conditions). Inflation or deflation adjustments are made to costs and revenues over the evaluation period.
Gas Balance	In gas production operations involving multiple working interest owners, maintaining a statement of volumes attributed to each, depending on each owner's portion received. Imbalances may occur that must be monitored over time and eventually balanced in accordance with accepted accounting procedures.
Gas Cap Gas	Free natural gas that overlies and is in contact with crude oil in the reservoir. It is a subset of associated gas.

Gas Hydrates	Naturally occurring crystalline substances composed of water and gas, in which a solid water lattice accommodates gas molecules in a cage-like structure or clathrate. At conditions of standard temperature and pressure, one volume of saturated methane hydrate will contain as much as 164 volumes of methane gas. Gas hydrates are included in unconventional resources, but the technology to support commercial maturity has yet to be developed.
Gas/Oil Ratio	Ratio that is calculated using measured natural gas and crude oil volumes at stated conditions. The gas/oil ratio may be the solution gas/oil ratio, R_s ; produced gas/oil ratio, R_p ; or another suitably defined ratio of gas production to oil production.
Geostatistical Methods	A variety of mathematical techniques and processes dealing with the collection, methods, analysis, interpretation, and presentation of large quantities of geoscience and engineering data to (mathematically) describe the variability and uncertainties within any reservoir unit or pool, specifically related here to resources estimates.
High Estimate	With respect to resources categorization, this is considered to be an optimistic estimate of the quantity that will actually be recovered from an accumulation by a project. If probabilistic methods are used, there should be at least a 10% probability (P10) that the quantities actually recovered will equal or exceed the high estimate.
Hydrates	See Gas Hydrates.
Hydrocarbons	Hydrocarbons are chemical compounds consisting wholly of hydrogen and carbon molecules.
Improved Recovery	The extraction of additional petroleum, beyond primary recovery, from naturally occurring reservoirs by supplementing the natural forces in the reservoir. It includes waterflooding and gas injection for pressure maintenance, secondary processes, tertiary processes, and any other means of supplementing natural reservoir recovery processes. Improved recovery also includes thermal and chemical processes to improve the in-situ mobility of viscous forms of petroleum. (Also called enhanced recovery.)
Injection	The forcing, pumping, or natural flow of substances into a porous and permeable subsurface rock formation. Injected substances can include either gases or liquids.
Justified for Development	A development project that has reasonable forecast commercial conditions at the time of reporting and there are reasonable expectation that all necessary approvals/contracts will be obtained. A project maturity sub-class of Reserves.
Kerogen	The naturally occurring, solid, insoluble organic material that occurs in source rocks and can yield oil upon heating. Kerogen is also defined as the fraction of large chemical aggregates in sedimentary organic matter that is insoluble in solvents (in contrast, the fraction that is soluble in organic solvents is called bitumen). (See also Oil Shales.)
Known Accumulation	An accumulation that has been discovered.
Lead	A project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and/or evaluation to be classified as a Prospect. A project maturity sub-class of Prospective Resources.

Learning Curve	Demonstrated improvements over time in performance of a repetitive task that results in efficiencies in tasks to be realized and/or in reduced time to perform and ultimately in cost reductions.
Likelihood	Likelihood (the estimated probability or chance) is equal (1- risk). (See Probability and Risk.)
Low/Best/High Estimates	Reflects the range of uncertainty as a reasonable range of estimated potentially recoverable quantities.
Low Estimate	With respect to resources categorization, this is a conservative estimate of the quantity that will actually be recovered from the accumulation by a project. If probabilistic methods are used, there should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the low estimate.
Lowest Known Hydrocarbons (LKH)	The deepest documented occurrence of a producible hydrocarbon accumulation as interpreted from well log, flow test, pressure measurement, core data, or other conclusive and reliable evidence.
Market	A consumer or group of consumers of a product that has been obtained through purchase, barter, or contractual terms.
Marketable Quantities	Those quantities of hydrocarbons that are estimated to be producible from petroleum accumulations and that will be consumed by the market. (Also referred to as marketable products.)
Mean	The sum of a set of numerical values divided by the number of values in the set.
Measurement	The process of establishing quantity (volume, mass, or energy content) and quality of petroleum products delivered to a reference point under conditions defined by delivery contract or regulatory authorities.
Mineral Lease	An agreement in which a mineral owner (lessor) grants an entity (lessee) rights. Such rights can include (1) a fee ownership or lease, concession, or other interest representing the right to extract oil or gas subject to such terms as may be imposed by the conveyance of the lease; (2) royalty interests, production payments payable in oil or gas, and other non-operating interests in properties operated by others; and/or (3) those agreements with foreign governments or authorities under which a reporting entity participates in the operation of the related properties or otherwise serves as producer of the underlying reserves (as opposed to being an independent purchaser, broker, dealer, or importer).
Monte Carlo Simulation	A type of stochastic mathematical simulation that randomly and repeatedly samples input distributions (e.g., reservoir properties) to generate a resulting distribution (e.g., recoverable petroleum quantities).
Multi-Scenario Method	An extension of the deterministic scenario method. In this case, a significant number of discrete deterministic scenarios are developed by the evaluator, with each scenario leading to a single deterministic outcome. Probabilities may be assigned to each discrete input assumption from which the probability of the scenario can be obtained; alternatively, each outcome may be assumed to be equally likely.

Natural Bitumen	The portion of petroleum that exists in the semi-solid or solid phase in natural deposits. In its natural state, it usually contains sulfur, metals, and other non- hydrocarbons. Natural bitumen has a viscosity greater than 10,000 mPa·s (or 10,000 cp) measured at original temperature in the deposit and atmospheric pressure, on a gas free basis. In its natural viscous state, it is not normally recoverable at commercial rates through a well and requires the implementation of improved recovery methods such as steam injection. Natural bitumen generally requires upgrading before normal refining.
Natural Gas	Portion of petroleum that exists either in the gaseous phase or is in solution in crude oil in a reservoir, and which is gaseous at atmospheric conditions of pressure and temperature. Natural gas may include some amount of non- hydrocarbons.
Natural Gas Liquids (NGLs)	A mixture of light hydrocarbons that exist in the gaseous phase in the reservoir and are recovered as liquids in gas processing plants. NGLs differ from condensate in two principal respects: (1) NGLs are extracted and recovered in gas plants rather than lease separators or other lease facilities, and (2) NGLs include very light hydrocarbons (ethane, propane, or butanes) as well as the pentanes-plus that are the main constituents of condensates.
Net Entitlement	That portion of future production (and thus resources) legally accruing to an entity under the terms of the development and production contract or license. Under the terms of PSCs, the producers have an entitlement to a portion of the production. This entitlement, often referred to as "net entitlement" or "net economic interest" is estimated using a formula based on the contract terms incorporating costs and profits.
Net Pay	The portion (after applying cutoffs) of the thickness of a reservoir from which petroleum can be produced or extracted. Value is referenced to a true vertical thickness measured.
Net Revenue Interest	An entity's revenue share of petroleum sales after deduction of royalties or share of production owing to others under applicable lease and fiscal terms. (See also Entitlement and Net Entitlement)
Netback Calculation	Term used in the hydrocarbon product price determination at reference point to reflect the revenue of one unit of sales after the costs associated with bringing the product to a market (e.g., transportation and processing) are removed.
Non-Hydrocarbon Gas	Associated gases such as nitrogen, carbon dioxide, hydrogen sulfide, and helium that are present in naturally occurring petroleum accumulations.
Non-Sales	That portion of estimated recoverable or produced quantities that will not be included in sales as contractually defined at the reference point. Non-sales include quantities CiO, flare, and surface losses, and may include non- hydrocarbons.
Oil Sands	Sand deposits highly saturated with natural bitumen. Also called "tar sands." Note that in deposits such as the western Canada oil sands, significant quantities of natural bitumen may be hosted in a range of lithologies, including siltstones and carbonates.
Oil Shales	Shale, siltstone, and marl deposits highly saturated with kerogen. Whether extracted by mining or in-situ processes, the material must be extensively processed to yield a marketable product (synthetic crude oil). (Often called kerogen shale.)

On Production	A project maturity sub-class of Reserves that reflects the operational execution phase of one or multiple development projects with the Reserves currently producing or capable of producing. Includes Developed Producing and Developed Non-Producing Reserves.
Overlift/Underlift	Production entitlements received that vary from contractual terms resulting in overlift or underlift positions. This can occur in annual records because of the necessity for companies to lift their entitlement in parcel sizes to suit the available shipping schedules as agreed upon by the parties. At any given financial year- end, a company may be in overlift or underlift. Based on the production matching the company's accounts, production should be reported in accord with and equal to the liftings actually made by the company during the year and not on the production entitlement for the year.
P1	Denotes Proved Reserves. P1 is equal to 1P.
P2	Denotes Probable Reserves.
P3	Denotes Possible Reserves.
Penetration	The intersection of a wellbore with a reservoir.
Petroleum	Defined as a naturally occurring mixture consisting of hydrocarbons in the gaseous, liquid, or solid phase. Petroleum may also contain non-hydrocarbon compounds, common examples of which are carbon dioxide, nitrogen, hydrogen sulfide, and sulfur. In rare cases, non-hydrocarbon content of petroleum can be greater than 50%.
Petroleum Initially-in-Place (PIIP)	The total quantity of petroleum that is estimated to exist originally in naturally occurring reservoirs, as of a given date. Crude oil in-place, natural gas in-place, and natural bitumen in-place are defined in the same manner.
Pilot Project	A small-scale test or trial operation used to assess technology, including recovery processes, for commercial application in a specific reservoir.
Play	A project associated with a prospective trend of potential prospects, but which requires more data acquisition and/or evaluation to define specific Leads or Prospects. A project maturity sub-class of Prospective Resources.
Pool	An individual and separate accumulation of petroleum in a reservoir within a field.
Possible Reserves	An incremental category of estimated recoverable quantities associated with a defined degree of uncertainty. Possible Reserves are those additional reserves that 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), which is equivalent to the high estimate scenario. When probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate.
Primary Recovery	The extraction of petroleum from reservoirs using only the natural energy available in the reservoirs to move fluids through the reservoir rock to other points of recovery.
Probability	The extent to which an event is likely to occur, measured by the ratio of the favorable cases to the whole number of cases possible. PRMS convention is to quote cumulative probability of exceeding or equaling a quantity where P90 is the small estimate and P10 is the large estimate. (See also Uncertainty.)

Probabilistic Method	The method of estimation of resources is called probabilistic when the known geoscience, engineering, and economic data are used to generate a continuous range of estimates and their associated probabilities.
Probable Reserves	An incremental category of estimated recoverable quantities associated with a defined degree of uncertainty. Probable Reserves are those additional Reserves that 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 Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.
Production	The cumulative quantities of petroleum that have been recovered at a given date. Production can be reported in terms of the sales product specifications, but project evaluation requires that all production quantities (sales and non-sales), as measured to support engineering analyses requiring reservoir voidage calculations, are recognized.
Production Forecast	A forecasted schedule of production over time. For Reserves, the production forecast reflects a specific development scenario under a specific recovery process, a certain number and type of wells and particular facilities and infrastructure. When forecasting Contingent or Prospective Resources, more than one project scope (e.g., wells and facilities) is frequently carried to determine the range of the potential project and its uncertainty together with the associated resources defining the low, best, and high production forecasts. The uncertainty in resources estimates associated with a production forecast is usually quantified by using at least three scenarios or cases of low, best, and high, which lead to the resources classifications of, respectively, 1P, 2P, 3P and 1C, 2C, 3C or 1U,2U and 3U.
Production-Sharing Contract (PSC)	A contract between a contractor and a host government in which the contractor typically bears the risk and costs for exploration, development, and production. In return, if exploration is successful, the contractor is given the opportunity to recover the incurred investment from production, subject to specific limits and terms. Ownership of petroleum in the ground is retained by the host government; however, the contractor normally receives title to the prescribed share of the quantities as they are produced. (Also termed production-sharing agreement (PSA).
Project	<p>A defined activity or set of activities that provides the link between the petroleum accumulation's resources sub-class and the decision-making process, including budget allocation. A project may, for example, constitute the development of a single reservoir or field, an incremental development in a larger producing field, or the integrated development of a group of several fields and associated facilities (e.g. compression) with a common ownership. In general, an individual project will represent a specific maturity level (sub-class) at which a decision is made on whether or not to proceed (i.e., spend money), suspend, or remove.</p> <p>There should be an associated range of estimated recoverable resources for that project. (See also Development Plan.)</p>
Property	A defined portion of the Earth's crust wherein an entity has contractual rights to extract, process, and market specified in-place minerals (including petroleum). In general, defined as an area but may have depth and/or stratigraphic constraints. May also be termed a lease, concession, or license.

Prospect	A project associated with an undrilled potential accumulation that is sufficiently well defined to represent a viable drilling target. A project maturity sub-class of Prospective Resources.
Prospective Resources	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects.
Proved Reserves	An incremental category of estimated recoverable quantities associated with a defined degree of uncertainty. Proved Reserves are those quantities of petroleum that, 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% probability that the quantities actually recovered will equal or exceed the estimate.
Pure Service Contract	Agreement between a contractor and a host government that typically covers a defined technical service to be provided or completed during a specific time period. The service company investment is typically limited to the value of equipment, tools, and expenses for personnel used to perform the service. In most cases, the service contractor's reimbursement is fixed by the contract's terms with little exposure to either project performance or market factors. No Reserves or Resources can be attributed to these activities.
Qualified Reserves Auditor	A reserves evaluator who (1) has a minimum of ten years of practical experience in petroleum engineering or petroleum production geology, with at least five years of such experience being in responsible charge of the estimation and evaluation of Reserves information; and (2) either (a) has obtained from a college or university of recognized stature a bachelor's or advanced degree in petroleum engineering, geology, or other discipline of engineering or physical science or (b) has received, and is maintaining in good standing, a registered or certified professional engineer's license or a registered or certified professional geologist's license, or the equivalent, from an appropriate governmental authority or professional organization. (see SPE 2007 "Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information")
Qualified Reserves Evaluator	A reserves evaluator who (1) has a minimum of five years of practical experience in petroleum engineering or petroleum production geology, with at least three years of such experience being in the estimation and evaluation of Reserves information; and (2) either (a) has obtained from a college or university of recognized stature a bachelor's or advanced degree in petroleum engineering, geology, or other discipline of engineering or physical science or (b) has received, and is maintaining in good standing, a registered or certified professional engineer's license or a registered or certified professional geologist's license, or the equivalent, from an appropriate governmental authority or professional organization. (modified from SPE 2007 "Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information")
Range of Uncertainty	The range of uncertainty of the in-place, recoverable, and/or potentially recoverable quantities; may be represented by either deterministic estimates or by a probability distribution. (See Resources Categories.)
Raw Production	All components, whether hydrocarbon or other, produced from the well or extracted from the mine (hydrocarbons, water, impurities such as non-hydrocarbon gases, etc.).

Reasonable Certainty	If deterministic methods for estimating recoverable resources quantities are used, then reasonable certainty is intended to express a high degree of confidence that the estimated quantities will be recovered. Typically attributed to Proved Reserves or 1C Resources quantities.
Reasonable Expectation	Indicates a high degree of confidence (low risk of failure) that the project will proceed with commercial development or the referenced event will occur. (Differs from reasonable certainty, which applies to resources quantity technical confidence, while reasonable expectation relates to commercial confidence.)
Recoverable Resources	Those quantities of hydrocarbons that are estimated to be producible by the project from either discovered or undiscovered accumulations.
Recovery Efficiency	A numeric expression of that portion (expressed as a percentage) of in-place quantities of petroleum estimated to be recoverable by specific processes or projects, most often represented as a percentage. It is estimated using the recoverable resources divided by the hydrocarbons initially in-place. It is also referenced to timing; current and ultimate (or estimated ultimate) are descriptors applied to reference the stage of the recovery. (Also called recovery factor.)
Reference Point	A defined location within a petroleum extraction and processing operation where quantities of produced product are measured under defined conditions before custody transfer (or consumption). Also called point of sale, terminal point, or custody transfer point.
Report	The presentation of evaluation results within the entity conducting the assessment. Should not be construed as replacing requirements for public disclosures under guidelines established by regulatory and/or other government agencies.
Reserves	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 satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of a given date) based on the development project(s) applied.
Reservoir	A subsurface rock formation that contains an individual and separate natural accumulation of petroleum that is confined by impermeable barriers, pressure systems, or fluid regimes (conventional reservoirs), or is confined by hydraulic fracture barriers or fluid regimes (unconventional reservoirs).
Resources	Term used to encompass all quantities of petroleum (recoverable and unrecoverable) naturally occurring in an accumulation on or within the Earth's crust, discovered and undiscovered, plus those quantities already produced. Further, it includes all types of petroleum whether currently considered conventional or unconventional. (See Total Petroleum Initially-in-Place.)
Resources Categories	Subdivisions of estimates of resources to be recovered by a project(s) to indicate the associated degrees of uncertainty. Categories reflect uncertainties in the total petroleum remaining within the accumulation (in-place resources), that portion of the in-place petroleum that can be recovered by applying a defined development project or projects, and variations in the conditions that may impact commercial development (e.g., market availability and contractual changes). The resource quantity uncertainty range within a single resources class is reflected by either the 1P, 2P, 3P, Proved, Probable, Possible, or 1C, 2C, 3C or 1U, 2U, 3U resources categories.

Resources Classes	Subdivisions of resources that indicate the relative maturity of the development projects being applied to yield the recoverable quantity estimates. Project maturity may be indicated qualitatively by allocation to classes and sub-classes and/or quantitatively by associating a project's estimated likelihood of commerciality.
Resources Type	Describes the accumulation and is determined by the combination of the type of hydrocarbon and the rock in which it occurs.
Revenue-Sharing Contract	Contracts that are very similar to the PSCs with the exception of contractor payment in these contracts, the contractor usually receives a defined share of revenue rather than a share of the production.
Risk	The probability of loss or failure. Risk is not synonymous with uncertainty. Risk is generally associated with the negative outcome, the term "chance" is preferred for general usage to describe the probability of a discrete event occurring.
Risk and Reward	Risk and reward associated with oil and gas production activities are attributed primarily from the variation in revenues cause by technical and economic risks. The exposure to risk in conjunction with entitlement rights is required to support an entity's resources recognition. Technical risk affects an entity's ability to physically extract and recover hydrocarbons and is usually dependent on a number of technical parameters. Economic risk is a function of the success of a project and is critically dependent on cost, price, and political or other economic factors.
Risk Service Contract (RSC)	Agreements that are very similar to the production-sharing agreements in that the risk is borne by the contractor but the mechanism of contractor payment is different. With a RSC, the contractor usually receives a defined share of revenue rather than a share of the production.
Royalty	A type of entitlement interest in a resource that is free and clear of the costs and expenses of development and production to the royalty interest owner. A royalty is commonly retained by a resources owner (lessor/host) when granting rights to a producer (lessee/contractor) to develop and produce that resource. Depending on the specific terms defining the royalty, the payment obligation may be expressed in monetary terms as a portion of the proceeds of production or as a right to take a portion of production in-kind. The royalty terms may also provide the option to switch between forms of payment at discretion of the royalty owner.
Sales	The quantity of petroleum and any non-hydrocarbon product delivered at the custody transfer point (reference point) with specifications and measurement conditions as defined in the sales contract and/or by regulatory authorities.
Shale Gas	Although the terms shale gas and tight gas are often used interchangeably in public discourse, shale formations are only a subset of all low-permeability tight formations, which include sandstones and carbonates, as well as shales, as sources of tight gas production
Shale Oil	Although the terms shale oil and tight oil are often used interchangeably in public discourse, shale formations are only a subset of all low-permeability tight formations, which include sandstones and carbonates, as well as shales, as sources of tight oil production
Shut-In Resources	Resources planned to be recovered from (1) completion intervals that are open at the time of the estimate, but which have not started producing; (2) wells that were shut-in for market conditions or pipeline connections; or (3) wells not capable of production for mechanical reasons that can be remediated at a limited cost compared to the cost of the well.

Split Classification	A single project should be uniquely assigned to a sub-class along with its uncertainty range, For example, a project cannot have quantities categorized as 1C, 2P, and 3P. This is referred to as "split classification." If there are differing commercial conditions, separate sub-classes should be defined.
Split Conditions	The uncertainty in recoverable quantities is assessed for each project using resources categories. The assumed commercial conditions are associated with resource classes or sub-classes and not with the resources categories. For example, the product price assumptions are those assumed when classifying projects as Reserves, and a different price would not be used for assessing Proved versus Probable reserves. That would be referred to as "split conditions."
Stochastic	Adjective defining a process involving or containing a random variable or variables or involving likelihood or probability, such as a stochastic simulation.
Sub-Commercial	A project subdivision that is applied to discovered resources that occurs if either the technical or commercial maturity conditions of project have not yet been achieved. A project is sub-commercial if the degree of commitment is such that the accumulation is not expected to be developed and placed on production within a reasonable time-frame. Sub-commercial projects are classified as Contingent Resources.
Sunk Cost	Money spent before the effective date and that cannot be recovered by any future action. Sunk costs are not relevant to future business decisions because the cost will be the same regardless of the outcome of the decision. Sunk costs differ from committed (obligated) costs, where there is a firm and binding agreement to spend specified amounts of money at specific times in the future (i.e., after the effective date).
Synthetic Crude Oil	A mixture of hydrocarbons derived by upgrading (i.e., chemically altering) natural bitumen from oil sands, kerogen from oil shales, or processing of other substances such as natural gas or coal. Synthetic crude oil may contain sulfur or other non-hydrocarbon compounds and has many similarities to crude oil.
Taxes	Obligatory contributions to the public funds, levied on persons, property, or income by governmental authority.
Technical Forecast	The forecast of produced resources quantities that is defined by applying only technical limitations (i.e., well-flow-loading conditions, well life, production facility life, flow-limit constraints, facility uptime, and the facility's operating design parameters). Technical limitations do not take into account the application of either an economic or license cut-off. (See also Technically Recoverable Resources).
Technical Uncertainty	Indication of the varying degrees of uncertainty in estimates of recoverable quantities influenced by the range of potential in-place hydrocarbon resources within the reservoir and the range of the recovery efficiency of the recovery project being applied.
Technically Recoverable Resources	Those quantities of petroleum producible using currently available technology and industry practices, regardless of commercial or accessibility considerations.
Technology Under Development	Technology that is currently under active development and that has not been demonstrated to be commercially viable. There should be sufficient direct evidence (e.g., a test project/pilot) to indicate that the technology may reasonably be expected to be available for commercial application.

Tight Gas	Gas that is trapped in pore space and fractures in very low-permeability rocks and/or by adsorption on kerogen, and possibly on clay particles, and is released when a pressure differential develops. It usually requires extensive hydraulic fracturing to facilitate commercial production. Shale gas is a sub-type of tight gas.
Tight Oil	Crude oil that is trapped in pore space in very low-permeability rocks and may be liquid under reservoir conditions or become liquid at surface conditions. Extensive hydraulic fracturing is invariably required to facilitate commercial maturity and economic production. Shale oil is a sub-type of tight oil.
Total Petroleum Initially-in-Place	All estimated quantities of petroleum that are estimated to exist originally in naturally occurring accumulations, discovered and undiscovered, before production.
Uncertainty	The range of possible outcomes in a series of estimates. For recoverable resources assessments, the range of uncertainty reflects a reasonable range of estimated potentially recoverable quantities for an individual accumulation or a project. (See also Probability.)
Unconventional Resources	Unconventional resources exist in petroleum accumulations that are pervasive throughout a large area and lack well-defined OWC or GWC (also called "continuous-type deposits"). Such resources cannot be recovered using traditional recovery projects owing to fluid viscosity (e.g., oil sands) and/or reservoir permeability (e.g., tight gas/oil/CBM) that impede natural mobility. Moreover, the extracted petroleum may require significant processing before sale (e.g., bitumen upgraders).
Undeveloped Reserves	Those quantities expected to be recovered through future investments: (1) from new wells on undrilled acreage in known accumulations, (2) from deepening existing wells to a different (but known) reservoir, (3) from infill wells that will increase recovery, or (4) where a relatively large expenditure (e.g., when compared to the cost of drilling and completing a new well) is required to recomplete an existing well.
Undiscovered Petroleum Initially-in-Place	That quantity of petroleum estimated, as of a given date, to be contained within accumulations yet to be discovered.
Unrecoverable Resources	Those quantities of discovered or undiscovered PIIP that are assessed, as of a given date, to be unrecoverable by the currently defined project(s). A portion of these quantities may become recoverable in the future as commercial circumstances change, technology is developed, or additional data are acquired. The remaining portion may never be recovered owing to physical/chemical constraints represented by subsurface interaction of fluids and reservoir rocks.
Upgrader	A general term applied to processing plants that convert extra-heavy crude oil and natural bitumen into lighter crude and less viscous synthetic crude oil. While the detailed process varies, the underlying concept is to remove carbon through coking or to increase hydrogen by hydrogenation processes using catalysts.
Wet Gas	Natural gas from which no liquids have been removed before the reference point. The wet gas is accounted for in resources assessments, and there is no separate accounting for contained liquids. It should be recognized that this is a resources assessment definition and not a phase behaviour definition.
Working Interest	An entity's equity interest in a project before reduction for royalties or production share owed to others under the applicable fiscal terms.

Appendix 3: Nomenclature

(where not already described in Appendix 2)

3D	three-dimensional
ABEX	abandonment cost
API	American Petroleum Institute
BH	bottom hole
Bo	oil formation volume factor, in rb/stb
CO₂	carbon dioxide
cm	centimetres
CoP	cessation of production
cp or cP	centipoise
CPI	computer processed interpretation
d	day
DST	drill stem test
ELT	economic limit or economic limit test
ESP	electric submersible pump
EU ETS	European Union Emissions Trading Scheme
FDP	field development plan
FDPA	field development plan amendment
FPSO	floating production storage and offloading vessel
ft	feet
GCOS	geological chance of success
GRV	gross rock volume
kh	permeability thickness
km	kilometres
m	metre
M MM	thousands and millions respectively
md or mD	millidarcy
MDT	modular dynamic tester
NPV xx	net present value at xx discount rate
NTG	net to gross ratio
ODT	oil down to
OPEX	operating cost
OWC	oil water contact

P*	extrapolated initial pressure, derived from well test analysis
PBU	pressure build-up
PI	productivity index, in stb/d/psi for oil or MMscf/d/psi or Mscf/d/psi for gas
ppm	parts per million
psi	pressure, measured in pounds per square inch
psia	absolute pressure, measured in pounds per square inch
PVT	pressure volume temperature experiment
rb	reservoir barrels
RFT	repeat formation tester
s	seconds
SCAL	special core analysis
scf	standard cubic feet measured at 14.7 pounds per square inch and 60 degrees Fahrenheit
stb	stock tank barrel (42 US gallons measured at 14.7 pounds per square inch and 60 degrees Fahrenheit)
STOIIP	stock tank oil initially in place
TVDSS	true vertical depth sub-sea
TWT	two way time
WOR	water oil ratio

