

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. This Document should be read in its entirety. If you are in any doubt about the contents of this Document or as to the action you should take, you should immediately seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent financial adviser (being in the case of persons resident in Ireland, an organisation or firm authorised under the European Union (Markets in Financial Instruments) Regulations 2017 (S.I. No. 375 of 2017) of Ireland or authorised or exempted pursuant to the Investment Intermediaries Act 1995 (as amended) of Ireland and, in the case of persons resident in the UK, an organisation or firm authorised pursuant to the Financial Services and Markets Act 2000 of the United Kingdom ("FSMA")).

If you have sold or otherwise transferred all of your Existing Ordinary Shares, please forward this Document at once, together with the accompanying Form of Proxy, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. If you have sold or transferred some of your Existing Ordinary Shares, you should consult with the stockbroker, bank or other agent through whom the sale or transfer was effected.

This Document comprises an AIM admission document in relation to AIM, a market operated by the London Stock Exchange ("AIM"), and has been drawn up in accordance with the AIM Rules for Companies. This Document has been prepared in connection with the proposed application for admission of the Initially Enlarged Ordinary Share Capital to trading on AIM.

Shareholders should note that this Document does not contain an offer of securities to the public within the meaning of European Union (Prospectus) Regulations 2019 (S.I. No. 380/2019) of Ireland (the "Prospectus Regulations"), the FSMA, the Companies Act 2014 (as amended) of Ireland and/or the Companies Act, 2006 is not and should not be construed as a prospectus or a prospectus equivalent document within the meaning of the Prospectus Regulations, has not been prepared in accordance with the Prospectus Regulation (EU) 2017/1129 on prospectuses or any measures made under that Regulation, the Prospectus Regulations or of any EU Member State or EEA Treaty adherent State that transpose or implement that Regulation or those measures, has not been reviewed, prior to its being issued, by any regulatory authority in Ireland or in any other EU Member State or EEA Treaty adherent State, and therefore may not contain all the information required where a document is prepared pursuant to that Directive or those laws, and, is a shareholder circular and is being sent solely for your information in connection with the Resolutions to be proposed at the Extraordinary General Meeting of the Company. This Document does not constitute an offer or any part of an offer of transferable securities to the public within the meaning of section 102B of the FSMA or otherwise. Accordingly, this Document does not constitute a prospectus for the purposes of section 85 of the FSMA or otherwise, and has not been drawn up in accordance with the Prospectus Regulation Rules or filed with the FCA or any other competent authority.

Application will be made for the Initially Enlarged Ordinary Share Capital to be admitted to trading on AIM. No application will be made for the Preference Shares to be admitted to trading on AIM or any other market or stock exchange. The Existing Ordinary Shares are admitted to trading on AIM and are not dealt on any other recognised investment exchange and no application has been made or is being made for the Existing Ordinary Shares or New Ordinary Shares or the Preference Shares to be admitted to any such exchange. Subject to execution and completion of the Eroton OML 18 Transactions and the MLPL Reorganisation it is expected that Re-Admission will become effective and that trading in the Initially Enlarged Ordinary Share Capital will commence on AIM by or during Q4 2022. It is emphasised that the Sahara OML 18 Acquisition Agreement has been negotiated but it is not expected to be entered into until after the New Eroton Debt Facilities have been entered into and the funds are available and whilst the Bilton OML 18 Acquisition Agreement has been executed, subject to certain conditions, they are dependent on, amongst other things, the New Eroton Debt Facilities being entered into and becoming unconditional and being drawn down. Furthermore, the New Eroton Debt Facilities have not been entered into and once entered into will be subject to additional conditions to drawdown which will have to be satisfied prior to utilisation of the facilities and for entry into and completion of the Sahara OML 18 Transaction and the Bilton OML 18 Transaction. These matters require actions by third parties and are not under the Company's control. Only once the Eroton OML 18 Transactions complete and the other conditions to the MLPL Reorganisation have been satisfied will the Company be able to proceed with the MLPL Reorganisation and Re-Admission, which themselves are subject to certain conditions. There can therefore be no guarantee that the MLPL Reorganisation and Re-Admission will occur.

The Directors, whose names appear on page 7 of this Document, and the Company accept responsibility both individually and collectively in accordance with the AIM Rules for Companies for the information contained in this Document. 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 makes no omission likely to affect its import.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger and more established companies. AIM securities are not admitted to the Official List of the Financial Conduct Authority (the "FCA"). A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on 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.

Neither the FCA nor any regulatory authority or stock exchange in Ireland or in any other EU Member State or EEA Treaty adherent state has itself examined or approved the content of this Document. It is emphasised that no application is being made for admission of the Existing Ordinary Shares or New Ordinary Shares or the Preference Shares to the Official List of the FCA. The AIM Rules for Companies are less demanding than those of the Official List of the FCA. Your attention is drawn to the Risk Factors set out in Part 4 of this Document, which should be read in its entirety. The whole of this Document should be read in light of these risk factors.



San Leon Energy plc

(incorporated in Ireland with limited liability under the Companies Acts, 1963 to 1990 with registration number 237825)

Proposed Midwestern Reorganisation comprising the MLPL Reorganisation and the ELI Reorganisation

Proposed Further ELI Investments

Adoption of New Memorandum and Articles of Association

Proposed subdivision of Existing Ordinary Shares into New Ordinary Shares and Preference Shares

Re-Admission of the New Ordinary Shares to trading on AIM following the MLPL Reorganisation and satisfaction of conditions precedent

and

Notice of Extraordinary General Meeting

Nominated Adviser, Joint Financial Adviser

and Joint Broker

Allenby Capital Limited

Joint Financial Adviser

Hannam & Partners

Allenby Capital Limited ("Allenby Capital"), which is authorised and regulated in the UK by the FCA, is acting as the Company's Nominated Adviser, Joint Financial Adviser and Joint Broker. Allenby Capital's 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. Allenby Capital is acting exclusively for the Company and no one else in connection with the Re-Admission and will not regard any other person (whether or not a recipient of this Document) as a client in relation to the Re-Admission and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Allenby Capital or for providing advice in relation to the Re-Admission or any other matters referred to in this Document.

H&P Advisory Limited ("Hannam & Partners"), which is authorised and regulated in the UK by the FCA, is acting as Joint Financial Adviser to the Company. Hannam & Partners is acting exclusively for the Company and for no one else. Hannam & Partners will not regard any other person (whether or not a recipient of this Document) as its customer in relation to the Re-Admission and will not be responsible to any other person for providing the protections afforded to customers of Hannam & Partners or for providing advice in relation to the Re-Admission or any transaction or arrangement referred to in this Document.

A notice convening an Extraordinary General Meeting to be held at the Herbert Park Hotel, Ballsbridge, Dublin 4, D04 R2T2, Ireland at 11:30 am on 5 August 2022 is set out at the end of this Document. The accompanying Form of Proxy for use at the Extraordinary General Meeting should be completed and returned to the Company at Computershare Investor Services (Ireland) Limited, 3100 Lake Drive, Citywest Business Campus, Dublin 24, D24 AK82, Ireland as soon as possible and to be valid must arrive by no less than 48 hours prior to the time appointed for the EGM. Please refer to the additional information in Part 13 of this Document. However, please note that persons holding shares through the Euroclear Bank or CREST (via CDI) systems must also comply with any additional voting deadlines imposed by the Euroclear Bank system (expected to be 10:30 am (Irish Time) on 3 August 2022) and the Broadridge system (expected to be two business days prior to Euroclear Bank's voting instruction deadline. All persons affected are recommended to consult with their stockbroker or other intermediary at the earliest opportunity for further information on the processes and timelines for submitting proxy votes for the EGM through the respective systems.

The completion and return of a Form of Proxy will not preclude you from attending and voting in person at the Extraordinary General Meeting, or any adjournment thereof, should you wish to do so.

Further instructions on how to appoint a proxy are set out in the notes to the Notice of EGM and on the Form of Proxy.

Copies of this Document will be available free of charge during normal business hours on any weekday (except Saturdays, Sundays and public holidays) at the offices of the Company, 3300 Lake Drive, Citywest Business Campus, Dublin 24, Ireland D24 TD21 and at the Company's website, www.sanleoneenergy.com from the date of this Document until the date which is one month from the date of Re-Admission, except that this Document will not be available to residents in, and should not be forwarded or transmitted into, any jurisdiction where doing so may constitute a violation of local securities law.

IMPORTANT INFORMATION

None of the Existing Ordinary Shares, the New Ordinary Shares nor the Preference Shares have been and they will not be registered under the US Securities Act of 1933 (the "Securities Act") or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. There will be no public offer of the Existing Ordinary Shares, the New Ordinary Shares or the Preference Shares in the United States or elsewhere. The New Ordinary Shares and the Preference Shares are not being offered and sold outside the United States in offshore transactions as such terms are defined in, and in reliance on, Regulation S under the Securities Act. None of the Existing Ordinary Shares, the New Ordinary Shares nor the Preference Shares have been approved or disapproved by the US Securities and Exchange Commission (the "SEC"), any state securities commission in the United States or any United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of Existing Ordinary Shares, the New Ordinary Shares or the Preference Shares or the accuracy or adequacy of this Document. Any representation to the contrary is a criminal offence in the United States.

This Document is not being and may not be, directly or indirectly, mailed, transmitted or otherwise forwarded, distributed or sent, in whole or in part, in or into the United States and persons receiving this Document (including brokers, custodians, trustees and other nominees) must not, directly or indirectly, mail, transmit or otherwise forward, distribute or send this Document in or into the United States. None of the Existing Ordinary Shares, the New Ordinary Shares nor the Preference Shares have been and they will not be registered or qualified for distribution to the public under the securities legislation of any province or territory of Australia, Canada, Japan or South Africa or in any country, territory or jurisdiction where to do so may contravene local securities laws or regulations. Accordingly, none of the Existing Ordinary Shares, the New Ordinary Shares and the Preference Shares may, subject to certain exemptions, be offered or sold directly or indirectly in or into, or to any national, citizen, or resident of Australia, Canada, Japan or South Africa.

The distribution of this Document in or into other jurisdictions other than Ireland and the United Kingdom may be restricted by law and therefore persons into whose possession this Document comes, should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions. This Document is being sent into Australia, Canada, Japan and South Africa only to Shareholders for information in connection with the EGM and does not constitute an offer to sell, or a solicitation of an offer to buy, Existing Ordinary Shares, New Ordinary Shares or Preference Shares to or from any Shareholder in Australia, Canada, Japan or South Africa.

FORWARD-LOOKING STATEMENTS

This Document contains (or may contain) certain forward-looking statements with respect to the Company, the Group and the Enlarged Group and certain of the current plans, goals and expectations relating to its future financial condition and performance which involve a number of risks and uncertainties. The Company cautions that no forward-looking statements are a guarantee of future performance and that actual results could differ materially from those contained in such forward-looking statements.

Forward-looking statements sometimes use words such as "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "proposes to", "goal", "believe", "will", "would", "could", or other words of similar meaning.

By their nature, forward-looking statements involve known and unknown risk and uncertainty because they relate to future events and circumstances, including, but not limited to, economic and business conditions, the effects of continued volatility in credit markets, market-related risks such as changes in the price of oil and/or gas or changes in interest rates and foreign exchange rates, the policies and actions of governmental and regulatory authorities, changes in legislation, the further development of standards and interpretations under International Financial Reporting Standards ("IFRS") applicable to past, current and future periods, evolving practices as regards the interpretation and application of standards under the IFRS, the outcome of pending and future litigation or regulatory investigations, the success of future exploration, acquisitions and other strategic transactions and the impact of competition. A number of these factors are beyond the Company's control. As a result, the Company's, the Group's or the Enlarged Group's actual future results may differ materially from the plans, goals and expectations set forth in the forward-looking statements. If one or more of these risks or uncertainties materialises, or if underlying assumptions prove incorrect, the Company's, the Group's or the Enlarged Group's actual results may vary materially from those expected, estimated or projected. Given these risks and uncertainties, Shareholders or prospective investors should not place any reliance on forward-looking statements.

Any forward-looking statements made in this Document by or on behalf of the Company, the Group's or the Enlarged Group speak only as at the date they are made. Except as required by the FCA, the London Stock Exchange or applicable law, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this Document to reflect any changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances upon which any such statement is based.

BASIS ON WHICH INFORMATION IS PRESENTED

Various figures and percentages in tables in this Document, including financial information, have been rounded and accordingly may not total exactly. As a result of this rounding, the totals of data presented in this Document may vary slightly from the actual arithmetical totals of such data.

NO INCORPORATION OF WEBSITE INFORMATION

The contents of the Company's website, any website mentioned in this Document or any website directly or indirectly linked to these websites have not been verified and do not form part of this Document and prospective investors should not rely on such information.

TECHNICAL INFORMATION AND EXTRACTION OF INFORMATION FROM THE COMPETENT PERSON'S REPORT

This Document contains cross-references to information contained in the Competent Person's Report set out in Part 7 of this Document. The Company confirms that the information which has been extracted from the Competent Person's Report has been accurately reproduced and that so far as the Company is aware and is able to ascertain from the Competent Person's Report, no facts have been omitted which would render the extracts inaccurate or misleading. PetroVision, the Competent Person, has reviewed the information contained in this Document which relates to information contained in the respective Competent Person's Report and has confirmed in writing to the Company, and Allenby Capital, that the information presented is accurate, balanced and complete and not inconsistent with the Competent Person's Report. Reserve and resource classification, a glossary of terms, reserve and resource definitions and abbreviations sections are contained within the Competent Person's Report on pages 239 to 243 of this Document, which relate to certain terms used in the Competent Person's Report.

In order to conform to the AIM Note for Mining, Oil & Gas Companies (June 2009) published by the London Stock Exchange, PetroVision has compiled the Competent Person's Report to conform with Petroleum Resources Management System (PRMS) (2018) and the PRMS Guidelines (2011) sponsored by the Society of Petroleum Engineers (SPE), The American Association of Petroleum Geologists (AAPG), The World Petroleum Congress (WPC) and the Society of Petroleum Evaluation Engineers (SPEE).

REFERENCES TO DEFINED TERMS

Certain terms used in this Document are defined and certain technical and other terms used in this Document are explained at the sections of this Document under the heading "Definitions" and "Glossary of terms".

PRESENTATION OF MARKET AND OTHER DATA

Market and economic data used throughout this Document are sourced from various independent sources. The Company and the Directors confirm that such data has been accurately reproduced and, so far as they are aware and are able to ascertain from information published from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

COVID-19 NOTICE

While we expect the EGM to proceed as planned on 5 August 2022, the health and safety of our shareholders, colleagues and advisers is a primary concern for the Company and its Board, who are closely monitoring developments relating to the COVID-19 pandemic ("COVID-19") and guidance issued by the Government of Ireland in relation to COVID-19. We will take all recommendations and applicable law into account in the conduct of the EGM. Shareholder participation and engagement remain important to the Company and we note the ongoing risk of the COVID-19 pandemic.

The Company continues to monitor the impact of COVID-19 and any relevant updates regarding the conduct of the EGM, including any changes to the arrangements outlined in this Document, will be announced via a Regulatory Information Service and will be available on the website of the Company at www.sanleoneenergy.com. Shareholders should monitor the Company's website for update announcements regarding the EGM in the event that circumstances change. Shareholders are also encouraged to keep up to date with the advice and guidance of the Government of Ireland and the Health Service Executive in relation to COVID-19.

GOVERNING LAW

Unless otherwise stated, statements made in this Document are based on the law and practice currently in force in England and Wales.

The date of this Document is 8 July 2022.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication date of this Document	8 July 2022
Latest time and date for receipt of Forms of Proxy	11:30 am on 3 August 2022
EGM	11:30 am on 5 August 2022
Publication date of the Supplementary Admission Document	Q4 2022
Latest time and date for dealing in the Existing Ordinary Shares on AIM	4:30 pm on the business day prior to Re-Admission
Record date and time for the Subdivision	5:00 pm on the business day prior to Re-Admission
Effective date for the Subdivision	the business day prior to Re-Admission
Share accounts in Euroclear credited (where applicable) with entitlements to the New Ordinary Shares and Preference Shares	8:00 am on the date of Re-Admission
Share certificates (where applicable) for the New Ordinary Shares and Preference Shares dispatched	within 14 days of Re-Admission
Illustrative timing for completion of the Further ELI Investments	Q3 2022
Execution of the New Eroton Debt Facilities, Execution of the Sahara OML 18 Acquisition Agreement	Q3 2022
Illustrative timing for completion of the Eroton OML18 Transactions	Q4 2022
Illustrative timing for completion of the MLPL Reorganisation, issue of the MLPL New Shares, Re-Admission and issue of the Preference Shares	Q4 2022
Illustrative timing for completion of the ELI Reorganisation and ELI Reorganisation Shares Admission	Q4 2022

Notes:

It is emphasised that the MLPL Reorganisation is conditional, amongst other things, on the Eroton OML 18 Transactions being entered into and completing. Whilst the Sahara OML 18 Acquisition Agreement has been negotiated it is not expected to be entered into until after the New Eroton Debt Facilities have been entered into and the funds are available and the Bilton OML 18 Acquisition Agreement has been executed, subject to certain conditions, they are dependent on, inter alia, the New Eroton Debt Facilities being entered into and becoming unconditional and being drawn down. Furthermore, the New Eroton Debt Facilities are subject to definitive documentation being entered into and additional conditions to drawdown which will have to be satisfied prior to utilisation of the facilities and for the entry into and completion of the Sahara OML 18 Transaction and the Bilton OML 18 Transaction. These matters are not under the Company's control. Only once the New Eroton Debt Facilities have been drawn down, the Eroton OML 18 Transactions have been executed and completed and the other conditions to the MLPL Reorganisation have been satisfied will the Company be able to proceed with the MLPL Reorganisation and Re-Admission. There can therefore be no guarantee that the MLPL Reorganisation and Re- Admission will occur.

Accordingly, it should be noted that:

- (i) Each of the times and dates above is subject to change;
- (ii) Any such change and any other material developments in connection with Re-Admission known to the Company will be notified by an announcement on a Regulatory Information Service; and
- (iii) All times referred to in this Document are, unless otherwise stated, references to London, UK, time.

ADMISSION STATISTICS

Number of Existing Ordinary Shares at the date of this Document	449,913,026
Number of MLPL New Shares to be issued to Midwestern upon completion of the MLPL Reorganisation and Re-Admission	344,334,257
New Ordinary Shares in issue upon Re-Admission ¹	794,247,283
Market capitalisation of the New Ordinary Shares upon Re-Admission at the Suspension Price ¹	Approximately £324 million
Number of ELI New Shares to be issued to Midwestern upon completion of the ELI Reorganisation and ELI Reorganisation Shares Admission	73,782,535
Enlarged number of New Ordinary Shares in issue on ELI Reorganisation Shares Admission ¹	868,029,818
Market capitalisation of the New Ordinary Shares upon ELI Reorganisation Shares Admission at the Suspension Price ¹	Approximately £354 million
ISIN for the Existing Ordinary Shares	IE00BWWFTP56
SEDOL for the Existing Ordinary Shares	BWWFTP5
ISIN for the New Ordinary Shares	IE000T8L9GL3
Number of Preference Shares in issue upon Re-Admission ^{1, 2}	449,913,026
ISIN for the Preference Shares	IE000PFONV96

1 Assumes no additional shares are issued or options exercised between the date of this Document and Re-Admission or ELI Reorganisation Shares Admission, as the case may be.

2 The Preference Shares are transferable but are not being admitted to trading on AIM or any other market or stock exchange.

It is emphasised that the MLPL Reorganisation is conditional, amongst other things, on the Eroton OML 18 Transactions being entered into and completing. Whilst the Sahara OML 18 Acquisition Agreement has been negotiated it is not expected to be entered into until after the New Eroton Debt Facilities have been entered into and the funds are available and the Bilton OML 18 Acquisition Agreement has been executed, subject to certain conditions, they are dependent on, inter alia, the New Eroton Debt Facilities being entered into and becoming unconditional and being drawn down. Furthermore, the New Eroton Debt Facilities are subject to definitive documentation being entered into and additional conditions to drawdown which will have to be satisfied prior to utilisation of the facilities and for the entry into and completion of the Sahara OML 18 Transaction and the Bilton OML 18 Transaction. These matters are not under the Company's control. Only once the New Eroton Debt Facilities have been drawn down, the Eroton OML 18 Transactions have been executed and completed and the other conditions to the MLPL Reorganisation have been satisfied will the Company be able to proceed with the MLPL Reorganisation and Re-Admission. There can therefore be no guarantee that the MLPL Reorganisation and Re- Admission will occur.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Muti Olaniyi Adio Sunmonu (<i>Non-Executive Chairman</i>) Oisín Brendan Fanning (<i>Chief Executive Officer</i>) Julian Lester Tedder (<i>Chief Financial Officer</i>) Joel David Price (<i>Chief Operating Officer</i>) Adekolapo Ademola (<i>Non-Executive Director</i>) John Davies Brown (<i>Independent Non-Executive Director</i>) all of the registered office address as set out below.
Registered office	2 Shelbourne Buildings Crampton Avenue Dublin 4 D04W3V6 Ireland
Telephone number	+353 (0)1 291 62 92
Company website	www.sanleonenergy.com
Company Secretary	Alan Campbell
Nominated Adviser, Joint Financial Adviser and Joint Broker	Allenby Capital Limited 5 St Helen's Place London EC3A 6AB United Kingdom
Joint Financial Adviser	H&P Advisory Limited 7-10 Chandos Street London W1G 9DQ
Joint Broker	Panmure Gordon & Co 1 New Change London EC4M 9AF United Kingdom
Legal advisers to Company (English law)	Bryan Cave Leighton Paisner LLP 5 Laurence Pountney Hill London EC4R OBR United Kingdom
Legal advisers to Company (Irish law)	Whitney Moore LLP 2 Shelbourne Buildings Crampton Avenue Shelbourne Road Ballsbridge, Dublin 4 D04 W3V6 Ireland
Legal advisers to Company (Nigerian law)	Dentons ACAS-Law 9th Floor St. Nicholas House 26 Catholic Mission Street Lagos Nigeria

Legal advisers to Company (Dutch law)	Warendorf, Koningslaan 42 1075 AE Amsterdam P.O. Box 75914 1070 AX Amsterdam
Legal advisers to Company (Maltese law)	Ganado Advocates 171, Old Bakery Street Valletta VLT 1455 Malta
Legal advisers to Company (Mauritian law)	BLC Robert & Associates Ltd 2nd Floor The AXIS 26 Cybercity Ebene City Plaines Wilhems Mauritius Ebene 72201
Legal advisers to Allenby Capital	Dentons UK and Middle East LLP Quartermile One 15 Lauriston Place Edinburgh EH3 9EP United Kingdom
Auditors of the Company	KPMG 1 Stokes Place St Stephen's Green Dublin 2 Ireland
Reporting accountants	PricewaterhouseCoopers Landmark Towers 5B Water Corporation Road Victoria Island Lagos Nigeria
Competent Person	PetroVision Energy Services Ltd Fairfax House 3rd Floor 461-465 Northend Road London SW6 1NZ United Kingdom
Registrars	Computershare Investor Services (Ireland) Limited 3100 Lake Drive, Citywest Business Campus Dublin 24, D24 AK82 Ireland

DEFINITIONS

The following definitions apply throughout this Document, unless the context otherwise requires:

“€” or “EUR” or “euro”	Euro, the lawful currency of Ireland
“£” or “British pound sterling” or “p”	pound sterling, the lawful currency of the UK
“ACOES”	the Alternative Crude Oil Evacuation System project, which is being constructed by ELI and comprises a pipeline and an offshore floating storage and offloading vessel that will provide an oil export route from OML 18
“Afreximbank”	the African Export-Import Bank
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Mining, Oil & Gas Companies Note”	the ‘AIM Note for Mining, Oil & Gas Companies’ published by the London Stock Exchange setting out specific requirements, rule interpretation and guidance relating to resource companies, as amended from time to time
“AIM Rules for Companies”	the rules (including the guidance notes thereto) published by the London Stock Exchange governing, <i>inter alia</i> , admission to trading on AIM and the continuing obligations of companies admitted to trading on AIM, as amended from time to time
“AIM Rules for Nominated Advisers”	the rules for nominated advisers setting out the eligibility, ongoing obligations and certain disciplinary matters in relation to nominated advisers, published by the London Stock Exchange
“Allenby Capital” or “Nomad”	Allenby Capital Limited, a company registered in England and Wales with company number 06706681 and having its registered office at 5 St. Helen’s Place, London EC3A 6AB, which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser, joint financial adviser and joint broker to the Company
“Amstel Oil Field”	an oil field within Block Q13A which is located offshore the Netherlands
“Amstel Royalty Agreements”	two royalty agreements, entered into by wholly owned subsidiaries of the Company, San Leon (Netherlands) Limited and San Leon Energy B.V., whereby the Company is the beneficiary of two royalties on the Amstel Oil Field from TAQA Offshore BV
“Asset Management Agreement”	the agreement dated 8 July 2022 between: (i) San Leon Energy Nigeria; and (ii) Eroton, relating to the operation of OML 18, details of which are set out in paragraph 4.3.4 of Part 2 of this Document
“Audit and Risk Committee”	the audit and risk committee of the Company as constituted from time to time
“Barryroe”	the SEL 1/11 which is located in the North Celtic Sea Basin, approximately 50 km off the south coast of Ireland

“Barryroe NPI”	the Net Profit Interest granted by Providence pursuant to the agreement dated 22 December 2011 entered into between Providence and Island Expro Limited as amended by: (i) the NPI Novation Agreement; and (ii) the deed of transfer dated 4 December 2015 between Island Expro Unlimited Company and San Leon
“Belgian Companies and Associations Code”	the Belgian Code on companies and associations dated 23 March 2019 as amended or supplemented from time to time
“Belgian Law Rights”	the fungible co-ownership rights governed by Belgian law over a pool of book-entry interests in securities of the same issue (i.e. ISIN) which the EB Participants will receive on or after Re-Admission, if they elect to do so, further summary details of which are set out in section 2 of Part 11 of this Document
“Belgium”	the Kingdom of Belgium and the word “Belgian” shall be construed accordingly
“Bilton”	Bilton Energy Limited, a company incorporated in Nigeria with registration number 1135274 and having its registered office at 6th Floor, Keystone Building, 1 Keystone Way, Victoria Island, Lagos, Nigeria
“Bilton OML 18 Acquisition Agreement”	the conditional agreement dated 8 July 2022 made between (i) Eroton and (ii) Bilton, to effect the Bilton OML 18 Transaction, details of which are set out in paragraph 3.3.2 of Part 2 of this Document
“Bilton OML 18 Transaction”	the conditional acquisition by Eroton of an additional 1.8% interest in OML 18 pursuant to the Bilton OML 18 Acquisition Agreement, details of which are set out in paragraph 3.3.2 of Part 2 of this Document
“Board”	the board of directors of the Company as at the date of this Document
“Bonny Terminal”	the oil and gas export terminal located on Bonny Island to the Southeast of OML 18, which is owned and operated by Shell
“Broadridge”	Broadridge Proxy Voting Service, a third-party service provider engaged by EUI in connection with the voting service provided in respect of CDIs
“Business Day”	a day (other than a Saturday or Sunday) on which banks are open for general business in Dublin, London and Lagos
“CA”	the Court of Appeal of Nigeria
“Canada”	Canada, its territories and possessions, any province of Canada and all other areas subject to the jurisdiction of Canada
“CBN”	the Central Bank of Nigeria
“certificated form” or “in certificated form”	a share the subject of a certificate as referred to in section 99(1) of the Companies Act 2014 of Ireland
“CIT”	the Companies Income Tax of Nigeria

“CITA”	the Companies Income Tax Act (Cap. C21, LFN 2004) of Nigeria
“Companies Acts”	the Companies Acts 1963 to 2013 of Ireland
“Company”, “San Leon” or “SLE”	San Leon Energy plc, a company incorporated in Ireland with limited liability under the Companies Acts, with registration number 237825 and having its registered office at 2 Shelbourne Buildings, Crampton Avenue, Dublin 4, D04W3V6, Ireland
“Consent Guidelines”	The Guidelines and Procedures for Obtaining Minister’s Consent to the Assignment of Interest in Oil and Gas Assets, 2021
“CPR” or “Competent Person’s Report”	the competent person’s report as prepared by PetroVision and which appears in Part 7 of this Document
“CREST” or “CREST System”	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by EUI in accordance with the CREST Regulations
“CREST Deed Poll”	the global deed poll made on 25 June 2001 by CREST Depository, a copy of which is set out in the CREST International Manual
“CREST Depository”	CREST Depository Limited, a subsidiary of EUI
“CREST Depository Interest” or “CDI”	an English law security issued by the CREST Depository that represents a CREST member’s interest in the underlying share
“CREST International Manual”	the CREST manual for the Investor CSD service offered by EUI entitled ‘CREST International Manual’ dated March 2021, as may be amended, varied, replaced or superseded from time to time
“CREST Nominee”	CIN (Belgium) Limited, a subsidiary of CREST Depository, or any other body appointed to act as a nominee on behalf of the CREST Depository, including the CREST Depository itself
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended
“CREST Requirements”	has the meaning given to it in CREST Glossary of Terms December 2020
“CSD”	a central securities depository (within the meaning of the CSD Regulation), including Euroclear Bank
“CSD Regulation” or “CSDR”	Regulation (EU) 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) 236/2012 (as amended)
“Decklar”	Decklar Petroleum Limited, a company incorporated in Nigeria with registration number 1287622 and having its registered office at 1st Floor Oladipo House Hospital Road Lagos Island

“Deferred Shares”	the deferred shares of €0.005 each in the share capital of the Company following the Subdivision
“Document”	this document which constitutes an AIM Admission Document, drawn up in accordance with the AIM Rules for Companies
“DPR”	the Department of Petroleum Resources of Nigeria (now known as the NUPRC and NMDPRA)
“DSO”	domestic supply obligations of gas under Nigerian law
“EB Migration Guide”	the document issued by Euroclear Bank entitled ‘Euroclear Bank as Issuer CSD for Irish corporate securities; Migration Guide’ dated October 2020 as may be amended, varied, replaced or superseded from time to time
“EB Operating Procedures”	the document issued by Euroclear Bank entitled ‘The Operating Procedures of the Euroclear System’ dated March 2022, as may be amended, varied, replaced or superseded from time to time
“EB Participants”	participants in Euroclear Bank, each of which has entered into an agreement to participate in the Euroclear System subject to the Euroclear Terms and Conditions
“EB Rights of Participants Document”	the document issued by Euroclear Bank entitled ‘Rights of Participants to Securities deposited in the Euroclear System’ dated July 2017 as may be varied, amended, replaced or superseded from time to time
“EB Services Description”	the document issued by Euroclear Bank entitled ‘Euroclear Bank as Issuer CSD for Irish corporate securities’ Services Description dated November 2021, as may be amended, varied, replaced or superseded from time to time
“EEA”	the European Economic Area
“EGM” or “Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held at the Herbert Park Hotel, Ballsbridge, Dublin 4, D04 R2T2, Ireland at 11:30 am on 5 August 2022
“ELI”	ELI Nigeria and ELI Malta
“ELI-GTB Share Charge”	means the charge over 100% of the ELI Shares pursuant to the deed of share charge between GTB, ELI and Energy Link Infrastructure Limited dated 28 February 2019
“ELI Group”	ELI Malta and ELI Nigeria
“ELI Malta”	Energy Link Infrastructure (Malta) Limited, a company incorporated in Malta with registration number C82452 and having its registered office at 260, Triq San Albert, Gzira, GZR1150, Malta
“ELI New Shares”	the 73,782,535 New Ordinary Shares to be allotted and issued to Midwestern in connection with the ELI Reorganisation pursuant to the ELI New Shares Subscription Agreement

“ELI New Shares Subscription Agreement”	the agreement for the subscription by Midwestern for the ELI New Shares
“ELI Nigeria”	Energy Link Infrastructure Nigeria Limited, a company incorporated in Nigeria with registration number 1316587 and having its registered office at 11 Abimbola Awoniyi Street, Off Kasumu Ekemode Street, Victoria Island, Lagos, Nigeria
“ELI Reorganisation”	the issue of the ELI New Shares pursuant to the ELI New Shares Subscription Agreement and the proposed transfer to San Leon ELI of 53,700 shares in ELI Malta representing 13.77% of the existing equity in ELI Malta and a receivable owing from ELI Malta to Midwestern in the principal sum of US\$15,300,000 plus accrued interest to be received pursuant to the ELI Reorganisation Agreement
“ELI Reorganisation Agreement”	the conditional agreement dated 8 July 2022 made between: (i) the Company; (ii) Midwestern and (iii) San Leon ELI, relating to certain parts of the ELI Reorganisation, details of which are set out in section 5 of Part 2 and paragraph 5.2.3 of Part 2 of this Document
“ELI Reorganisation Loan Notes”	the loan note to be issued in consideration of the subscription by Midwestern for the ELI New Shares pursuant to the ELI New Shares Subscription Agreement
“ELI Reorganisation Shares Admission”	the admission of the ELI New Shares to trading on AIM becoming effective in accordance with the AIM Rules for Companies
“ELI Shares”	the ordinary shares in the capital of ELI Malta
“ELI Shareholders”	the shareholders of ELI from time to time
“ELI Shareholder Consents”	the consent of the other shareholders of ELI from time to time
“Enlarged Group”	the Company and its subsidiaries under its control, following completion of the MLPL Reorganisation and any parts of the ELI Reorganisation and the Further ELI Investments which have completed prior to that date
“Enlarged Ordinary Share Capital”	the New Ordinary Shares in issue immediately following completion of the MLPL Reorganisation and the ELI Reorganisation
“Eroton”	Eroton Exploration and Production Company Limited, a company incorporated in Nigeria with registration number RC 1137060 and having its registered office at 43 Sinari Daranijo Street, Off Ligali Ayorinde Street, Victoria Island, Nigeria
“Eroton Litigation”	the claims and counterclaims brought by or against Eroton as set out in paragraph 3.4 of Part 2 of this Document

“Eroton OML 18 Transactions”	the conditional acquisition by Eroton of an additional 18% interest in OML 18 pursuant to the Bilton OML 18 Transaction and the Sahara OML 18 Transaction details of which are set out in section 3 of Part 2 of this Document
“EU”	the European Union
“EUI” or “Euroclear”	Euroclear UK & Ireland Limited, a company incorporated in England and Wales with company number 02878738 and having its registered office at 33 Cannon Street, London, EC4M 5SB, the operator of the CREST System
“Euroclear Bank”	Euroclear Bank SA/NV, an international CSD incorporated in Belgium with company number 0429875591 and having its registered office at 1 Boulevard du Roi Albert II 1210 Brussels
“Euroclear Nominees”	Euroclear Nominees Limited, a company incorporated in England and Wales with company number 02369969 and having its registered office at 33 Cannon Street, London, EC4M 5SB
“Euroclear System”	the securities settlement system operated by Euroclear Bank and governed by Belgian law
“Euroclear Terms and Conditions”	the document issued by Euroclear Bank entitled ‘Terms and Conditions governing use of Euroclear dated June 2021, as may be amended, varied, replaced or superseded from time to time’
“Euronext Dublin”	means The Irish Stock Exchange plc, trading as Euronext Dublin
“Existing Eroton Debt Facility”	the US\$250,000,000 secured term loan facility agreement dated 18 December 2018 between Eroton (as the borrower) and GTB (as the lender, agent, arranger and security trustee), details of which are set out in paragraph 10.24.14 of Part 12 of this Document
“Existing Memorandum and Articles of Association”	the memorandum and articles of association of the Company that are currently in force as at the date of this Document
“Existing Ordinary Shares”	the ordinary shares of €0.01 each in the Company in issue as at the date of this Document and any such ordinary shares issued prior to the Subdivision
“Existing Share Capital”	the issued ordinary share capital of the Company as at the date of this Document
“FCA”	the Financial Conduct Authority of the UK, including, acting in its capacity as competent listing authority for listing in the UK pursuant to Part VI of FSMA
“February 2022 Loan and Subscription”	the US\$2,000,000 loan advanced by San Leon Energy Financing Limited to ELI Malta and the conditional transfer from Walstrand to San Leon ELI Limited of 7,800 ELI Shares entered into in February 2022, as described in more detail in paragraph 4.2 of Part 3 of this Document

“FHC”	the Federal High Court of Nigeria
“Form of Proxy”	the form of proxy for use at the EGM that is enclosed with this Document
“FSMA”	the Financial Services and Markets Act 2000 of the UK, as amended from time to time
“Fully Enlarged Ordinary Share Capital”	the New Ordinary Shares in issue immediately prior to Re-Admission, together with both the MLPL New Shares and the ELI New Shares
“Further ELI Investments”	means each of the Walstrand Acquisition and Option, February 2022 Loan and Subscription, New ELI Investment and Ocean Pearl ELI Acquisition
“FY19”, “FY20” or “FY21”	means the financial year ended 31 December 2019, 31 December 2020 or 31 December 2021 as the case may be
“Group”	the Company and its current direct and indirect subsidiaries as at the date of this Document
“GTB”	Guaranty Trust Bank Plc
“H1” or “H2”	the first or second half of a stated calendar year
“Hannam & Partners”	H&P Advisory Ltd, a company registered in England and Wales with company number 11120795, which is authorised and regulated in the United Kingdom by the FCA, is acting as joint financial adviser to the Company
“IFRS”	International Financial Reporting Standards
“initial indirect economic interest”	in the context of OML 18, San Leon’s indirect economic interest in OML 18 prior to this economic interest reducing following certain repayment based and cumulative production hurdles being met, as described in more detail in paragraph 4 of Part 1 of this Document
“Initially Enlarged Ordinary Share Capital”	the New Ordinary Shares in issue immediately prior to Re-Admission, together with the MLPL New Shares
“Ireland”	the Republic of Ireland
“Irish Companies Act 2014”	the Companies Act 2014 of Ireland, as amended from time to time
“Irish Takeover Panel”	the Irish Takeover Panel, established pursuant to the Irish Takeover Panel Act, 1997
“Irish Takeover Rules”	Irish Takeover Panel Act, 1997, Takeover Rules 2013
“JOA”	the joint operating agreement dated 1 March 2015, as described in more detail in paragraph 10.24.2 of Part 12 of this Document
“Latest Practicable Date”	6 July 2022, being the latest practicable date prior to the publication of this Document
“Live Date”	the date appointed by Euronext Dublin pursuant to the Migration Act to be the effective date in respect of Migration

“Local Content Act”	Nigerian Oil and Gas Industry Content Development Act, 2010 of Nigeria
“Locked-in Persons”	Midwestern and each of the Directors, who are subject to the lock in arrangements described in paragraph 16 of Part 1 of this Document
“London Stock Exchange”	London Stock Exchange plc
“Martwestern”	Martwestern Energy Limited, a company incorporated in Nigeria with registration number RC 1135364
“Master Services Agreement”	the agreement dated 22 March 2016 between Eroton, Midwestern and San Leon Energy Nigeria and giving San Leon Energy Nigeria the right to provide certain drilling and workover rig services to Eroton as the Operator, subject to certain conditions
“Memorandum of Association”	the memorandum of association of the Company
“Midwestern”	Midwestern Oil & Gas Company Limited, a company incorporated in Nigeria with registration number RC 370639 and having its registered office at 11 Abimbola Awoniyi Close, Off Kasumu Ekemode Street, Victoria Island, Lagos, Nigeria
“Midwestern Group”	the group of companies and/or other entities under common control with Midwestern
“Migrating Shares”	the Participating Securities in the Company on the Migration Record Date
“Migration”	the transfer of title to uncertificated securities of the Company, which were at the Live Date Participating Securities, to Euroclear Nominees holding on trust for Euroclear Bank with effect from the Live Date as described in the Migration Circular and including, where the context requires, migration as described in and as envisaged by the EB Migration Guide
“Migration Act”	the Migration of Participating Securities Act 2019
“Migration Circular”	the circular dated 6 January 2021 issued by the Company
“Migration Record Date”	means 7.00 p.m. on Friday 12 March 2021, which determined who were the holders of Participating Securities which were subject to the Migration
“Minister”	the Nigerian Minister of Petroleum Resources
“Ministerial Consent”	the consent of the Minister for the MLPL Reorganisation in accordance with the Petroleum Act and the Consent Guidelines, further details of which are set out in paragraph 3.3 of Part 2 of this Document
“MLPL”	Midwestern Leon Petroleum Limited, a company incorporated in Mauritius with registration number C103713 and having its registered office at 5th Floor, Barky Wharf, Le Caudan Waterfront, Port Louis, Mauritius

“MLPL Loan Notes”	the loan notes issued by MLPL under the MLPL Loan Note Instrument, pursuant to which as at 30 June 2022 a total of approximately US\$103.8 million (comprising a principal amount due of US\$82.2 million and total accrued interest due of US\$21.6 million) is owed to San Leon as at the date of this Document, details of which are set out in paragraph 4.2 of Part 2 of this Document
“MLPL Loan Note Instrument”	the secured loan note instrument dated 22 March 2016, as amended in 6 April 2020 constituting up to US\$170,000,000 17% Fixed Rate Secured Loan Notes 2020, details of which are set out in paragraph 4.2 of Part 2 of this Document
“MLPL New Shares”	the 344,334,257 New Ordinary Shares to be allotted and issued to Midwestern as part of the MLPL Reorganisation, pursuant to the MLPL New Shares Subscription Agreement
“MLPL New Shares Subscription Agreement”	the agreement for the subscription by Midwestern for the MLPL New Shares
“MLPL Receivable”	all of Midwestern’s rights and interests in the MLPL Promissory Notes and the MLPL Shareholders’ Agreement
“MLPL Promissory Notes”	the subordinated unsecured promissory notes granted by MLPL to Midwestern on 30 June 2018, 31 December 2017, 31 March 2018, 30 March 2021, 22 June 2018, 5 April 2019, 30 March 2021 and 13 June 2022 in the amounts of \$7,697,985.85, \$7,750,000, \$8,000,000, \$19,514,802, \$31,879,968, \$36,564,000, \$15,952,014 and \$7,150,000 respectively, and the subordinated unsecured promissory notes granted by MLPL to Midwestern maturing on 30 June 2023 and which matured on 30 June 2022 in the amounts of \$12,000,000 and \$40,000,000 respectively
“MLPL Reorganisation”	the issue of the MLPL New Shares pursuant to the MLPL New Shares Subscription Agreement and the proposed transfer to the Company of the outstanding shares of MLPL not already owned by San Leon (being 60% of the shares in MLPL) from Midwestern pursuant to the terms of the MLPL Reorganisation Agreement, details of which are set out in paragraph 4 of Part 2 of this Document
“MLPL Reorganisation Agreement”	the conditional agreement dated 8 July 2022 made between: (i) the Company; (ii) Midwestern; and (iii) MLPL, relating to certain aspects of the MLPL Reorganisation details of which are set out in paragraph 4.3.5 of Part 2 of this Document
“MLPL Reorganisation Loan Notes”	the loan note to be issued in consideration of the subscription by Midwestern for the MLPL New Shares pursuant to the MLPL New Shares Subscription Agreement

“MLPL Shareholders’ Agreement”	the shareholders’ agreement entered into among Midwestern, San Leon Energy Nigeria B.V., and Midwestern Leon Petroleum Limited dated 22 March 2016 relating to MLPL, governing the relationship between all parties, and regulating their rights and obligations with respect to the MLPL
“MM Capital Holding”	MM Capital Holding Limited, a company incorporated at Ras, al Khaimah International Corporate Centre, United Arab Emirates with registration number ICC20220090 whose registered office is at 415-416 Burlington Tower, Business Bay
“MPR”	the Ministry of Petroleum Resources of Nigeria
“NGN” or “N”	the Nigerian Naira, the lawful currency of Nigeria
“NAOC”	Nigerian Agip Oil Company Limited
“NAPIMS”	National Petroleum Investment Management Services of Nigeria, which is the upstream arm of NNPC
“NCTL”	the Nembe Creek Trunk Line, a multiphase flowline pipeline, which connects the Cawthorne Channel, Akaso, Krakama and Awoba fields at OML 18 to the Bonny Terminal and is currently used as one of the methods for the export of oil from OML 18
“Net Profit Interest”	the 4.5% net profit interest granted by Providence to Island Expro Limited pursuant to the agreement dated 22 December 2011 and defined as Gross Sales minus Operating Costs by Area Factor multiplied by 0.045 where: (i) Gross Sales to be calculated by adding Providence’s gross proceeds from sales of petroleum produced from the area in the relevant month; (ii) Operating Costs being the normal and directly attributable operating costs incurred by Providence as part of operations under the joint operating agreement in respect of the area; and (iii) Area Factor being the factor by which the economic interest of Providence in the Area needs to be multiplied by in order to replicate the position as if Providence held 100% of the economic interest in the area.
“Newcross”	Newcross Exploration and Production Limited, the operator of the OML 24 licence that is near OML 18
“New ELI Investment”	the New ELI Loan together with the New ELI Subscription
“New ELI Loan”	the proposed new loan from San Leon to ELI of US\$16,000,000 at a coupon of 14% per annum over four years, and repayable quarterly following a one-year moratorium, details of which are set out in section 2 of Part 1 and paragraph 4 of Part 2 of this Document

“New ELI Subscription”	the proposed subscription at nominal value by San Leon for 48,748 ELI Shares which shall accompany the New ELI Loan, details of which are set out in section 2 of Part 1 and paragraph 4 of Part 2 of this Document
“New Eroton Debt Facilities”	the senior secured reserve-based lending facilities totalling US\$750,000,000 proposed to be provided to Eroton by a lending consortium led by African Export-Import Bank for the purposes of, <i>inter alia</i> : (i) facilitating the Eroton OML 18 Transactions; and (ii) the repayment of all of Eroton’s outstanding indebtedness with its existing lenders, details of which are set out in paragraph 3.3.4 of Part 2 of this Document
“New Facility”	the US\$50 million facility proposed to be made to the Company by MM Capital Holding pursuant to the terms of a facility agreement entered into between the Company and MM Capital Holding dated 8 July 2022, further details of which are set out in paragraph 10.22 of Part 12 of this Document
“New Facility Security Agreement”	the charge over the Company’s shares in San Leon Financing entered into between the Company and MM Capital Holding entered into on 8 July 2022
“New Memorandum and Articles of Association”	the memorandum and articles of association of the Company to be adopted at the EGM
“New Ordinary Shares”	the ordinary shares of €0.005 each in the share capital of the Company following the Subdivision as described in paragraph 4.3.5 of Part 1 of this Document and Resolution 2 set out in the Notice of EGM
“New Shares”	the total of 418,116,792 New Ordinary Shares to be allotted and issued to Midwestern in two tranches, being the MLPL New Shares and the ELI New Shares, pursuant to the MLPL Reorganisation Agreement and ELI Reorganisation Agreement
“NFCCPC”	the Nigerian Federal Competition and Consumer Protection Commission
“NFCCPC Negative Clearance”	NFCCPC’s no-objection or negative clearance to the MLPL Reorganisation and or written approval from them for the MLPL Reorganisation
“NGC”	the Nigerian Gas Company Limited
“Nigeria”	the Federal Republic of Nigeria
“NMDPRA”	the Nigerian Midstream and Downstream Petroleum Regulatory Authority
“NNPC”	the Nigerian National Petroleum Corporation of Nigeria
“Nomination Committee”	the nomination committee of the Company as constituted from time to time
“Notice of EGM” or “Notice of Extraordinary General Meeting”	the notice convening the EGM as set out in Part 13 of this Document

“Notore Chemical”	Notore Chemical Industries Plc, which owns a fertiliser plant located at the Onne sea port in the Niger Delta, Nigeria
“Notore Offtake Agreement”	the amended and restated gas sale and purchase agreement entered into on 31 March 2016 for a period of 20 years between (i) Eroton and (ii) Notore Chemical in respect the sale and purchase of gas derived from OML 18
“NPI Novation Agreement”	the novation agreement relating to the Barryroe NPI, dated 18 November 2014 entered into between Providence Resources plc, Island Expro Limited (since re-named Island Expro Unlimited Company) and Exola Limited
“NUPRC”	the Nigerian Upstream Petroleum Regulatory Commission
“NUPRC’s Approval”	the (i) notification to the NUPRC of the intention to undertake the MLPL Reorganisation; and (ii) notification to the NUPRC and its approval of the identity of the Company, in accordance with the Petroleum Act and the Consent Guidelines
“Ocean Pearl ELI Acquisition”	the proposed acquisition by the Company of 52,647 in ELI Shares representing 13.5% of the existing equity of ELI from Ocean Pearl Maritime SA
“Official List”	the official list maintained by the FCA
“OML ”	an oil mining licence
“OML 18”	the oil mining licence in the Southern Niger Delta region of Nigeria known as OML 18 as more fully described in Part 1 of this Document
“OML 18 Production Arrangement”	the series of transactions relating to the Company’s acquisition of a 9.72 per cent initial indirect economic interest in OML 18 including the Financial Service Agreement
“Operator”	Eroton, the operator of OML 18
“OPL ”	an oil prospecting licence
“Ordinary Shares”	the ordinary shares in the share capital of the Company from time to time
“Oza Field”	an onshore conventional oil field, on dry terrain, in the northwestern part of OML 11, approximately 30 kilometres southwest of Port Harcourt in the Abia State in Nigeria
“Oza-1”	a well located within the Oza Field
“Participating Securities”	has the meaning given to the term “relevant participating securities” in the Migration Act which have been issued by the Company (where applicable) and includes Ordinary Shares.
“Petroleum Act”	Petroleum Act, CAP P10 Laws of Federation of Nigeria, 2004

“PIA”	the Petroleum Industry Act 2021
“PetroVision”	PetroVision Energy Services Ltd, a company incorporated in England and Wales with registration number 06256836 and having its registered office at 35 Maxwell Road, London, SW6 2HT, the author of the Competent Person's Report that forms Part 7 of this Document
“Preference Amount”	US\$40,000,000, subject to increase for the Shortfall Amount, as set out in paragraph 4.9 of Part 12 of this Document
“Preference Shares”	the preference shares of EUR0.005 each in the share capital of the Company in issue following the Subdivision, which shall carry the right, <i>inter alia</i> , to participate in the Company's profits, as described in paragraph 13 of Part 1 of this Document and paragraph 4.9 of Part 12 of this Document
“Proposals”	the MLPL Reorganisation, the adoption of the New Memorandum and Articles of Association, the issue of the MLPL New Shares, the Subdivision, the creation of the Preference Shares, the ELI Reorganisation, the issue of the ELI New Shares and the Further ELI Investments
“Proposed Midwestern Reorganisation”	together the MLPL Reorganisation and the ELI Reorganisation
“Proposed Transaction”	the Proposed Midwestern Reorganisation and the Further ELI Investments
“Prospectus Regulations”	the European Union (Prospectus) Regulations 2019 (S.I. No. 380/2019) of Ireland
“Providence”	Providence Resources Plc
“PPTA”	Petroleum Profits Tax Act Chapter 354. LFN 1990 of Nigeria
“Q1”, “Q2”, “Q3” or “Q4”	the first, second, third or fourth calendar quarters of a stated year
“QCA Code”	the Quoted Companies Alliance's Corporate Governance Code published from time to time
“Re-Admission”	the admission of the New Ordinary Shares following the Subdivision and the MLPL New Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies, which will effect the completion of the MLPL Reorganisation and constitute the admission of the enlarged entity pursuant to Rule 6 and Rule 14 of the AIM Rules for Companies
“Regulatory Information Service” or “RIS”	a regulatory information services authorised by the FCA to receive, process and disseminate regulatory information in respect of listed companies
“Relationship Agreement”	the agreement dated 8 July 2022 between the Company, Midwestern and Allenby Capital, as summarised in paragraph 17 of Part 1 and paragraph 10.2 of Part 10 of this Document

“Remuneration Committee”	the remuneration committee of the Company as constituted from time to time
“Resolutions”	the ordinary resolutions and special resolutions to be proposed at the EGM
“Sahara”	OML 18 Energy Resource Limited, a company incorporated in Nigeria with registration number RC 1134458 (formerly known as Sahara Field Production Limited)
“Sahara OML 18 Acquisition Agreement”	the conditional agreement to be entered into between (i) Eroton and (ii) Sahara Field Production 18 Limited and the Sahara Charitable Foundation, to effect the Sahara OML 18 Transaction, which has been negotiated but is not expected to be entered into until after the New Eroton Debt Facilities have been entered into and the funds are available, details of which are set out in paragraph 3.3.1 of Part 2 of this Document
“Sahara OML 18 Transaction”	the conditional acquisition by Eroton of an additional 16.2% interest in OML 18 pursuant to the Sahara OML 18 Acquisition Agreement, details of which are set out in paragraph 3.2.2 of Part 2 of this Document
“San Leon ELI”	San Leon ELI Limited, a private company limited by shares incorporated in England with company number 12730851, and with its registered office at 27/28 Eastcastle Street, London W1W 8DH
“San Leon Energy Nigeria”	San Leon Energy Nigeria B.V., a private company with limited liability, incorporated under the laws of the Netherlands with company number 65426173, and with its registered office at De Ronge 16, 1852 XB Heiloo, The Netherlands
“San Leon Financing”	San Leon Energy Financing Limited, a private company limited by shares, incorporated under the laws of Ireland with company number 671568 and a registered office at 2 Shelbourne Buildings, Crampton Road, Dublin 4, D04 W3V6, Ireland
“Securities Clearance Account”	an account in the name of an EB Participant opened in the books of Euroclear Bank
“SEC”	the US Securities and Exchange Commission
“SEL 1/11”	the Standard Exploration Licence 1/11 (Barryroe)
“Settlement Agreement”	the agreement to be entered into among Sahara, Sahara Field Production 18 Limited and Eroton, to settle, or shall procure the settlement of the Eroton Litigation, details of which are set out in paragraph 3.3.3 of Part 2 of this Document
“Share Schemes”	the ‘formal option plan’ and the ‘share based payment scheme’ of the Company, details of which are set out in paragraph 14 of Part 1 and the LTIP and the Consultant Plan (each as defined in paragraph 14 of Part 1, details of which are set out in paragraph 14 of Part 1 and paragraph 6.2 of Part 12 of this Document)
“Shareholders”	the holders of shares in the capital of the Company from time to time

“Shell”	Royal Dutch Shell plc
“Shell Offtake Agreement”	the sale and purchase agreement (expressed to be governed by English Law) between Shell Trading (as buyer) and Eroton (as seller) for the sale of crude oil from OML 18 which is constituted by the offtake agreement dated 10 July 2014 (as most recently amended by the tenth addendum dated 9 June 2021, details of which are set out in paragraph 10.24.6 of Part 12 of this Document
“Shell Trading”	Shell Western Trading & Supply Ltd or any other part of Royal Dutch Shell Plc or its subsidiaries, as the context requires
“Shortfall Amount”	on the date falling forty-two months after the date of issue of the Preference Shares and on each six-month interval thereafter 5% of the amount by which the aggregate of all dividends paid to the holders of the Preference Shares is less than the Preference Amount until the date on which the Preference Amount has been paid in full, the initial Preference Amount being US\$40,000,000
“Significant Shareholder”	any person who holds any legal or beneficial interest directly or indirectly in 3% or more of the or voting rights of the Company from time to time, as defined in the AIM Rules for Companies
“SPDC”	Shell Petroleum Development Company of Nigeria
“SRD II”	Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement
“Subdivision”	the proposed subdivision of the Ordinary Shares into the New Ordinary Shares and Preference Shares pursuant to Resolution 2 set out in the Notice of EGM which will become effective immediately prior to Re-Admission
“Suspension Date”	24 June 2021
“Suspension Price”	40.75 pence
“substantial shareholder”	any person who holds any legal or beneficial interest directly or indirectly in 10% or more of the voting rights of the Company from time to time, as defined in the AIM Rules for Companies
“Supplementary Admission Document”	a supplementary AIM admission document that will be published to provide an update to the information presented in this Document, drawn up in accordance with the AIM Rules for Companies
“Toscafund”	Toscafund Asset Management LLP, a limited liability partnership incorporated in England and Wales with registered number OC320318
“Toscafund Managed Funds”	Tosca Mid Cap, Tosca Opportunity and The Pegasus Fund Limited, being funds managed by Toscafund and any other fund managed or advised by Toscafund from time to time

“Total”	Total E&P Nigeria Limited
“UK Companies Act 2006”	the Companies Act 2006, as amended, of the UK
“UK” or “United Kingdom”	United Kingdom of Great Britain and Northern Ireland
“UK Bribery Act”	the UK Bribery Act 2010
“UK City Code”	the UK City Code on Takeovers and Mergers
“UK Takeover Panel”	the UK Panel on Takeovers and Mergers, which administers the UK City Code
“UPIL”	Umugini Pipeline Infrastructure Limited, a company incorporated in Nigeria with registration number 954506 and having its registered office at Plot 10, Block 12 Otunba Adedoyin Ogungbe Crescent, Lekki Phase 1, Lagos, Nigeria
“UPIL Security Releases”	the releases of security necessary to enable the indirect interest of Midwestern in 13.77% of the existing equity in ELI and US\$19,065,700 of existing indebtedness from ELI (principal US\$15,300,000 and accrued interest of US\$3,765,700) to be transferred to San Leon ELI pursuant to the ELI Reorganisation under the Reorganisation Agreement
“UPIL Shareholder Consent”	the consent of the other shareholders of UPIL from time to time
“US” or “United States”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and all other areas subject to the jurisdiction of the United States of America
“US\$”, “\$” or “USD”	United States Dollars, the lawful currency of the US
“VAT”	Value-added tax
“Voting Rights”	all the voting rights attributable to the capital of a company from time to time which are exercisable at a general meeting
“Walstrand”	Walstrand (Malta) Limited, a company incorporated and registered under the laws of Malta with registration number C 81937 and registered office at Triq San Albert, Gzira, GZR 1150, Malta
“Walstrand Acquisition and Option”	the acquisition by the Company of 5,159 ELI Shares representing 1.323% of the share capital of ELI then in issue from Walstrand, and the grant of a call option to the Company to purchase an additional 16,777 ELI Shares from Walstrand, dated 23 June 2021

Throughout this Document, other than Part 8 and Part 9, the following exchange rates have been used:

US\$ to £ of 1.22:1

Notes:

- (i) Unless otherwise stated in this Document, all references to statutes or other forms of legislation shall refer to statutes or legislation of Ireland. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.
- (ii) Words importing the singular shall include the plural and vice versa and words importing the masculine gender shall include the feminine or neuter gender.

GLOSSARY OF TECHNICAL TERMS AND ABBREVIATIONS

Reserve and resource classification, a glossary of terms, reserve and resource definitions and abbreviations sections are contained within the Competent Person's Report in Part 7 of this Document, which relate to certain terms used in the Competent Person's Report and this Document.

PART 1

LETTER FROM THE CHAIRMAN



San Leon Energy plc

(incorporated in Ireland with limited liability under the Companies Acts, 1963 to 1990 with registration number 237825)

Directors:

Mutiu Sunmonu (*Non-Executive Chairman*)
Oisín Fanning (*Chief Executive Officer*)
Julian Tedder (*Chief Financial Officer*)
Joel Price (*Chief Operating Officer*)
Adekolapo Ademola (*Non-Executive Director*)
John Brown (*Independent Non-Executive Director*)

Registered office:

2 Shelbourne Buildings
Crampton Avenue
Dublin 4
D04W3V6
Ireland

8 July 2022

To the holders of Existing Ordinary Shares and for information to the holders of options over Existing Ordinary Shares and warrant holders

Dear Shareholder,

**Proposed Midwestern Reorganisation comprising the MLPL Reorganisation
and the ELI Reorganisation**

Proposed Further ELI Investments

Adoption of New Memorandum and Articles of Association

**Proposed subdivision of the Existing Ordinary Shares into
New Ordinary Shares and Preference Shares**

**Re-Admission of the New Ordinary Shares to trading on AIM following completion
of the MLPL Reorganisation and satisfaction of conditions precedent**

and

Notice of Extraordinary General Meeting

1. Introduction

San Leon currently has a 40% equity interest in MLPL with the remaining interest in MLPL being owned by Midwestern. MLPL is part of the structure through which San Leon holds its current 10.58% initial indirect economic interest in OML 18, a producing oilfield located in the southern part of the Niger Delta, of which further details are outlined in paragraph 4 below. MLPL has a 100% equity investment in Martwestern, which in turn owns a 98% economic interest in Eroton, which currently holds a 27% working interest in OML 18 and is its operator.

San Leon also currently has a 10% equity interest in ELI Malta and a conditional further 3.323% equity interest in ELI Malta as a result of a series of transactions, announced on 24 June 2021 and 15 February 2022. San Leon has provided a total of US\$17 million of shareholder loans to ELI Malta to date. ELI Malta is the operator and the 100% owner of the ACOES, which includes a pipeline that will provide a dedicated oil export route from OML 18 to an offshore floating storage and offloading (FSO) vessel.

Eroton expects that once the ACOES is commissioned it will reduce the downtime and allocated pipeline losses currently associated with reliance on the existing pipeline, NCTL. In addition, it is anticipated that the FSO vessel project will improve overall well uptime. Accordingly, the Directors consider the ACOES to be important to the future success of OML 18.

Eroton is currently planning to increase its working interest in OML 18 through the Eroton OML 18 Transactions, subject, amongst other things, to the New Eroton Debt Facilities being entered into and utilised. Subject to completion of the Eroton OML 18 Transactions, the Company is seeking to increase its interests in OML 18 and ELI. Following (and subject to) completion of the MLPL Reorganisation, the ELI Reorganisation and the Further ELI Investments, San Leon expects its initial indirect economic interest in OML 18 to have increased from 10.58% to 44.1% and its interest in ELI to increase to up to 50.64%. The ELI Reorganisation is not conditional upon any of the elements of the Further ELI Investments and may proceed whether or not some or all of the Further ELI Investments have completed.

The Company first announced that it was in negotiations for the series of transactions described in this Document on 24 June 2021 and its Existing Ordinary Shares have been suspended from trading on AIM since this date.

Table 1: Summary table of San Leon Energy's material assets

Asset	Operator	Interest (%)	Status	Licence expiry date	Licence area	Comments
OML 18, Nigeria	Eroton	22.5%*	Production/ Development	21 October 2038	1,035 km ²	Five fields (Cawthorne, Akaso, Alakiri, Krakama, and Awoba**) are currently in production. Three fields (Orubiri, Buguma Creek and Asaritoru) are available for production but planned for development. Only one field (Bille) out of 9 fields in OML 18 has remained undeveloped.

Source: PetroVision Energy Services Limited CPR – Table 1-1 on page 163 of this Document

* Represents SLE working interest after completion of the Eroton OML 18 Transactions and the MLPL Reorganisation at which point SLE will have an initial indirect economic interest of 44.1% in OML 18. Prior to this SLE's working interest in OML 18 as at the date of this Document is 5.4% and SLE's initial indirect economic interest in OML 18 is 10.58%.

** Awoba field is operated by Newcross E&P, with 50% production allocation to OML 18 concession.

2. The Proposals

On 24 June 2021, San Leon announced that the Company and Midwestern had agreed to enter into a series of transactions, being the MLPL Reorganisation and the ELI Reorganisation, to consolidate Midwestern's holdings in San Leon, MLPL and ELI into a single holding in San Leon. The MLPL Reorganisation, the ELI Reorganisation and the Further ELI Investments constitute a reverse takeover pursuant to rule 14 of the AIM Rules for Companies and therefore the purpose of this Document, which comprises an Admission Document prepared under the AIM Rules for Companies, is to provide you with information on the Proposals and to seek approval by Shareholders of the Resolutions to be proposed at the General Meeting, which is being convened on 5 August 2022 at 11.30 am at the Herbert Park Hotel, Ballsbridge, Dublin 4, Ireland, notice of which is set out at the end of this Document.

Further details of the proposed series of transactions, being the MLPL Reorganisation and the ELI Reorganisation, are set out in Part 2 of this Document.

Subject to and upon completion of the MLPL Reorganisation, Midwestern will be released from its obligations to guarantee performance of the MLPL Loan Notes by MLPL, further details of which are set out in section 6 of this Part 1.

In connection with the proposed series of transactions, the Company will, subject to shareholder approval at the EGM, issue the Preference Shares to Shareholders, further details of which are set out in section 13 of this Part 1.

Taking into account its current 13.18% shareholding in the Company and assuming that no additional shares are issued, Midwestern is expected, upon completion of the MLPL Reorganisation, to hold

50.82% of the Initially Enlarged Ordinary Share Capital and, upon completion of the ELI Reorganisation, this is expected to increase to 55.0% of the Fully Enlarged Ordinary Share Capital.

Eroton is seeking to enter into the New Eroton Debt Facilities and to use part of the New Eroton Debt Facilities to acquire an additional 18% interest in OML 18, thereby taking Eroton's initial indirect economic interest in OML 18 to 45% through the Eroton OML 18 Transactions. Subject to the entry into and utilisation of the New Eroton Debt Facilities and the Eroton OML 18 Transactions occurring, the MLPL Reorganisation will result in San Leon increasing its indirect economic interest in Eroton from 39.2% to 98.0% resulting in San Leon's initial indirect economic interest in OML 18 increasing from the current 10.58% to 44.1%.

It is emphasised that the MLPL Reorganisation is conditional, amongst other things, on the entry into and the utilisation of the New Eroton Debt Facilities and the Eroton OML 18 Transactions completing. The Terms of the New Eroton Debt Facilities have been approved by the lead lender, Afreximbank, and the Sahara OML 18 Acquisition Agreement has been negotiated but is not expected to be entered into until after the New Eroton Debt Facilities have been entered into and the funds are available, and whilst the Bilton OML 18 Acquisition Agreement has been executed, subject to certain conditions, they are dependent on, inter alia, the New Eroton Debt Facilities being entered into and becoming unconditional and being utilised. Furthermore, the New Eroton Debt Facilities have not yet been entered into and once entered into will be subject to additional conditions to drawdown which will have to be satisfied prior to utilisation of the facilities and for the entry into and completion of the Sahara OML 18 Transaction and the Bilton OML 18 Transaction. These matters are not under the Company's control. Accordingly, there is no certainty that the New Eroton Debt Facilities will be entered into or that the Eroton OML 18 Transactions will proceed or that any of them will proceed on the currently proposed terms. Only once the Eroton OML 18 Transactions complete and the other conditions to the MLPL Reorganisation have been satisfied will the Company be able to proceed with the MLPL Reorganisation and Re-Admission. There can therefore be no guarantee that the MLPL Reorganisation and Re-Admission will occur.

THE POTENTIAL EFFECT ON THE COMPANY IN THE EVENT THAT THAT THE EROTON OML 18 TRANSACTIONS, THE MLPL REORGANISATION AND RE-ADMISSION DO NOT OCCUR IS SET OUT IN PARAGRAPH 3.1 OF PART 2 OF THIS DOCUMENT.

Following completion of the Eroton OML 18 Transactions (if the New Eroton Debt Facilities and the Sahara OML 18 Transaction are entered into) and the MLPL Reorganisation, San Leon's initial 44.1% economic interest in OML 18 will be subject to reduction upon meeting the following conditions:

- (i) from the date of repayment of the original purchase price* plus accrued interest accrued thereon until 20 million barrels of gross OML 18 production is realised, Bilton's economic interest in Eroton will increase from 2% to 10%, which would result in a commensurate decrease in San Leon's economic interest in OML 18 to 40.5%; and
- (ii) thereafter, when subsequent production hurdles are met, Bilton's net economic interest in Eroton will increase incrementally until cumulative gross OML 18 production reaches 40 million barrels, at which point San Leon's economic interest in OML 18 would be 22.5% as Bilton and San Leon's economic interests in Eroton shall reflect their shareholdings (50% and 50% respectively).

* Being US\$1.1 billion the price paid for the 45% interest in OML 18 in March 2015.

Further details of the Eroton OML 18 Transactions and the MLPL Reorganisation, including details of the material contracts that shall effect the Eroton OML 18 Transactions and the MLPL Reorganisation, can be found in Part 2 of this Document.

In addition to the ELI Reorganisation, through a series of transactions the Company proposes to further increase its interest in ELI. These Further ELI Investments comprise the following:

1. *Walstrand Acquisition and Option* – On 24 June 2021, the Company announced the further conditional purchase of an interest in ELI, namely, that the Company will pay US\$2,000,000 for 5,159 ELI Shares and receive an option to purchase an additional stake of 16,777 ELI Shares for US\$6,500,000 prior to 31 December 2022. As at the date of this Document the transfer of 5,159

ELI Shares is pending the ELI Shareholder Consent which the Board wishes to obtain upon completion of the Ocean Pearl ELI Acquisition or a waiver of the requirement for consent being obtained. As at the date of this Document, the option to acquire the additional 16,777 ELI Shares has not been exercised by the Company but is proposed to be in Q3 2022.

2. *February 2022 Loan and Subscription* – In February 2022, San Leon advanced US\$2,000,000 to ELI by way of a loan and Walstrand agreed to transfer 7,800 ELI Shares to San Leon. As at the date of this Document, the transfer of the 7,800 ELI Shares is pending ELI Shareholder Consent which the Board wishes to obtain upon completion of the Ocean Pearl ELI Acquisition or a waiver of the requirement for consent being obtained.
3. *New ELI Loan and New ELI Subscription* – The Company has conditionally agreed to make a new loan to ELI of US\$16,000,000 at a coupon of 14% per annum over four years, and repayable quarterly following a one-year moratorium, which will be accompanied by San Leon subscribing for a further 48,748 new ELI Shares at nominal value, subject to ELI Shareholder Consent which the Board wishes to obtain upon completion of the Ocean Pearl ELI Acquisition or a waiver of the requirement for consent is obtained. The relevant documents are with the parties for signing.
4. *Ocean Pearl ELI Acquisition* – On 8 July 2022, the Company announced the further conditional purchase of an interest in ELI, namely, that the Company will pay US\$15,000,000 for 52,647 ELI Shares currently held by Ocean Pearl.

Assuming completion of the ELI Reorganisation and each of the Further ELI Investments set out above, San Leon will become the largest shareholder in ELI, with its stake comprising 228,548 ELI Shares representing 50.6 per cent of ELI's issued share capital. San Leon will also become a significant lender to ELI with a total of US\$48.3 million (principal) owed by ELI to the Company.

On 8 July 2022, the Company entered into the New Facility the purposes of funding its working capital requirements and financing the Further ELI Investments, details of which can be found at paragraph 10.22 of Part 12 of this Document.

Whilst there are a number of conditions to the ELI Reorganisation, and whilst the ELI Reorganisation is conditional upon the MLPL Reorganisation occurring, the Further ELI Investments are not conditional upon each other or the completion of the ELI Reorganisation or Re-Admission.

Further details of the Further ELI Investments can be found in Part 3 of this Document.

3. Reasons for the Proposed Transactions and Strategy of the Company

San Leon is committed to the long-term development of its Nigerian assets, with a focus of delivering value to Shareholders. This is driven by its technical expertise and operational capabilities.

It is the Board's belief that the MLPL Reorganisation and the ELI Reorganisation, together with the Further ELI Investments, are expected to have the following benefits for the Company and its shareholders:

- the consolidation of Midwestern's holdings in the Company and MLPL into a single holding in the Company in conjunction with the Eroton OML 18 Transactions, allows the Company to increase its economic exposure to OML 18;
- increasing the Company's economic interests in ELI will complement the Company's proposed 100% interest in MLPL, as the ACOES is being constructed to provide a dedicated oil export route from OML 18 and therefore for the benefit of MLPL, including the expected reduction of pipeline losses and increasing the uptime for export;
- San Leon's larger presence by virtue of its activities, resources and commitments, will pave the way for the Company to become a significant participant in the Nigerian oil and gas market, thereby better positioning the Company to deliver value for shareholders; and
- increasing the Company's technical and management involvement in the OML 18 asset, serving to help optimise the development of the asset. This has been formalised through the Asset Management Agreement.

Each of these benefits is expected to contribute to the Company's main objectives which are to:

- use the Company's interest in OML 18 as a platform to become a leading independent production and exploration company focused on Nigeria and West Africa – by securing and developing further high potential asset opportunities that yield value for shareholders;
- use the Company's technical and operational expertise in securing production and near-term operating cash flow which will yield value to shareholders whilst continuing to forge close links with governments, partners and the local communities that it operates in; and
- continuing to position the Company for further transactions.

All of the MLPL Reorganisation and ELI Reorganisation, together with the Further ELI Investments, are considered by the Directors to represent transformational transactions for the Company. The Board appreciates that Eroton and OML 18 currently face a number of challenges, several of which are intended to be overcome via the refinancing of the Existing Eroton Debt Facility by the New Eroton Debt Facilities, the completion of the Eroton OML 18 Transactions and the associated Settlement Agreement and the ACOES coming into full operation. Further details of these key challenges can be found in paragraphs 4(b), (c) and (d) of this Part 1 and in Part 4 of this Document.

The Board are of the view that the Eroton OML 18 Transactions and New Eroton Debt Facilities are important for several reasons, including:

- (i) the Eroton OML 18 Transactions underpin the valuation and rationale of the MLPL Reorganisation by delivering, indirectly, to San Leon a far greater interest in OML 18 than is currently held by Eroton;
- (ii) the Sahara OML 18 Transaction resolves a series of disputes that have arisen between Eroton and its OML 18 joint venture partner, Sahara. Several of these disputes have developed into legal actions (the "Eroton Litigation"), although none are currently being actively pursued, and all legal actions between Eroton and Sahara will be extinguished as part of the Sahara OML 18 Transaction, thereby enabling Eroton to focus on the commercial development of OML 18 as a world class oil and gas field; and
- (iii) the New Eroton Debt Facilities are a condition to and are necessary to fund the Eroton OML 18 Transactions and also enable the Existing Eroton Debt Facility with GTB to be refinanced.

If the New Eroton Debt Facilities are not entered into or once entered into do not complete or the conditions to drawdown are not satisfied and/or the Eroton OML 18 Transactions do not complete then the MLPL Reorganisation cannot complete. The New Eroton Debt Facilities and the Eroton OML 18 Transactions are not in the Company's control and even if shareholders approve the Resolutions, they may not occur. In any of these cases then San Leon would retain a 40% equity interest in MLPL with Midwestern continuing to own the remaining interest in MLPL and Eroton would retain a 27% economic interest in OML 18, meaning that San Leon would continue to have a 10.58% initial indirect economic interest in OML 18. The outstanding MLPL Loan Notes would become payable by MLPL (or by Midwestern as guarantor of the MLPL Loan Notes) to San Leon within 90 days of termination of the MLPL Reorganisation Agreement.

The New Eroton Debt Facilities and the Eroton OML 18 Transactions are also important to the future financial condition of Eroton, and given the Company's significant focus on OML 18 and its operator Eroton, the failure of the New Eroton Debt Facilities and the Sahara OML 18 Transaction to complete, could have a material and adverse effect on Eroton, with a consequent adverse effect on the Company's business, financial condition and results.

Further details of the Eroton Litigation are set out in paragraph 4(d) of this Part 1 and in paragraph 3.4 of Part 2 of this Document and the risks around the Existing Eroton Debt Facility and the importance of the New Eroton Debt Facilities are described in paragraph 2.1 of Part 4 of this Document.

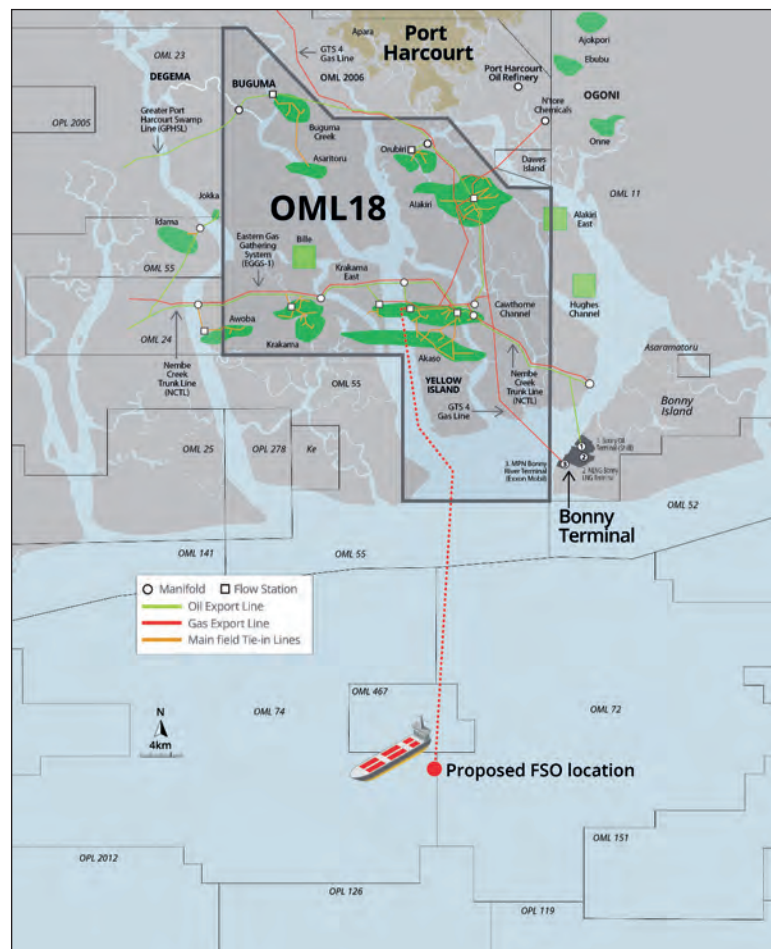
4. Information about OML 18

(a) Background to OML 18

The OML 18 block lies within the Eastern swamp region of the southern part of the Niger Delta in Rivers state, Nigeria and covers an area of 1,035 km². The current licence will expire on 21 October 2038, having been renewed in 2018. It cuts across the entire Cawthorne Channel and Alakiri districts and a section of Awoba on the boundary between OML 18 and OML 24. Nine fields have been discovered in the block to date being: Akaso, Alakiri, Asaritoru, Awoba, Bille, Buguma Creek, Cawthorne Channel, Krakama, and Orubiri.

The Awoba field straddles the OML 18 licence boundary with OML 24, operated by Newcross Exploration and Production Limited. Whilst Newcross operate Awoba, 50% of the field's costs and production are allocated to OML 18 based on a 'pre-unitization' agreement which was signed on 17 December 2018 between NNPC, Eroton and Newcross.

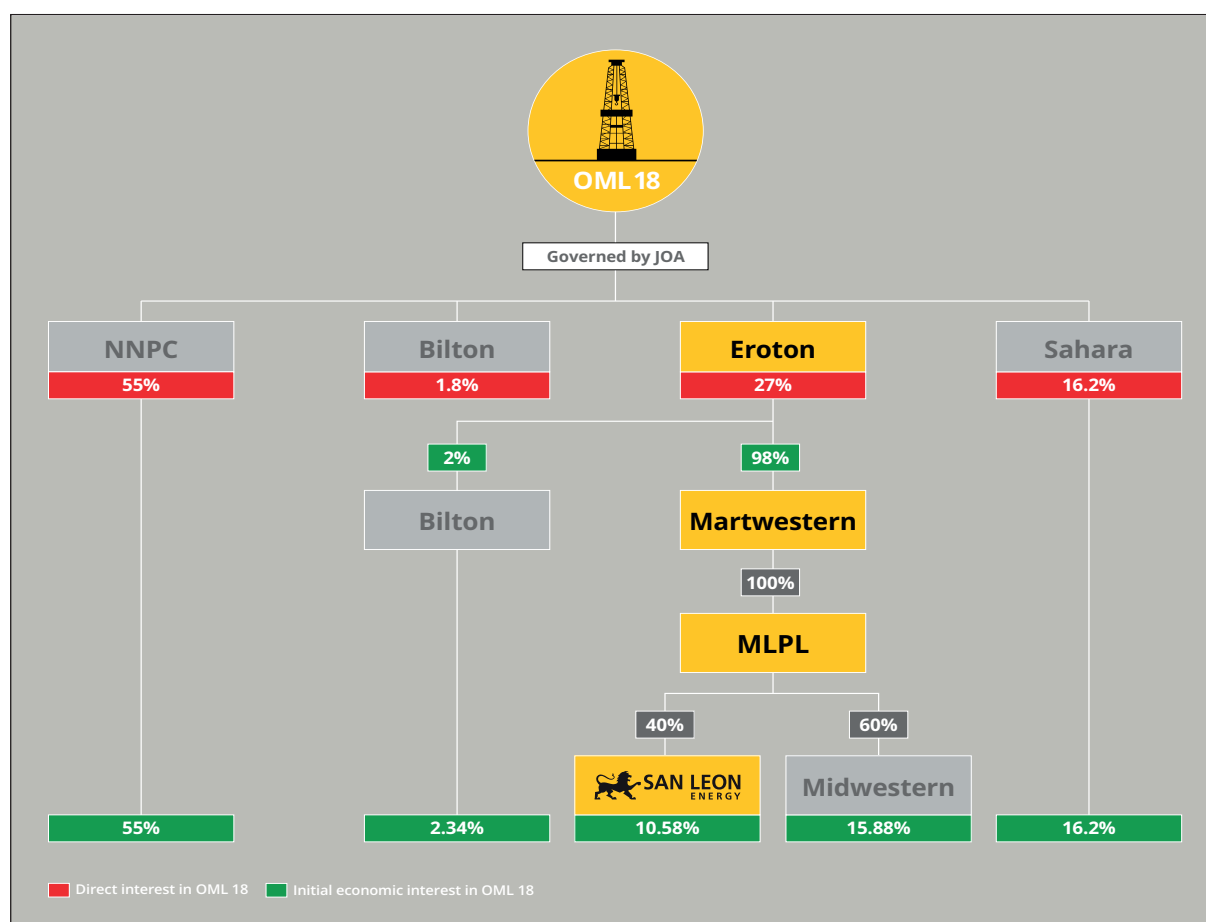
Figure 1: Location map showing the OML 18 block and highlighting nearby towns, fields and infrastructure.



Original In-place volumes (mid case) in the OML 18 assets are estimated at approximately 3,804 million stb (oil and condensate) and 9,836 Bscf of gas, which includes both associated gas (gas which is produced with oil) and non-associated gas (produced from dedicated gas wells). To date, 155 wells have been drilled on the OML 18 block (excluding the 'water wet' wells drilled in Buguma South, Bakana and Minama).

(b) San Leon's interest in OML 18

The structure of the Company's current 10.58% initial indirect economic interest in OML 18 is as follows:



The parties in the above OML 18 shareholding structure are as follows.

- NNPC: The Nigeria National Petroleum Corporation is the state oil corporation of Nigeria.
- Eroton:
 - o Eroton Exploration and Production Company Limited is the current operator of OML 18 and has a 27% interest in the OML 18 licence. Pursuant to the Eroton OML 18 Transactions, it is anticipated that Eroton's interest in OML 18 will rise to 45%.
 - o Eroton is an independent energy company based in Nigeria, focused on the full cycle from exploration to development of oil and gas. It was incorporated in 2013 to acquire the 45% interest in OML 18 from Shell, Total and Eni, a transaction that was completed in March 2015. The divestment was part of Shell's strategic review of its onshore portfolio in Nigeria and was in line with the Government of Nigeria's aim of developing Nigerian companies in the country's upstream oil and gas sector.
 - o Eroton's principal asset is its 27% economic interest in OML 18 following a transfer of an 18% economic interest to Sahara and Bilton following the purchase in 2015. It also has a 'non operated venture partnership' with Newcross E & P Company Limited, as the operator of the Awoba field, which straddles OML 18 and OML 24, on a 50:50 equity ratio. NNPC has the remaining 55% economic interest in OML 18.
 - o The oil from OML 18 is processed for export, whilst, in the ordinary course, the gas from OML 18 is intended to be sold to the Nigerian domestic gas market, with its principal customer being Notore Chemical, the owner of a local fertiliser plant, pursuant to a long term 'take or pay' offtake agreement. In recent years, sales of gas to Notore Chemical have not always occurred in line with the terms of the Notore Offtake Agreement and

Notore Chemical is significantly in arrears in relation to payment. When such sales of gas occur as contemplated these will satisfy Eroton's DSO of gas under Nigerian law.

- o The Eroton board and senior leadership team is an experienced team led by non-executive chairman, Mr Onajite Okoloko. Mr Okoloko acts as the Chairman of the board of Eroton, in addition to his roles as Chairman of Midwestern and non-executive director of Notore Chemical.
- o Eroton has over 150 employees, with its operations being based in the Rivers state and its commercial headquarters being based in Lagos state. Eroton has general memorandum of understandings with five clusters of host communities in the area where OML 18 is based, as part of its commitment to commodity development and a general partnership with the local communities.
- o Eroton entered into the Existing Eroton Debt Facility on 18 December 2018 between Eroton (as the borrower) and GTB (as the lender, agent, arranger and security trustee) details of which are set out in paragraph 10.24.14 of Part 12 of the Document. The Existing Eroton Debt Facility is secured by way of an all assets debenture (including the OML 18 licence) dated 21 December 2018 between Eroton (as chargor) and GTB (as security trustee), an deed of security assignment dated 21 December 2018 between Eroton (as chargor) and GTB (as security trustee), an deed of share charge dated 21 December 2018 between Eroton (as borrower), Martwestern (as shareholder) and GTB (as security trustee) and an undated deed of share charge between Eroton (as borrower), Bilton (as shareholder) and GTB (as security trustee). The Existing Eroton Debt Facility is governed by English law. Further details in relation to the Existing Eroton Debt Facility can be found in section (d) of this section 4 of Part 1.
- Sahara: OML 18 Energy Resource Limited is a Nigerian company privately-owned by Sahara Field Production 18 Limited ("Sahara") and Sahara Charitable Foundation. Sahara currently holds an effective 16.2% economic interest stake in OML 18, which will be transferred in whole to Eroton via the proposed Sahara OML 18 Transaction which has been negotiated but has not yet been executed as the New Eroton Debt Facilities have not yet been executed.
- Bilton: Bilton Energy Limited is an indigenous company whose entry costs into OML 18 were carried by certain partners. Mr Adekolapo Ademola, a non-executive director of San Leon, has a 44% ownership interest in Bilton and is a director of Bilton. Bilton has a 1.8% indirect economic interest in OML 18 held by its 100% owned subsidiary Bilton OML 18 Limited, which will be transferred in whole to Eroton via the Bilton OML 18 Transaction. The Bilton OML 18 Transaction has been entered into but is subject to certain conditions including that the Sahara OML 18 Transaction (which has been negotiated but has not been signed and is itself conditional upon the entry into and utilisation of the Eroton New Debt Facilities) becomes unconditional. Bilton also has a 50% voting interest in Eroton (Martwestern holds the remaining 50%) with a 2% initial economic interest in Eroton, which will remain unchanged by the Bilton OML 18 Transaction.
- Martwestern: Martwestern Energy Limited is a Nigerian company 100% owned by MLPL. Martwestern owns 50% of the voting interests in Eroton (Bilton owns the remaining 50%). Martwestern has a 98% initial economic interest in Eroton.
- MLPL: Midwestern Leon Petroleum Limited is a Mauritian-incorporated special purpose vehicle, which, as at the date of this Document, is 40% owned by San Leon with the remaining 60% held by Midwestern. Following completion of the MLPL Reorganisation, MLPL will be owned 100% by San Leon. MLPL is the 100% shareholder of Martwestern and therefore holds the combined OML 18 interest of both San Leon and Midwestern. MLPL is also the borrower in respect of the MLPL Loan Notes, further information regarding which can be found in paragraph 6 of this Part 1 and paragraph 4.2 of Part 2 of this Document.
- Midwestern:
 - o Midwestern is an independent Nigerian exploration and production company with a portfolio of hydrocarbon assets. The company was established in 2001 and commenced its upstream activities in 2005.

- o Midwestern is owned by Mr Onajite Okoloko, together with other individuals and entities and the Delta State Government of Nigeria. Mr Okoloko is the Chairman of the board of Midwestern.

It is emphasised that the MLPL Reorganisation is conditional, amongst other things, on the entry into and the utilisation of the New Eroton Debt Facilities and the Eroton OML 18 Transactions completing. Whilst the Terms of the New Eroton Debt Facilities have been approved by the lead lender, Afreximbank and the Sahara OML 18 Acquisition Agreement has been negotiated but is not expected to be entered into until after the New Eroton Debt Facilities have been entered into and the funds are available and the Bilton OML 18 Acquisition Agreement has been executed, subject to certain conditions, they are dependent on, inter alia, the New Eroton Debt Facilities being entered into and becoming unconditional and being drawn down. Furthermore, the New Eroton Debt Facilities have not yet been entered into and once entered into will be subject to additional conditions to drawdown which will have to be satisfied prior to utilisation of the facilities and for the entry into and completion of the Sahara OML 18 Transaction and the Bilton OML 18 Transaction. These matters are not under the Company's control. Accordingly, there is no certainty that the New Eroton Debt Facilities will be entered into or that the Eroton OML 18 Transactions will proceed or that they will proceed on the currently proposed terms. Only once the Eroton OML 18 Transactions complete and the other conditions to the MLPL Reorganisation have been satisfied will the Company be able to proceed with the MLPL Reorganisation and Re-Admission. There can therefore be no guarantee that the MLPL Reorganisation and Re-Admission will occur.

(c) Other OML 18 matters and background to the Eroton Sahara OML 18 Transaction

As the operator of OML 18, Eroton may incur the costs of capital expenditure and operating expenditure in relation to OML 18 on behalf of its joint venture partners and recover this via a cash call arrangement pursuant to the JOA after the amounts have been reconciled. The Directors understand that Eroton's ability to pre-fund capital expenditure and operating expenditure in relation to OML 18 on behalf of its joint venture partners is a key requirement for Eroton's role as operator and represents a significant component of Eroton's working capital requirements. Funding requirements of this nature would normally have been approved in advance as part of an annual budget or specific work progress, although the Directors understand that Eroton has faced issues with being able to agree the OML 18 budget with its joint venture partners.

As at 30 April 2022, Eroton had unaudited receivables of approximately US\$104.57 million from its OML 18 joint venture partners, being Sahara, Bilton and NNPC, in relation to unpaid joint venture cash calls. No amounts in relation to such receivables have been received since 30 April 2022 but outstandings continue to accrue. Of this, approximately US\$66.84 million represents amounts receivable from Sahara and Bilton which are to remain outstanding as intercompany balances (within the Enlarged Group) and approximately US\$37.72 million represents amounts receivable from NNPC, which the Directors are informed the majority of which is expected to be recovered from NNPC in due course after the necessary reconciliations, although there may be instances where NNPC disagrees, disallows or requests a revision of costs presented by Eroton.

(d) Eroton Litigation and Existing Eroton Debt Facility

The Directors understand that there are several disputes, principally between Sahara and Eroton, which, among other things, relate to: (i) indebtedness and delayed payments for gas under the Notore Offtake Agreement; (ii) the agreement of budgets for the operation of OML 18; (iii) disputes in respect of various legacy issues regarding the acquisition of OML 18 and disputes regarding the operation of OML 18 including cash calls; and (iv) disputes in relation to various alleged payments in relation to shares of profits from OML 18.

Notwithstanding the joint lifting arrangements in respect of OML 18 (which are currently still in effect), the Directors understand that in 2020 Sahara started lifting directly according to their interest in the OML 18 field.

A consequence of these disputes has been the Eroton Litigation, being a number of litigation claims and/or counterclaims and other legal actions involving Eroton, Bilton, Sahara and Notore Chemical, which are detailed in paragraph 3.4 of Part 2 of this Document, with the potential risks of these actions being considered in paragraph 2.2 of the Risk Factors laid out in Part 4 of this Document.

Given these disputes, the exit of Sahara from OML 18 has been agreed in principle (although the Sahara OML 18 Acquisition Agreement has been negotiated but has not yet been executed), subject to the entry into and utilisation of the Eroton New Debt Facilities, which is intended to be effected by the Sahara OML 18 Transaction, which is to occur in connection with the Settlement Agreement and is to effect the settlement of the aforementioned litigation and legal actions. The Directors therefore believe that completion of the Sahara OML 18 Transaction will assist with enabling Eroton to focus on the commercial development of OML 18.

On 18 December 2018, Eroton (as the borrower) and GTB (as the lender, agent, arranger and security trustee) entered into the Existing Eroton Debt Facility, a US\$250,000,000 term loan facility agreement, details of which are set out in paragraph 10.24.14 of Part 12 of this Document.

Eroton has not complied with all of the conditions in the Existing Eroton Debt Facility, including disruptions to the repayment schedule and provision of loan covenant compliance information, which could give rise to a right of GTB to call an event of default or enforce security granted to it. The potential risks of these actions are considered in paragraph 2.1 of the Risk Factors laid out in Part 4 of this Document. The Board understands that no such actions have been brought by GTB thus far, and the intention is that the Existing Eroton Debt Facility will be refinanced using some of the funds to be drawn from the New Eroton Debt Facilities, should such facilities be entered into. Subject to completion of the New Eroton Debt Facilities, the New Eroton Debt Facilities will replace the Existing Eroton Debt Facility, which will be repaid in full and GTB's security in connection with the Existing Eroton Debt Facility will be discharged.

If the New Eroton Debt Facilities are not entered into or once entered into does not complete or the conditions to drawdown are not satisfied and/or the Eroton OML 18 Transactions do not complete then the MLPL Reorganisation cannot complete. The New Eroton Debt Facilities and the Eroton OML 18 Transactions are not in the Company's control and even if shareholders approve the Resolutions, they may not occur. In any of these cases then San Leon would retain a 40% equity interest in MLPL with Midwestern continuing to own the remaining interest in MLPL and Eroton would retain a 27% economic interest in OML 18, meaning that San Leon would continue to have a 10.58% initial indirect economic interest in OML 18. The outstanding MLPL Loan Notes would become payable by MLPL to San Leon within 90 days of termination of the MLPL Reorganisation Agreement.

The New Eroton Debt Facilities and the Eroton OML 18 Transactions are also important to the future financial condition of Eroton, and given the Company's significant focus on OML 18 and its operator Eroton, the failure of the New Eroton Debt Facilities and the Sahara OML 18 Transaction to complete, could have a material and adverse effect on the Company's business, financial condition and results.

Whilst the Sahara OML 18 Acquisition Agreement has been negotiated it is not expected to be entered into until after the New Eroton Debt Facilities have been entered into and the funds are available and it is therefore dependent, inter alia, on the New Eroton Debt Facilities being entered into and becoming unconditional and being drawn down. Furthermore, the New Eroton Debt Facilities have not been entered into and once entered into will be subject to additional conditions to drawdown which will have to be satisfied prior to utilisation of the facilities and for entry into and completion of the Sahara OML 18 Transaction. These matters are not under the Company's control. There can be no certainty that: i) the New Eroton Debt Facilities will be entered into; ii) or that the Sahara OML 18 Transaction will proceed; iii) or the Settlement Agreement will be entered into or the terms on which any of them will be entered into or that they will proceed on the currently proposed terms. There can therefore be no guarantee that the MLPL Reorganisation and Re-Admission will occur.

In addition, in the event that the Eroton OML 18 Transactions, the MLPL Reorganisation and Re-Admission do not occur, the Eroton Litigation is likely to continue (details of which is set out in paragraph 3.4 of this Part 2 and further details of the risks around the Eroton Litigation are set out in paragraph 2.2 of Part 4 of this Document.

Other Litigation

In addition to the Eroton Litigation, there are various claims and debt recovery actions involving Eroton, which can be considered to generally be of the nature usually encountered by oil exploration and production companies in Nigeria. These broadly fall into two categories and the most material of which summarised below:

Claims made against Eroton

A number of actions have been made against Eroton by local communities in and around OML 18 ("Host Communities"), specifically claiming that such Host Communities have suffered loss as a result of alleged spills. The relevant Host Communities in these cases generally seek significant monetary compensation for the alleged damage caused to their communities and livelihood, e.g. fishing. Eroton considers these claims lacking in merit on the basis that: (a) it has no record of the spills alleged to have occurred on the specific dates and (b) the spills are alleged to have occurred in relation to crude oil transported within the NCTL, which carries crude from a number of oil fields and is not exclusively used by Eroton. Accordingly, Eroton is vigorously contesting these claims.

Local Host Community Claims

Eroton has entered into various memoranda of understanding ("**MoUs**") with a number of Host Communities. There are numerous cases between these Host Communities, seeking either (a) recognition and inclusion within one of the MoUs or (b) for Host Communities that are already part of a MoU, changes to the sharing formulae used to divide monies paid by Eroton under such MoU (in order to obtain a larger share of such monies). In both cases Eroton is named as a co-defendant due to having entered into an MoU as the operator of OML 18, so that any judgment will also be binding on Eroton. However, these cases do not increase Eroton's exposure, they only affect the allocation of the monies it has already agree to pay under the MoUs. Furthermore, under the PIA the law relating to Host Community relations will change by the end of August 2022 rendering a number of these claims irrelevant.

It should be noted that the aforementioned other litigation matters will not be prospectively remedied by the Settlement Agreement.

Environmental issues

There are certain environmental issues, relating to the expiration of approvals and engagement with local communities that the Company has been made aware of, in respect of Eroton and its oil exploration activities in relation to OML 18.

Expired approvals

Eroton operates OML 18 with the benefit of certain approvals, including Environmental Evaluation Study ("EES") approvals.

The EES approvals for OML 18 have expired. Eroton is in the process of renewing these approvals as they are a requirement under the Environmental Guidelines and Standards of the Petroleum Industry in Nigeria ("EGASPIN"). Under EGASPIN, a person or body corporate (and the management of a body corporate) operating under an OML without any such approval may have that OML revoked (as well as being at risk of criminal sanctions including imprisonment and/or liability to pay fines).

Under EGASPIN, Eroton is also required to maintain Environmental Social Impact Assessment Report ("ESIA") approvals for the Akaso, Alakiri and Cawthorne channel fields within OML 18.

The status of the ESIA approvals in respect of the above-mentioned fields are as follows:

- NUPRC previously approved the ESIA report for the Akaso field, and the approval remained valid until 3 March 2022. Accordingly, the approval is now out of date and a new ESIA report and approval in respect of the Akaso field is required; and
- NUPRC has not approved the ESIA reports for the Alakiri and Cawthorne channel fields due to the expired environmental data submitted by Eroton. Although the revalidation of the required field data has commenced and sampling for two seasons has been planned for Q2 – Q4, 2022, the ESIA approval for these fields is currently outstanding.

Accordingly, Eroton is required to obtain up to date ESIA report approvals for the Akaso, Alakiri and Cawthorne channel fields and a failure to do so could lead to enforcement action by the relevant authorities in Nigeria, which could result in a material adverse effect on the Eroton's business, operations, financial performance and cash flow and future prospects and the market price of the Ordinary Shares may be affected.

Local host communities

Eroton has engaged with various local communities in the area surrounding the location in where it carries out its oil exploration activities. As a result of the passing of the Petroleum Industry Act 2021 (“PIA”) which entered into force in Nigeria on 16 August 2021, Eroton is required to establish certain funds for the economic benefit of such communities. A summary of those obligations is set out below:

- Eroton is required to, and has commenced the establishment of, a decommissioning and abandonment fund (the “Fund”). However, the provisions of the PIA require that the Fund be set up and monies standing to the credit of the Fund to be placed in an escrow account within 12 months of the Effective Date of the PIA, the deadline for such action being 15 August 2022.
- Eroton is also required to establish a host community development trust (the “Trust”) within 12 months of the Effective Date of the PIA, the deadline for such action being 15 August 2022. Eroton is still in the process of developing a road map for establishing the Trust, however it has made the relevant budgetary provision (3% of operating expenses) as stipulated under the PIA to comply with the requirement of the Fund. Nonetheless, Eroton has not yet complied with this requirement under the PIA.

Failure to comply with the provisions of the host community and decommissioning obligations under the terms of an OML and the provisions of the PIA is a ground for the revocation of the relevant OML, so if Eroton should not meet the deadline specified above it will be at risk of forfeiting its right to operate OML 18, which could result in a material adverse effect on the Eroton’s business, operations, financial performance and cash flow and future prospects and the market price of the Ordinary Shares may be affected.

(f) Production Summary

Peak production levels of over 100,000 stb/d and 200 MMscf/d were achieved from OML 18 in the early 1970s and early 1990s, respectively. Cumulative production from the OML 18 fields (including the 50% interest in Awoba) was approximately 1,099 MMstb (including Alakiri condensate) and 1,994 Bscf of gas, as of 31 December 2021. Table 2 below shows a summary of the OML 18 production history by field up to the end of 2021.

Table 2: OML 18 Field Production Status & Production Summary (Gross on Licence)

Field	Discovered	First Production	Current Status/ Last Production	Number of Wells Drilled	Oil Cum (MMstb)	Gas Cum (Bscf)	Operator
					31-Dec-2021		
Cawthorne Channel	1963	1970	Producing	52	667.0	992.9	Eroton
Akaso	1979	1980	Producing	17*	134.1	186.5	Eroton
Alakiri	1959	1970	Producing	37	112.7	588.6	Eroton
Awoba (50%)**	1981	1992	Producing	9/4***	81.2	104.8	Newcross
Krakama	1958	1972	Producing	16	48.4	34.9	Eroton
Orubiri	1971	1973	Producing	12	33.3	35.6	Eroton
Buguma Creek	1960	1972	Dec-2000	10	18.8	47.0	Eroton
Asaritoru	1990	1992	Aug-2000	1	3.4	3.8	Eroton
Bille	1971	—	—	1	—	—	Eroton
TOTAL				155/150	1,099	1,994	

Source: PetroVision Energy Services Limited CPR – Table 1-2 on page 165 of this Document

* Includes recently drilled Akaso-15, Akaso-16, and Akaso-17 (not tied-in yet).

** Awoba straddles OML 18 and OML 24. 50% of the Awoba production is allocated to OML 18 as shown in the table. The production figures are based on production reports from the Operator and the previous operator and do not account for any potential unreported production losses e.g., due to theft.

*** Nine wells have been drilled in Awoba but only four of them are within in the OML 18 block area.

Average production (gross on licence) recorded in December 2021 for the OML 18 asset (including 50% of Awoba) is about 15,750 bopd (plus water at a water cut of 42%), and about 56 MMscf/day of gas. The last period of fully active field management of OML 18 was during Q1 2020, prior to constraints resulting from the global COVID-19 pandemic, OPEC restrictions, preparation for the ACOES and budgetary challenges (particularly in the face of escalating pipeline losses on NCTL, due to crude oil theft, illegal oil bunkering, and pipeline vandalism). As a result of these operational limitations, by January 2021 total asset production had declined to circa 34,000 bopd (pre losses).

From March 2021, even higher crude losses were being recorded on the NCTL (80-90% of injected barrels) which encouraged Eroton to adopt a strategy of minimising production and deferring well activities pending the completion of the ELI owned ACOES.

This field management strategy resulted in an artificial drop in gross production to circa 16 kbopd (pre-losses) by December 2021. Petrovision, the competent person and author of the CPR, considers this drop in production to be an inaccurate reflection of the full potential of the asset on which to benchmark future performance forecasts, particularly with the potential additional production from Akaso-17 well, which was successfully drilled between Q4 2019/Q1 2020, with an extensive oil column, and ready to be tied-in for production (currently estimated for Q2-2022). Petrovision has therefore benchmarked the performance forecasts for the developed reservoirs against the most recent period through which the fields were fully operational and under active field management.

The performance of OML 18, in terms of average oil production measured in bopd, improved from the point of its acquisition by Eroton up until Q1 2020, representing a period during which the asset was being actively managed, in full production and prior to disruptions due to community payment delays, OPEC restrictions, ELI preparations and recent minimal production mode, which occurred from Q2 2020 onwards.

In terms of gas production, average gas sales in FY21 were 10.8 Bscf, compared with average gas sales of 50.0 and 32.7 Bscf in FY19 and FY20 respectively. Although the Notore Offtake Agreement is principally a 'take or pay' offtake agreement, the Directors understand that Eroton has not utilised the take or pay provisions in the agreement and the agreement has not always performed in line with the terms and the reduction in gas production was mainly customer driven as Notore Chemical requests for gas based on the consumption profile of its fertilizer plant. The Board understands that the significant dips observed in gas sales is due to the shutdown of Notore Chemical's fertilizer plant and consequently, its inability to receive gas from the field. The major decline observed in FY21 was due to an extended shutdown of the Notore Chemical plant. The gross receivable from Notore in relation to gas payments as at 31 December 2021 and as at 30 April 2022 was over US\$40 million and has continued to accrue since the end of April 2022.

Some of the gas produced from OML 18's Cawthorne oil wells has been flared over previous years and this continues. Eroton's accrued net position in respect of gas flaring penalties was US\$7.2 million and US\$1.3 million in FY20 and FY21 respectively.

Following completion of the MLPL Reorganisation, the Directors intend to use San Leon's rights pursuant to the Asset Management Agreement to review arrangements with respect to OML 18's gas production and the offtake of gas, with a view to seeking improvements to the performance and economics of such arrangements.

Further production details for OML 18 can be found in paragraph 1.2 and 4 of the Competent Person's Report in Part 7 of this Document.

(g) Current Crude Evacuation

OML 18 currently has four flow stations, one central gas gathering plant and one non-associated gas plant. Oil produced from Cawthorne Channel, Akaso and Alakiri has historically been transported to Bonny Oil terminal via the NCTL.

The current handling capacity of the existing OML 18 facilities is 180,000 bpd. The non-operated Awoba facility has a further 40,000 bpd capacity. Optimisation of the OML 18 facilities is planned to capture additional volume, further details of which are contained within the CPR.

Eroton had challenges evacuating crude oil due to significant NCTL downtimes during FY19. Eroton did not lift oil volumes for six months in FY20 and two months in FY21 partly due to NCTL downtimes.

Further details of the current crude evacuation facilities at OML 18 can be found in section 1.3 of the Competent Person's Report in Part 7 of this Document.

Further information regarding the ACOES being constructed by ELI can be found in paragraph 5 of this Part 1 of this Document.

(h) Current Gas Evacuation

There are three gas pipelines linked to OML 18 infrastructure.

Produced gas is typically exported from the Cawthorne Channel and Alakiri to the Notore Chemical fertilizer plant.

Associated gas from the Cawthorne Channel is compressed in the Cawthorne gas processing plant before evacuation to the Notore Chemical fertilizer plant. The Cawthorne gas processing plant was shut down prior to 2018, as this plant requires a stable operating environment for oil production and cannot be run in a manner where it comes online and offline due to the frequent shutdowns experienced with the NCTL. The Directors understand that Eroton plans for operations at the Cawthorne gas processing plant to resume following the ACOES coming online.

The current gas processing capacity of the existing OML 18 facilities (including the Cawthorne gas processing plant) is 275 MMscf/d. A proposed gas development plan includes the undeveloped NAG reserves in Awoba, Buguma Creek and Bille and requires expansion of the gas processing facilities, further details of which are contained within the CPR, located in Part 7 of this Document.

Notore Chemical currently purchases the gas under a take or pay arrangement under the Notore Offtake Agreement, pursuant to which gas supplied to Notore Chemical from OML 18 is priced at US\$1.46/MMscf if used for fertilizer production and US\$2.50/MMscf if used for power generation at Notore Chemical's facility. The gross receivable from Notore Chemical in relation to gas payments as at 31 December 2021 and as at 30 April 2022 was over US\$40 million and has continued to accrue since the end of April 2022. The Notore Offtake Agreement is intended to satisfy Eroton's 2022 DSO which requires it to deliver a minimum of 55 MMscf/d of gas to the Strategic Sectors which if not met incurs financial penalties.

Further details of the Notore Offtake Agreement can be found in paragraph 10.24.8 of Part 12 of this Document. Further details of the DSO are set out in paragraph 2.15 of Part 5 of this Document.

Further details of the gas evacuation facilities at OML 18 can be found in section 2.1 of the Competent Person's Report in Part 7 of this Document.

Asset Development

Capital expenditure declined between 2019 and 2021 due to several factors, including: Sahara's refusal to approve the 2021 budget; delays in obtaining vendor approval from National Petroleum Investment Management Services; and the impact of the COVID-19 pandemic on operations and high NCTL losses and the significant reduction in volume of crude delivery to the terminal. This led to projects not being executed, and delays in execution of work programs where financial commitments had already been made during prior periods.

The main activities associated with the future development of OML 18 fields include well workovers, interventions, new drilling, artificial lift and secondary recovery via water injection (with the added benefit of the planned infield dehydration). Three forecast sensitivities have been evaluated: Proved (1P), Proved & Probable (2P), and Proved, Probable & Possible (3P).

A combined total of one hundred and three notional new wells have been proposed by Eroton for full development of the OML 18 fields, including non-associated gas NAG reservoirs. Eroton's proposed development programme envisages a capital expenditure budget of circa US\$2.9 billion over the next 10 years, for both the 1P and 2P cases. This workover programme is expected to be predominantly financed from OML 18's future cashflows. Mobilisation of the Hydraulic Workover Unit (HWU) is

currently estimated for Q4 2022 with the arrival of three drilling rigs anticipated in Q3 2023, Q3 2024 and Q3 2025 (for non-associated gas). An additional twelve new wells have been estimated for the 3P case with an associated cost of about US\$300 million.

The total facilities development CAPEX required for the OML 18 asset is estimated by Petrovision at approximately US\$549 million and includes the gas capacity expansion to 500 MMscf/d, to accommodate additional gas volumes from the Non-Associated Gas (NAG) wells, and in-field dehydration, to reduce water handling and transport requirements.

The oil development plan presented in the CPR is anticipated to see oil production ramp up from the current approximately 16,000 stb/d to approximately 100,000 stb/d (gross on license and pre downtime and losses) by 2026 in the mid case (2P) scenario. The gas development is anticipated to take OML 18 gas production levels up to 500 MMscf/d (gross on license and pre downtime and losses) by 2032.

Based on the development activities outlined in the CPR, the forecasted 2P oil and gas technical recoveries (TR), which do not incorporate an economic cut-off, are approximately 660 million stb and 3,453 Bscf, respectively. This translates to 2P ultimate recovery (EUR) from the OML 18 asset (including 50% of Awoba) of approximately 1,759 MMstb oil (including condensate) and approximately 5,447 Bscf of gas.

Further details of the Asset Development programme for OML 18 can be found in section 1.4 and 4 of the Competent Person's Report in Part 7 of this Document.

(i) Reserves and Resources

Reserves

Table 3 below summarises OML 18's economic reserves per field (being the forecasted technical recoveries less deductions for production losses/downtime, economic limits, and utility/fuel for gas). The economic reserves are presented both as gross on license and indirect net economic interest attributable to San Leon (i.e., before deduction for royalty). The net attributable reserves were allocated to SLE by field on an annualised pro-rated production basis.

Table 3: OML 18's economic reserves per field

Fields	Status	Gross			SLE net attributable*			Operator
		Proved	Proved & Probable	Proved, Probable & Possible	Proved	Proved & Probable	Proved, Probable & Possible	
Oil & Liquids Reserves (million bbls)								
Cawthorne	Producing	163.3	233.1	295.7	49.8	64.8	76.8	Eroton
Akaso	Producing	27.6	58.2	92.0	7.8	17.1	25.6	Eroton
Alakiri	Producing	47.8	75.2	127.1	16.1	21.8	32.7	Eroton
Krakama	Producing	61.8	87.8	114.5	19.5	24.1	29.1	Eroton
Orubiri	Not producing – Available	25.2	37.1	58.6	8.4	11.1	15.5	Eroton
Buguma Creek	Not producing – Available	33.3	48.3	67.3	11.3	13.7	17.2	Eroton
Asaritoru	Not producing – Available	6.6	8.3	10.8	2.2	2.6	3.2	Eroton
Awoba (50%)	Producing	38.0	53.4	83.9	11.7	14.0	20.1	Newcross
Bille	Planned for development							Eroton
Total for Oil & Liquids		403.5	601.4	849.7	126.9	169.3	220.1	
Gas Reserves (Billion scf)								
Cawthorne	Producing	283.7	431.8	634.3	91.4	122.9	164.5	Eroton
Akaso	Producing	115.2	273.1	458.0	35.8	81.9	127.0	Eroton
Alakiri	Producing	484.5	674.2	1,190.0	160.4	202.1	314.0	Eroton
Krakama	Producing	285.3	354.4	468.0	89.9	97.3	116.4	Eroton
Orubiri	Not producing – Available	99.4	156.1	260.6	35.6	47.8	67.7	Eroton
Buguma Creek	Not producing – Available	603.0	913.7	1,378.8	181.9	225.1	323.3	Eroton
Asaritoru	Not producing – Available	6.3	7.9	10.3	2.2	2.5	3.1	Eroton
Awoba (50%)	Producing	268.9	453.8	914.2	78.6	112.8	210.7	Newcross
Bille	Planned for development	126.4	140.6	159.9	30.6	32.1	36.0	Eroton
Total for Gas		2,272.7	3,405.6	5,474.2	706.3	924.5	1,362.9	

Source: PetroVision Energy Services Limited CPR – Table 1-6 on page 168 of this Document

* Post-completion of the MLPL Reorganisation, based upon 44.1% economic interest in OML 18 until hurdles met.

Petrovision, the competent person and author of the CPR, considers that these results show significant recoverable (technical) oil and gas volumes remaining in OML 18 and the existing well stock confirms good deliverability, high pressures and generally favourable reservoir properties.

Contingent Resources

Table 4 below summarises the estimated contingent (unrisked) oil and gas recoverable resources, post field development plan (FDP) studies. These are generally constituted by reservoirs with insufficient information to appropriately characterise and quantify (well logs and/or fluid sampling data). The contingent resources also include the recoverable volumes beyond the forecast cut-off date (Jan-2060).

Table 4: OML 18 Oil & Gas Contingent Resources

Field	Predominant status of Contingent Resource	Gross			SLE net attributable*			Estimated Risk Factor	Operator
		Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate		
Oil & Liquids Contingent Resources – Unrisked (million bbls)									
Cawthorne Channel	Largely development not viable	9.5	12.2	14.0	2.1	2.7	3.2	0.7	Eroton
Akaso	Largely development pending	9.6	11.8	13.4	2.2	2.7	3.0	0.7	Eroton
Alakiri	Largely development not viable	6.2	8.8	11.6	1.4	2.0	2.6	0.7	Eroton
Krakama	Largely development not viable	0.7	1.3	1.5	0.2	0.3	0.3	0.7	Eroton
Orubiri	Largely development not viable	0.6	0.8	1.2	0.1	0.2	0.3	0.7	Eroton
Total for Oil & Liquids		26.6	34.9	41.7	6.0	7.9	9.4		
Gas Contingent Resources – Unrisked (Billion scf)									
Cawthorne Channel	Largely development not viable	20.7	29.1	39.7	4.7	6.5	8.9	0.7	Eroton
Alakiri	Largely development not viable	184.7	209.7	254.5	41.6	47.2	57.3	0.7	Eroton
Krakama	Largely development not viable	1.0	1.4	1.3	0.2	0.3	0.3	0.7	Eroton
Orubiri	Largely development not viable	0.9	2.3	3.0	0.2	0.5	0.7	0.7	Eroton
Total for Gas		207.3	242.5	298.5	46.6	54.6	67.2		

Source: PetroVision Energy Services Limited CPR – Table 1-7 on page 169 of this Document

* Post-completion of the MLPL Reorganisation

Current contingent resources for Akaso are based on proved recoverable volumes from water injection (secondary recovery) which was originally classified as proved reserves category, but are now removed following the non-approval of the Akaso water injection scheme by the regulatory body. However, Eroton is actively engaging with the NUPRC to demonstrate the benefits of water injection in the Akaso field.

Prospective and Lead Resources

Eroton has also identified thirty-nine exploration / appraisal targets, comprising one discovery, thirty-six prospects and two leads within and/or near existing fields on the OML 18 block that were evaluated by PetroVision as part of the CPR. The estimated gross prospective oil and gas resources for OML 18 are shown below in Table 5. The low, best, and high cases were determined probabilistically using range of uncertainties for each volumetric parameter, such as GRVs, petrophysical properties, and PVT properties.

Table 5: OML 18 prospective oil/liquids resources

Near-field	Total No of Exploration / Appraisal Targets	Status	Gross			SLE Net attributable*			Risk Factor	Operator
			Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate		
Oil & Liquids Prospective Resources – Unrisked (million bbls)										
Cawthorne Channel	6	Prospect	22.0	92.0	268.4	5.0	20.7	60.4	0.4	Eroton
Akaso	3	Prospect	11.6	68.6	147.0	2.6	15.4	33.1	0.3	Eroton
Alakiri	6	Prospect	16.9	110.6	465.8	3.8	24.9	104.8	0.6	Eroton
Krakama	3	Prospect	23.8	112.9	366.2	5.4	25.4	82.4	0.2	Eroton
Orubiri	4	Prospect	9.6	31.5	145.0	2.2	7.1	32.6	0.3	Eroton
Asaritoru	3	Prospect	4.4	33.6	117.6	1.0	7.6	26.5	0.4	Eroton
Bakana	3	Prospect	2.5	8.6	23.4	0.6	1.9	5.3	0.2	Eroton
Buguma East **	1	Prospect	2.5	14.9	49.9	0.6	3.4	11.2	0.3	Eroton
Minama East	1	Prospect	3.1	21.3	95.1	0.7	4.8	21.4	0.3	Eroton
Tema	1	Appraisal+	4.4	8.2	14.2	1.0	1.8	3.2	1.0	Eroton
Awoba **	2	Prospect	0.0	1.0	7.0	0.0	0.2	1.6	0.2	Newcross
Bille	2	Prospect	22.9	51.0	106.4	5.2	11.5	23.9	0.2	Eroton
Calabar River South	1	Lead	34.4	70.6	143.0	7.7	15.9	32.2	0.0	Eroton
Calabar River SE	1	Lead	40.3	62.5	94.2	9.1	14.1	21.2	0.1	Eroton
Idama**	1	Prospect	1.5	5.9	15.9	0.3	1.3	3.6	0.3	Eroton
Isia	1	Prospect	2.4	16.5	65	0.5	3.7	14.6	0.3	Eroton
Total for Oil / Liquids	39		202.3	709.7	2,124.1	45.5	159.7	477.9		

Source: PetroVision Energy Services Limited CPR – Table 1-8 on page 170 of this Document

* Post-completion of the MLPL Reorganisation

** OML 18 area only

+ Tema is a discovery, hence no risk associated with discovery. The field is subject to further appraisals.

Table 6: OML 18 prospective gas resources

Near-field	Total No of Exploration / Appraisal Targets	Status	Gross			SLE Net attributable*			Risk Factor	Operator
			Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate		
Gas Prospective Resources – Unrisked (Billion scf)										
Cawthorne Channel	6	Prospect	89.3	371.0	1,069.8	20.1	83.5	240.7	0.4	Eroton
Akaso	3	Prospect	45.1	263.1	544.7	10.1	59.2	122.6	0.3	Eroton
Alakiri	6	Prospect	60.6	382.9	1,547.3	13.6	86.2	348.1	0.6	Eroton
Krakama	3	Prospect	85.2	401.9	1,280.6	19.2	90.4	288.1	0.2	Eroton
Orubiri	4	Prospect	32.5	106.1	505.4	7.3	23.9	113.7	0.3	Eroton
Asaritoru	3	Prospect	16.4	127.9	451.7	3.7	28.8	101.6	0.4	Eroton
Bakana	3	Prospect	7.4	26.1	70.1	1.7	5.9	15.8	0.2	Eroton
Buguma East**	1	Prospect	7.9	47.4	154.6	1.8	10.7	34.8	0.3	Eroton
Minama East	1	Prospect	10.2	78.2	369.7	2.3	17.6	83.2	0.3	Eroton
Tema ++	1	Discovery	75	116.6	176.7	16.9	26.2	39.8	1.0	Eroton
Awoba **	2	Prospect	0.2	4.0	25.3	0.0	0.9	5.7	0.2	Newcross
Bille	2	Prospect	86.0	181.9	360.9	19.4	40.9	81.2	0.2	Eroton
Calabar River South	1	Lead	124.1	241.5	474.8	27.9	54.3	106.8	0.0	Eroton
Calabar River SE	1	Lead	142.7	209.3	299.0	32.1	47.1	67.3	0.1	Eroton
Idama**	1	Prospect	5.9	21.7	57.4	1.3	4.9	12.9	0.3	Eroton
Isia	1	Prospect	7.3	52.7	207.4	1.6	11.9	46.7	0.3	Eroton
Total for Gas	39		795.8	2,632.3	7,595.4	179.1	592.3	1,709.0		

Source: PetroVision Energy Services Limited CPR – Table 1-9 on page 171 of this Document

* Post-completion of the MLPL Reorganisation

** OML 18 area only

++ Tema is a discovery, hence no risk associated with discovery

Petrovision considers that, as a significant portion of the contingent and prospective resources defined are quite tangible, they will never be far from infrastructure and many of the potential targets can easily be appraised as part of the development drilling programme. Petrovision considers that exploration targets could be tagged on to development wells either by deepening certain wells or optimising trajectories to tag exploration/appraisal blocks/zones etc. This optimisation will be factored into the Eroton's development plan/drilling schedule with the objective of moving some of the prospective resources into reserves without a requirement for dedicated exploration CAPEX.

Further details of OML 18's reserves, contingent resources and prospective resources can be found in section 1.5 of the Competent Person's Report in Part 7 of this Document.

(j) Economic Evaluation

PetroVision developed a detailed economic model that estimated the net present value (NPV) (the model runs on OML 18 and NPV were allocated by field based on technical production) based on discounted cash flow of future net revenues at a discount rate of 10% ("**NPV10**") going forward, as of 1 January 2022, to determine the value of the indirect net economic interest attributable to San Leon. The economic model includes the effect of Eroton's debt funding expected downtime and significantly reduced pipeline losses. The net attributable cash flow to SLE was allocated to SLE by field on an annualised pro-rated production basis.

NPV10 values were calculated using base price assumptions for two cases:

- i. **Pre-finance**, an NPV₁₀ after tax value is calculated based on cashflow to San Leon excluding the effects of paying RBL costs and Withholding Tax ("**WHT**"), which gives the NPV₁₀ of cash flow from SLE's interests (post completion of the MLPL Reorganisation) without financing deductions
- ii. **Post-finance**, an NPV₁₀ after tax value is provided which includes the effects of RBL and WHT, which provides a view on the NPV₁₀ of cash flows receivable by SLE at the MLPL level.

Table 7: NPV₁₀ After Tax Net Cashflow (SLE Entitlement only) – post completion of the MLPL Reorganisation

Fields	NPV ₁₀ After Tax Net Cashflow (US\$ million) @ Base Oil Price		
	Proved (1P)	Proved & Probable (2P)	Proved, Probable & Possible (3P)
Cawthorne Channel	401	435	472
Akaso	139	224	298
Alakiri	283	325	407
Krakama	171	172	183
Orubiri	83	92	104
Buguma Creek	168	166	163
Asaritoru	17	19	23
Awoba (50% share)	96	101	124
Bille	8	9	10
TOTAL Pre-Finance	1,366	1,543	1,784
TOTAL Post-Finance	917	1,093	1,334

Source: PetroVision Energy Services Limited CPR – Table 1-10 on page 173 of this Document

In addition to San Leon's indirect net economic interest on OML 18 block, the Company also has an exclusive right (subject to conditions) to provide certain drilling-related oil field services to OML 18 under a Master Services Agreement. Eroton's proposed development program envisages a capital expenditure budget over the next 10 years more than US\$2.9 billion, largely funded from cash flow. San Leon has a separate contract in place to provide management and technical services to Eroton, in addition to the Asset Management Agreement.

Further details regarding the Economic Evaluation of OML 18 can be found in sections 1.6 and 5 of the Competent Person's Report in Part 7 of this Document.

5. Information about ELI

Corporate Background

ELI is a midstream infrastructure group, serving the oil and gas sector and builds crude transportation and storage systems within the Niger Delta area of Nigeria.

ELI comprises ELI Malta and its subsidiary, ELI Nigeria. ELI Malta was incorporated on 6 September 2017, while ELI Nigeria was incorporated on 19 February 2016. ELI Malta holds 99.99% of the shares in ELI Nigeria. ELI Malta's shareholders are currently Ocean Pearl Marine MA, San Leon ELI Limited (a subsidiary of the Company), Umugini Pipeline Infrastructure Limited ("**UPIL**") and Walstrand (Malta) Limited ("**Walstrand**"). Midwestern has an indirect shareholding in UPIL. Midwestern has a 68% shareholding in Midwestern Hydrocarbon Pipeline Company Limited which in turn owns 75% of UPIL (i.e. a 51% effective interest in UPIL).

ELI is governed by a board of directors and a management team responsible for overseeing ELI's operations. As at 31 May 2022, ELI had an eight person board comprising seven non-executive directors and one executive director. ELI's operations are predominantly conducted through its subsidiary, ELI Nigeria. ELI and its subsidiary as at 31 May 2022 had seventeen full time employees and sixteen contract staff, although both of these are increasing as ELI is currently conducting a recruitment exercise to grow its technical personnel by 50% as it prepares for its live operations and personnel numbers are expected to continue to increase as ELI expands its operations.

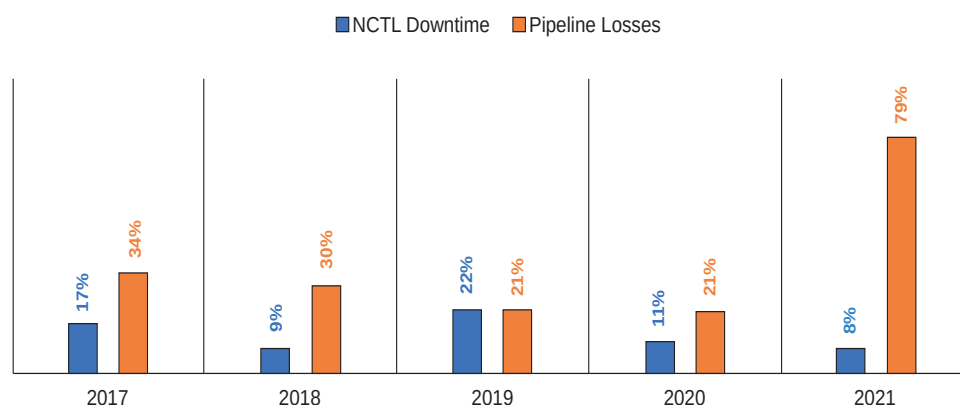
Business Model

The business model of ELI is the construction, delivery and deployment of the ACOES at the approved location in Nigeria by ELI Malta, and will involve ELI Malta leasing the ACOES assets through a finance lease to ELI Nigeria over the life of the Crude Handling and Transportation Agreement. Following the completion of the ACOES, ELI Nigeria is to be responsible for operating the asset and handling the crude from OML 18. Eroton (the operator of the OML 18 joint venture) and ELI Nigeria have entered into a crude handling and transportation agreement (the "Crude Handling and Transportation Agreement") pursuant to which ELI Nigeria agreed to provide services relating to handling, storage and transportation of crude oil produced from OML 18.

ELI's ACOES project is being constructed to provide a dedicated oil export route from OML 18, comprising a new pipeline from OML 18 and a floating storage and offloading vessel approximately 30 kilometres offshore. ELI Nigeria has entered into a floating storage and offloading vessel operations and management contract with World Carrier Offshore Services Corporation.

The NCTL is currently used as one of the main methods for the export of oil from OML 18 to the Bonny Terminal. OML 18 has suffered from significant levels of NCTL downtime and pipeline losses over the past five years, as can be seen in Figure 2 below. High crude pipeline losses on the NCTL have been reported for 2021. During Q1/Q2 2021 a crude pipeline loss of up to 90% was reported. In Q3 2021, the pipeline loss averaged 97%. The ACOES project has been designed to reduce the downtime and allocated pipeline losses currently associated with OML 18's reliance on the NCTL.

Figure 2: Five-year average of NCTL downtime and crude losses (2017 to 2021).



Source: PetroVision Energy Services Limited CPR – Figure 2-3 on page 177 of this Document

Further details of the NCTL downtime and pipeline losses can be found in section 3.6 of the Competent Person's Report in Part 7 of this Document.

In 2017, ELI working with Eroton received approval from the NNPC and the Department of Petroleum Resource to construct the ACOES at OML 18. The ACOES is an evacuation system designed to provide alternative export channels from the OML 18 export pipeline running from within the OML 18 acreage and down to the open sea to a dedicated floating storage and the offloading vessel ELI Akaso. ELI Nigeria has obtained a number of licenses to establish and operate the ACOES pipeline and the floating storage and offloading vessel, further details of which can be found in paragraph 5.2.5 of Part 2 of this Document. ELI Nigeria is the first local company to receive an oil pipeline licence alongside a terminal establishment order via Eroton.

Figure 3: The ELI Akaso floating storage and offloading vessel



Source: PetroVision Energy Services Limited CPR – Figure 2-2 on page 177 of this Document

ELI's ACOES project was financed initially in 2019 via a facility from Petro-Gap Limited. In December 2019, ELI signed an exclusivity agreement with Shell Trading & Supply Limited ("SWST"), whereby SWST and ELI collaborate to ensure SWST is the exclusive off taker of crude from the ELI Akaso terminal. ELI's current financing is provided through a combination of equity and debt from San Leon, UPIL, Ocean Pearl and Walstrand, together with bank debt.

The ACOES involves laying 47 km of thick wall pipe, equipped with a five-core fibre optic cable from OML 18 17 km through the New Calabar river and then 30 km out into the open sea to the ELI Akaso floating storage and offloading vessel. The ELI Akaso floating storage and offloading vessel has a name plate storage capacity of two million barrels and was purchased at a cost of US\$60 million. The pipeline construction is expected to complete during late 2022.

The ACOES is expected to reduce the recent downtime (predominantly a result of NCTL downtime) and reduce high crude pipeline losses from a 2021 average of 73% (peaks of 80-90%) to around 5%. Figure 2 above shows the downtime and crude loss over the past five years on the NCTL. High crude pipeline losses have been reported for 2021 with up to 90% in Q1/Q2 2021 and averaged at about 97% loss in Q4 2021. The ACOES is also anticipated to reduce gas flaring charges.

The current penalty for gas flaring in Nigeria is US\$2 per thousand cubic feet, which is treated like a royalty payment and reconciled and payable quarterly. In addition to the ACOES, Eroton is currently planning for an in-field dehydration (IFD) system to remove water from crude oil, thereby reducing liquid handling cost through the ACOES by eliminating water tariffs.

Eroton has commenced the implementation of an interim evacuation programme utilising a barge mounted production facility with storage of both water and crude, with crude export to the ELI Akaso floating storage and offloading vessel operated by ELI. Process testing of the barging facilities, to confirm water separation quality and due diligence on installed equipment, was completed in September 2021 and about 18,000 bbls of export quality crude was successfully injected into the storage barges.

As at the date of the CPR, the OML 18 pilot project has successfully been completed to the mother vessel and the marine spread is being deployed, after which oil is expected to be received via barging to the FSO. Eroton now expects to complete the approval process and commence transshipment in Q3 2022, with transshipment at the Cawthorne flowstation in Q3 2022 while a third barge is expected to become fully operational at Alakiri and Krakama flowstations by the start of Q4 2022.

The full ACOES, including the pipeline, is expected by Eroton to be operational in Q4 2022. The Board expects that the ACOES will reduce the substantial pipeline losses and downtime which have hampered cash flow from OML 18's production.

ELI intends for its pipeline infrastructure to eventually earn fees from third parties for transporting and storing crude oil from the surrounding oil and gas fields in the Eastern Niger Delta. This is considered by the Board to be feasible as the pipeline is planned to be positioned adjacent to several other oil mining leases. In addition, the floating storage and offloading vessel has been designed with capacity in excess of what may be required for OML 18. In this regard, the ACOES pipeline is ultimately intended to play a key role in resolving the local issues with oil production losses.

In 2019, ELI entered into a pipeline development agreement with Newcross Exploration Production Limited, the operator of the nearby OML 24 licence, in relation to the development of a prospective pipeline that will traverse the OML 24 corridor and ultimately connect OML 24 to the ELI Akaso FSO. Whilst preliminary work based around the feasibility of such a pipeline has been undertaken, the development of this is yet to commence.

ELI Malta earned US\$5.7 million in revenue from a short-term vessel charter hire to Trafigura for six months during FY20, pending receipt of necessary approvals from the Government of Nigeria's Department of Petroleum Resources and the Nigerian Customs.

During FY21, ELI Malta received US\$1 million from Shell Western Trading Limited as part payment of a US\$3 million exclusivity fee under a sole offtake arrangement executed with ELI in 2019, under which Shell Western Supply and Trading Limited is to be the sole crude oil offtaker from the floating storage and offloading vessel. The remaining US\$2 million will be due from Shell Western Trading Limited on completion of the mooring of the FSO.

From May 2020 onwards, Eroton has made quarterly payments to ELI Nigeria, as advances under the Crude Handling and Transportation Agreement between Eroton and ELI Nigeria. Advance payments received from Eroton in FY20 were US\$43.4 million while in FY21 these were US\$56.2 million.

As at the date of this Document, ELI's main debt facilities are a US\$130 million senior secured term loan facility agreement from Africa Finance Corporation and Zenith Bank Plc to replace an existing facility with GTB but which is conditional upon the New Eroton Debt Facilities. ELI also has a US\$30.0 million mezzanine loan from Umugini Pipeline Infrastructure (UPIL) and US\$17 million of shareholder loans from San Leon (before any of the Further ELI Investments).

The budgeted cost to completion for the ACOES is approximately US\$42 million which largely relates to unfunded capital commitments and other associated costs for pipeline development. The Directors understand that ELI plans for this to be funded by a cash backed stand by letter of credit of US\$39.2 million from GTB, the disbursement of which is contingent upon performance and the achievement of milestones, with the remainder being provided by San Leon pursuant to the New ELI Investment.

Further details of the ACOES can be found in section 2.1 of the Competent Person's Report in Part 7 of this Document.

6. MLPL Loan Notes

On completion of the OML 18 Production Arrangement in 2016, the Company received US\$173.05 million of MLPL Loan Notes together with a 40% shareholding in MLPL. The MLPL Loan Notes are also accompanied by interest payments accruing at a fixed rate of 17% per annum on the outstanding principal at the time. The shares held by MLPL in Martwestern have also been pledged as security to the obligations under the MLPL Loan Notes.

Further information on the background to the MLPL Loan Notes can be found in paragraph 4.2 of Part 2 of this Document.

Midwestern and Mart Resources Limited jointly and severally guaranteed the payment of the MLPL Loan Notes in the event of a default and to make immediate payment and performance of all obligations to holders of the MLPL Loan Notes. It was originally envisaged that the MLPL Loan Note repayments due to San Leon would be sourced by MLPL from the receipt of dividends through its indirect interest in Eroton. The Directors understand that OML 18's performance has not provided sufficient cash flow to allow Eroton to pay dividends, and since 2017 MLPL has borrowed from Midwestern in order to be able to make repayments to San Leon on the MLPL Loan Notes. Midwestern has charged MLPL a 7% guarantee fee on the outstanding balance of the MLPL Loan Notes. Pursuant to the MLPL Reorganisation, Midwestern will assign the benefit of such receivable owed by MLPL to San Leon Energy Nigeria.

In relation to the outstanding MLPL Loan Notes, further to the announcements on each of 7 July 2021, 20 September 2021, 1 October, 2021, 2 November 2021, 1 December 2021, 4 January 2022, 1 February 2022, 28 February 2022, 29 April 2022 and 24 June 2022, San Leon agreed an extension and then further extensions of the payments in relation to three instalments that were originally due to be repaid on 5 July 2021, 30 September 2021, 31 December 2021 and 24 June 2022 until 8 July 2022, which will be payable 90 days after such expiry, save for, *inter alia*, if there is an event of default (the "Extended Conditional Payment Waivers"). Interest continues to accrue on the principal amounts waived whilst the Extended Conditional Payment Waivers are in effect. As at 30 June 2022, the Extended Conditional Payment Waivers relate to US\$103.8 million, being a principal amount due of US\$82.2 million and total accrued interest due of US\$21.6 million.

Pursuant to the MLPL Reorganisation Agreement, the Extended Conditional Payment Waiver has been superseded and San Leon has agreed with MLPL, Midwestern and Martwestern to a tenth extension of the Extended Conditional Payment Waivers until the sooner of completion of the MLPL Reorganisation or termination of the MLPL Reorganisation Agreement. Interest continues to accrue on the principal amounts waived pending completion of the MLPL Reorganisation.

Upon completion of the MLPL Reorganisation, the MLPL Loan Notes will become intra group indebtedness and pursuant to the MLPL Reorganisation Agreement, Midwestern will be released from its obligations to guarantee performance of the MLPL Loan Notes by MLPL.

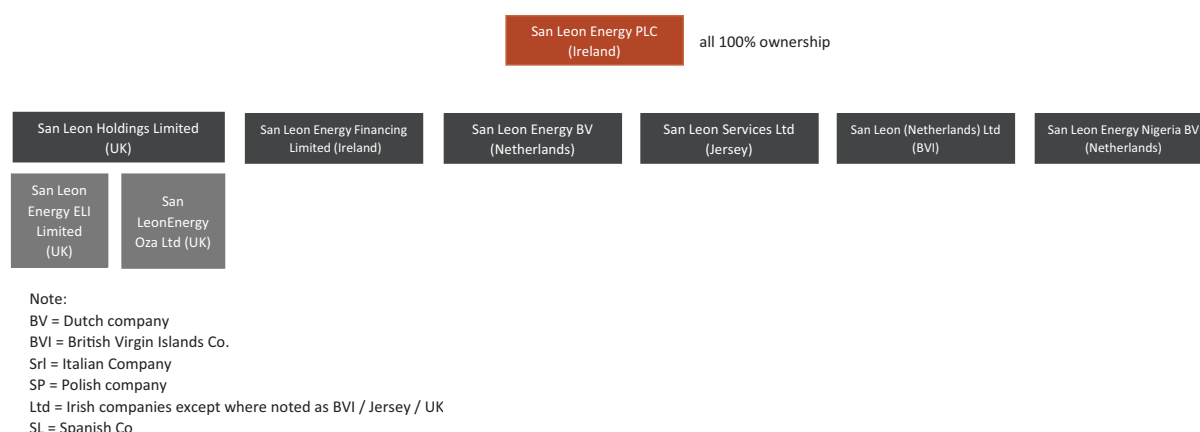
7. Company History

San Leon is incorporated in Ireland. Its Ordinary Shares have been admitted to trading on AIM since September 2008.

The Company has conducted a number of transactions since 2008 and previously had interests in oil and gas assets in Poland and the Netherlands as well as several other locations. Details of San Leon's non-core residual interests in its legacy assets can be found in paragraph 8.

Since September 2016, the Company has been focused on oil and gas in Nigeria and has been exiting its other investments. San Leon's exposure to the Nigerian exploration and production segment currently is via its indirect investments in OML 18 and the ACOES, together with its debt and equity investment in the Oza Field, onshore Nigeria.

Figure 3: Corporate structure



Note: The above corporate structure illustrates the Company and certain of its direct and indirect subsidiaries. The illustration does not show all direct and indirect subsidiaries of the Company. The full list of direct and indirect subsidiaries is set out in paragraph 3 of Part 12 of this Document.

8. Information on the Group's non-core assets

In addition to its interests in OML18, San Leon holds certain other non-core assets as follows:

8.1 Net Profit Interests in relation to the Group's former Polish assets

Following a strategy of divestiture in relation to San Leon's assets in Poland, San Leon currently holds Net Profit Interests in relation to licenses/concessions in Poland which range from 5 per cent to 10 per cent including in the following licenses or concessions: Rawicz, Bielsko-Biala, Cieszyn, Nowa Sol, Gora and Poznan East – 207.

8.2 Overriding Royalty Interest in relation to its former Dutch assets

San Leon is the beneficiary of the Amstel Royalty Agreements on Block Q13A, which is located offshore the Netherlands (together the "Amstel Oil Field"), including an overriding royalty agreement entered into with Encore Oil Limited as part of a sale and purchase agreement entered into in 2007. TAQA Offshore BV subsequently purchased the interest from Encore Oil Limited.

In January 2022, San Leon received payments totalling more than €5.7 million from the legal actions relating to the Amstel Oil Field. The Amstel Royalty Agreements represent legacy interests and any potential net future benefit to San Leon going forward from the Amstel Oil Field on a monthly basis is not expected to be material to San Leon.

8.3 Net Profit Interest in the SEL 1/11 (Barryroe) licence in the North Celtic Sea, offshore Ireland

Providence, through its wholly owned subsidiary Exola DAC, holds an 80% working interest in and is the operator of SEL 1/11 which contains the Barryroe oil accumulation. SEL 1/11 is located in the North Celtic Sea Basin, c. 50 km off the south coast of Ireland, being situated in circa 100 metres water depth. SEL 1/11 expired in July 2021 in accordance with its terms. Providence has made an application to the Department of Environment, Climate and Communications to secure a Lease Undertaking in respect of Barryroe. A Lease Undertaking gives the holder the right to a Petroleum Lease over that part of the area covered by the Lease Undertaking and a Petroleum Lease would give Providence the exclusive right to produce petroleum from the leased area.

In the past, under different operators, five wells were successfully drilled on Barryroe. All of these wells successfully logged hydrocarbon-bearing reservoirs with three successfully flowing oil to surface. In 2011, having acquired new 3D seismic data, a sixth well was drilled on this field. In March 2012, the Barryroe partners announced the flow rates from this well, which included oil rates in excess of 3,500 BOPD from a seven-metre vertical section of reservoir. Most recently, following a strategic review by Providence and subject to regulatory consent, Providence intends to proceed with an appraisal well in 2023, and assuming a satisfactory outcome, to proceed to first production in 2026, initially focused on the central area in Barryroe only.

San Leon holds a 4.5 per cent Net Profit Interest in SEL 1/11.

8.4 *Loan notes and subscription in relation to the OML 11 (Oza) field in Nigeria*

San Leon has provided a total loan of US\$5,500,000 to Decklar (US\$750,000 was provided in August 2020, with a further US\$4,750,000 provided in January 2022), which was accompanied by an equity subscription at nominal value. Consequently, San Leon is interested in US\$5,500,000 of 10 per cent unsecured subordinated Decklar loan notes and a 11 per cent equity interest in Decklar.

San Leon was seeking to pay a further US\$2,500,000 to Decklar by 30 June 2022 which would increase its shareholding in Decklar to 15.0 per cent and increase the unsecured subordinated loan notes to US\$8,000,000, and an extension beyond 30 June 2022 is now being discussed.

Decklar is the holder of a Risk Service Agreement (“RSA”) with Millennium Oil and Gas Company Limited (“Millennium”) on the Oza Field in Nigeria. The Oza Field is a 20 square kilometres concession located onshore in the northern part of OML 11 in Nigeria. The Oza Field is a conventional stacked sands reservoir (12 zones) allowing for vertical drilling and horizontal development drilling. The Oza Field has proven reserves and was formerly operated by Shell Petroleum Development Company of Nigeria Ltd., the local subsidiary of Shell at the time. The Oza Field had three wells and one side track drilled by Shell between 1959 and 1974. Well tests on two wells estimated 2,000 boe/d at 35°/43° API gravity crude oil. More than one million barrels of oil were produced from three zones.

Decklar has performed the workover of the Oza-1 well and the Directors consider that the Oza-1 well test has indicated positive oil results from the lowermost zone, encountered gas in the middle zone and oil in the uppermost zone. San Leon is to be involved in future development planning and determining the location of the first new well to be drilled on the Oza Field.

More recently Decklar announced initial shipments of approximately 4,000 barrels of crude oil from the Oza-1 storage facilities.

8.5 *Non-core assets being relinquished*

The Company holds non-core interests in licences in Albania and Spain, which are in the process of being relinquished.

9. Financial information

The annual reports and accounts for the Company for the financial years ending 31 December 2021, 2020 and 2019 are incorporated by reference under the exemption set out in Rule 28 of the AIM Rules for Companies. These annual reports and accounts are available online at the Company’s website: www.sanleonenergy.com.

The results for the financial year ended 31 December 2021 were announced on 8 July 2022.

10. Current trading and prospects

San Leon

The Directors believe that San Leon’s holdings in MLPL and ELI and its MLPL Loan Note receivables provide a mix of future income, split between loan income expected to be received in the short-to mid-term and equity dividend distributions from MLPL and ELI expected to be received in the mid-to long-term. However, as described above in section 6 of this Part 1, upon completion of the MLPL Reorganisation, the MLPL Loan Notes will become intra group indebtedness and pursuant to the MLPL Reorganisation Agreement, Midwestern will be released from its obligations to guarantee performance of the MLPL Loan Notes.

In the year to date, the Company has only received US\$0.3 million in repayments pursuant to the MLPL Loan Notes and no income from its existing debt or equity investments in ELI. This has been principally due to poor trading performance in Eroton and given that discussions with Midwestern regarding the Proposals have been taking place since 2021, has resulted in the MLPL Loan Notes being the subject of a series of publically announced conditional repayment waivers since July 2021. Therefore, the Company’s cash position as at 8 July 2022 was US\$0.2 million. To mitigate the Company’s low cash position and provide funding for the Group’s working capital requirements and financing for the Further ELI Investments, San Leon has entered into the New Facility for US\$50 million, as described at paragraph 10.22 of Part 12 of this Document.

ELI has not generated income to pay dividends to its shareholders, including San Leon, and has not been in a position to repay creditors such as the Company. This is because it has not received revenue from Eroton as the ACOES has not yet been commissioned and therefore ELI has not yet started generating revenues. The completion and full commissioning of the ACOES will require further financing, including that provided within the New ELI Investments.

The Board believes that the recovery of the oil price during 2021 and into 2022 assists the business case for the Company's assets and their continued development. The expected near-term start-up of the barging component of the ACOES is considered to be an important step in unlocking the value in OML 18, and the Board looks forward to the pipeline portion of the ACOES coming online following its anticipated completion by the end of 2022.

All of the MLPL Reorganisation and ELI Reorganisation, together with the Further ELI Investments, are considered by the Directors to represent transformational transactions for the Company, which are expected to be cash flow positive in the near to medium term.

The Company will continue to monitor the performance of OML 18 and its other assets, and will consider pursuing any appropriate opportunities that may arise in the current market.

Further details of the Board's views regarding the prospects for the Company and ELI can be found in the Chairman's and Chief Executive's statements in the Company's annual report and accounts for the year ending 31 December 2021, which are incorporated into this Document by reference and are available online at the Company's website.

ELI – additional loan from San Leon

On 15 February 2022, the Company provided a further loan of US\$2.0 million (the "Loan") to ELI Malta.

The Loan is a US\$2.0 million shareholder loan at a coupon of 14% per annum over four years which is repayable quarterly following a one-year moratorium from the date of investment. The Loan was accompanied by a transfer to San Leon by Walstrand, ELI's largest shareholder, of shares in ELI which at the time represented a 2.0% equity interest, which San Leon will acquire at nominal value, representing a consideration payable of approximately US\$91.

The Loan was to be used by ELI to facilitate a funding requirement to allow for completion of the mooring for the FSO, which the Board considered to be a critical step in the progression of the ACOES. Providing loans to Nigerian oil and gas related projects, which are often accompanied by associated equity interests, has been a key part of San Leon's business and strategy in recent years. San Leon has had debt and equity interests in ELI since August 2020 and, given the longer-term ongoing strategic importance of ELI's ACOES project to OML 18, the Board believed that it was important for San Leon to assist ELI Malta with the funding requirements for achieving its key project milestones.

San Leon has now lent a total of US\$17.0 million to ELI with a coupon of 14% per annum and from which repayment instalments totalling US\$6.0 million are now due. The Company has elected not to enforce the repayment of outstanding amounts, in recognition of the fact that ELI's development is critical to the success of OML 18 and ELI's cash balances at this time are required to progress the overall ACOES project. As announced on 9 August 2021, the Company has previously agreed with ELI that, should the New ELI Investments in ELI be made, then loan repayment instalments would be offset from any investment monies payable to ELI by San Leon under these new arrangements.

Decklar – loan notes and equity interest

On 27 January 2022, the Company announced that it had lent US\$4.75 million to Decklar via 10% unsecured subordinated Decklar loan notes (bringing the total of such loan notes to US\$5.5 million), which were accompanied by a 11% equity interest in Decklar, which was subscribed for at a nominal value. San Leon is in discussions to provide a further loan of US\$2.5 million to Decklar on similar terms, in order to increase its shareholding in Decklar from 11% to 15%. San Leon will be entitled to one seat on the board of Decklar. In terms of the outlook for the remainder of FY 2022, the Directors anticipate that the export of oil from Oza will continue in 2022.

MLPL

As described above, MLPL has not recently received funds from its investment in Eroton, and repayments to San Leon pursuant to the MLPL Loan Notes have been the subject of a series of publicly announced conditional repayment waivers since July 2021. The Directors expect dividend flow to MLPL once the Proposed Transactions are completed and Eroton returns to budgeted operational performance and the later generates distributable income, as described below.

The Company expects to continue to have technical and other input into the OML 18 asset through its shareholdings and the Asset Management Agreement signed between San Leon Energy Nigeria and Eroton. MLPL and its subsidiary are effectively holding companies, although MLPL is the borrower from San Leon pursuant to the MLPL Loan Notes.

OML 18

Oil delivered from OML 18 to the Bonny terminal for sales was approximately 4,400 bopd in FY 2021 (21,100 bopd in FY 2020) and was affected by combined losses and downtime of approximately 79%. The FY 2021 figure was also affected by OPEC oil production quota restrictions, and some Covid-related delays. Field operations to boost production were largely put on hold, pending the start-up of the ACOES. Together, the losses, downtime, OPEC restrictions and Covid-related delays have caused the majority of the difference between gross production when there is minimal disruption to production, and oil is received at Bonny terminal for sales. In the three months to 31 March 2022, oil delivered from OML 18 to the Bonny terminal for sales was approximately 2,300 bopd as a result of similar issues to 2021.

Gas sales from OML 18 in FY 2021 averaged 29.6 million mmscf/d after downtime (32.7 mmscf/d in FY 2020). In the three months to 31 March 2022, OML 18's gas sales averaged approximately 41.7 mmscf/d after downtime, with the shortfall relative to the 50 mmscf/d (being the rate that is expected within the Notore Offtake Agreement) being due to maintenance activity at the Notore Chemical plant.

The Directors understand that the restarting of field operations on OML 18 should occur later in 2022.

ELI

The Directors believe that ELI is positioned for strong cash flow and potential organic growth, given its strategic positioning and proposed offering of efficient oil export facilities in a region which has suffered from material oil export losses and downtime. Such losses have increased significantly in 2021 and 2022, emphasising the business case for the new pipeline and FSO for OML 18 and third parties. Whilst there have been delays in installation of the ACOES, principally due to Covid, and delays in mooring the FSO, limited barging to the mother vessel has commenced in June 2022, with fuller barging operations from OML 18 to the FSO expected by ELI to commence during July 2022 and the pipeline being expected to be commissioned in late 2022.

The loan repayments due to San Leon from ELI were due to start in 2021 but have been delayed due to operational readiness of the FSO and ACOES being delayed. The Directors expect that ELI will be revenue generating in Q3 2022 with the commencement of barging operations, and while loan repayments to San Leon have been delayed, they should commence in the second half of 2022.

The budgeted cost to completion for the ACOES is approximately US\$42 million which largely relates to the remaining unfunded capital commitments and other associated costs for pipeline development. The Directors understand that ELI plans for this to be funded by a cash backed stand by letter of credit of US\$39.2 million from GTB, the disbursement of which is contingent upon performance and the achievement of milestones, with the remainder being provided by San Leon pursuant to the New ELI Investment.

Since 31 December 2021 ELI's net liabilities and net current liabilities have increased as ELI has continued to incur operating losses.

As stated in section 5 of this Part 1, ELI intends for its pipeline infrastructure to eventually earn fees from third parties for transporting and storing crude oil from the surrounding oil and gas fields in the Eastern Niger Delta, with the ACOES pipeline ultimately being intended to play a key role in resolving the local issues with oil production losses. ELI is in advanced negotiations with other third-party injectors for use of its pipeline and terminalling facilities.

Prospects for the Enlarged Group

The Directors believe that the Enlarged Group has considerable growth opportunities, both organically and via further acquisitions or production arrangements, and views the future with confidence. The Enlarged Group is expected by the Directors to benefit both from increased scale in existing projects, and also by enabling the increased application of San Leon's managerial and technical involvement in Eroton (via its increased ownership of MLPL, via the MLPL Reorganisation), through its Asset Management Agreement to provide such services to Eroton, and its involvement in ELI. Further details in relation to the Board's reasons for the Proposed Transactions and the strategy of the Company can be found in paragraph 3 of this Part 1.

Following completion of the MLPL Reorganisation and the ELI Reorganisation, it is the Company's intention to evaluate the potential for and benefits of, in due course, seeking a listing of its Ordinary Shares on the Official List, Premium Segment and the admission of those shares to the main market of the London Stock Exchange, subject to satisfaction of all regulatory requirements and approvals.

11. Board

The Board will not change as a consequence of Re-Admission and will therefore consist of the following individuals:

Mutiu Olaniyi Adio Sunmonu, Non-Executive Chairman (aged 67)

Oisín Brendan Fanning, Chief Executive Officer (aged 64)

Joel David Price, Chief Operating Officer (aged 50)

Julian Lester Tedder, Chief Financial Officer (aged 52)

John Davies Brown, Independent Non-Executive Director (aged 58)

Adekolapo Ademola, Non-Executive Director (aged 55)

Further details about the Directors and their business experience are set out in Part 6 of this Document. Adekolapo Ademola is not considered to be independent as he is a representative of Midwestern on the Company's Board.

12. Corporate governance

The Board is committed to maintaining high standards of corporate governance to ensure the Company is run effectively. In accordance with Rule 26 of the AIM Rules for Companies, the Company confirms that it has adopted the QCA Code. San Leon aims to conduct its business in an open, honest and ethical manner. The Board is accountable to shareholders for good corporate governance and has adopted the procedures set out below in this regard. Further details of the QCA Code and how the Company applies the principles are set out in Part 6 of this Document.

The Company has agreed with Midwestern that it will seek to identify and appoint an additional independent non-executive director in the 12 months following the publication of this Document. Aside from this, the Board does not expect for the Proposals to have a material impact on the Company's corporate governance and the Proposals are not expected to result in future changes in the Board and the Composition of its committees. Midwestern has the right to appoint a director to the Board under the Relationship Agreement. Details of the Relationship Agreement between Midwestern, Allenby Capital and the Company which is designed to ensure that the Group's business shall be managed for the benefit of the Shareholders as a whole and independently from Midwestern can be found in section 15 of this Part 1 and paragraph 10.2 of Part 12 of this Document.

13. Dividend policy

Dividend Policy

The Directors may consider the payment of dividends (or other methods of returning funds to Shareholders in a tax efficient manner) in the future when, in their view, the Company has sufficient distributable profits after taking into account the working capital needs of and investment opportunities available to the Enlarged Group. Ultimately, on that basis, the Board intends that, once the Company's conditional obligations pursuant to the Preference Shares have been discharged and following the commencement of payment of dividends, 50% of free cash flows would be returned to shareholders by way of dividends.

As a result of the Proposed Midwestern Reorganisation and the associated positive cash inflows anticipated from the increased initial indirect economic interest in OML 18, immediately prior to Re-Admission, the Company will, subject to shareholder approval at the EGM, issue the Preference Shares to Shareholders on the Company's register of members immediately prior to Re-Admission as part of the Subdivision. The Preference Shares will entitle the holders to receive the Preference Amount which is US\$40,000,000 in aggregate and which shall on the date falling forty-two months after the date of issue of the Preference Shares and semi-annually thereafter, be increased by the Shortfall Amount. The Shortfall Amount is 5% of the amount by which the aggregate of all dividends paid to the holders of the Preference Shares is less than the Preference Amount immediately prior to such six-month interval.

The payment by the Company of any dividends, including the Preference Amount and the Shortfall Amount, is subject to the availability of distributable reserves and the declaration of a dividend by the Directors and as such there is no certainty that a dividend will be declared.

14. Share Schemes

The Company currently has two existing Share Schemes in place, being: (i) a share based payment scheme for executives and senior employees of the Group in place prior to 31 December 2012 (the "share based payment scheme"); and (ii) a formal unapproved share option plan (the "formal option plan") adopted during the first quarter of 2013. The formal option plan replaced the share based payment scheme and since its date of adoption, has governed all awards of share options made by the Company.

In addition, the Company has also adopted a new discretionary share plan called the San Leon Energy Long Term Incentive Plan (the "**LTIP**") and a plan for making awards to certain consultants to the Company (the "**Consultant Plan**"). Awards under the LTIP and the Consultant Plan may be satisfied by new Ordinary Shares, Ordinary Shares purchased in the market or by the transfer of Ordinary Shares held in treasury.

Further details of the Company's incentive arrangements and proposed awards to be granted pursuant to the LTIP on or around the date of this Document are set out in paragraph 6.2 of Part 12 of this Document.

15. Relationship Agreement

Midwestern will hold 403,633,865 New Ordinary Shares on Re-Admission and 477,416,400 New Ordinary Shares upon completion of the ELI Reorganisation Shares Admission, representing approximately 50.82% of the Initially Enlarged Ordinary Share Capital and 55.0% of the Fully Enlarged Ordinary Share Capital respectively based on the shares in issue at the date of this Document. Midwestern has entered into the Relationship Agreement with Allenby Capital and the Company pursuant to which it, amongst other things, undertakes to the Company and Allenby Capital that from the date of this Document and for so long as Midwestern, individually or together with the members of Midwestern and its group, is interested in more than 10% of the voting rights in the Company, it shall exercise its voting rights to procure and, in the case of other members of Midwestern's group, holding voting rights in the Company, use reasonable endeavours to procure, that the Group's business shall be managed for the benefit of the Shareholders as a whole and independently from Midwestern and members of the Midwestern's group and that all transactions and arrangements between: (i) the Company and (ii) Midwestern and the members of Midwestern's group will be at arm's length and on normal commercial terms. Midwestern has also provided further undertakings as to the composition of the Board, ensuring certain reserved matters are considered solely by Directors independent of Midwestern. For so long as Midwestern, individually or together with the members of Midwestern's group, is interested in more than 10% of the voting rights in the Company, it shall be entitled under the Relationship Agreement to nominate one non-executive Director to the Board. In addition, the Company has agreed with Midwestern that it will seek to identify and appoint an additional independent non-executive director in the 12 months following publication of this Document.

Whilst at the date of this Document Funds managed by Toscafund Asset Management LLP own 72.62 per cent. of the Existing Share Capital, there is not currently a relationship agreement with Toscafund. Following completion of the Midwestern Reorganisation it is expected that Funds managed by Toscafund Asset Management LLP will own 37.64 per cent. of the issued share capital of the Company and it is not proposed that a relationship agreement will be put in place with Toscafund or any funds managed by them.

Further details on the Relationship Agreement are set out in paragraph 10.2 of Part 12 of this Document.

16. Lock In Arrangements

The Locked-in Persons, being Midwestern and the Directors, have undertaken to the Company and Allenby Capital, that they will not sell or dispose of, except in certain limited circumstances permitted under Rule 7 of the AIM Rules for Companies, any of their respective interests in the New Ordinary Shares and Preference Shares, including any acquired after Re-Admission, at any time from the date of publication of this Document until the first anniversary of Re-Admission or, if sooner termination of the MLPL Reorganisation. In addition, Midwestern and the Directors have further undertaken that they will be subject to orderly market arrangements during the following twelve months after the initial one-year lock-in period.

Midwestern entered into two all-assets debentures with GTB dated 29 July 2013 (the "2013 GTB Debenture"), and 31 December 2019 (the "2019 GTB Debenture") (together the "GTB Debentures"). Under the 2013 GTB Debenture, Midwestern has charged, by way of first charge, all of Midwestern's undertaking and property (both present and future), such that a fixed charge is created on all of Midwestern's undertaking, goodwill, properties and assets (present and future), and in particular, "all stocks, shares and other securities now, or in the future belonging to Midwestern together with all dividends and other". Under the 2019 GTB Debenture, Midwestern has charged, among other charges, by way of fixed charge, among other items, all present and future shares, or rights or assets relating to such shares owned by Midwestern in its Subsidiaries (as defined under section 338 of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004). As such, Midwestern's shares in the Company are subject to the GTB Debentures and enforcement of such debentures will not be subject to the lock-in. Any receiver appointed under the GTB Debentures has broad powers, including the power to sell and or/dispose of any secured assets.

Enforcement by GTB of the GTB Debentures and subsequent sales of Midwestern's shares in the Company could potentially have a material adverse effect on the share price of the Company, as Midwestern's holding in the Company upon Re-Admission will represent a very substantial amount of the Company's New Ordinary Shares.

Further details of the lock-in and orderly market arrangements are set out in paragraph 10.1 of Part 12 of this Document.

17. Takeovers

UK Takeover Code

The Company is incorporated in Ireland and the place of central management and control of the Company is located outside of the UK, the Channel Islands and the Isle of Man. Accordingly, as the Company is one to which paragraph 3(a)(ii) of the introduction to the UK City Code applies, the Directors believe that the Company is not subject to the UK City Code and Shareholders will not be afforded any protections under the UK City Code.

If circumstances change, including if changes to the Board are made, the Company will consult with the UK Takeover Panel to ascertain whether this will affect the central place of management of the Company. If the UK Takeover Panel determines that, as a result of such changes, the place of central management of the Company is located in the UK, the Channel Islands or the Isle of Man such that the UK City Code then becomes applicable to the Company, an announcement will be made.

Irish Takeover Rules

The Company is subject to the Irish Takeover Rules and Shareholders are therefore afforded protections under the Irish Takeover Rules. A summary of these Irish Takeover Rules relating to mandatory bids is set out in paragraph 16 of Part 12 of this Document.

Waiver of the obligations to make a general offer under Rule 9 of the Irish Takeover Rules in respect of the MLPL Reorganisation and the ELI Reorganisation

Midwestern will participate in the MLPL Reorganisation and the ELI Reorganisation (together the Proposed Midwestern Reorganisation). Following the completion of the Proposed Midwestern Reorganisation, the maximum shareholdings of Midwestern and the Toscafund Managed Funds and their proposed maximum voting rights in the Initially Enlarged Ordinary Share Capital and the Fully Enlarged Ordinary Share Capital will be as set out in table 7 below.

Table 7: maximum shareholdings of Midwestern and the Toscafund Managed Funds and their proposed maximum voting rights in the Initially Enlarged Ordinary Share Capital and the Fully Enlarged Ordinary Share Capital

Item	Current shareholding (being Ordinary Shares)	Shareholding (being New Ordinary Shares) in the enlarged San Leon share capital following the MLPL Reorganisation	Shareholding (being New Ordinary Shares) in the enlarged San Leon share capital following the MLPL Reorganisation and the ELI Reorganisation, assuming Midwestern is issued its full entitlement
1. Total number of ordinary shares in issue in San Leon	449,913,026	794,247,283	868,029,818
2. Shareholding of Midwestern in San Leon – number of MLPL New Shares issued	N/A	344,334,257	N/A
3. Shareholding of Midwestern in San Leon – number of ELI New Shares issued	N/A	N/A	73,782,535
4. Shareholding of Midwestern in San Leon – total number of New Ordinary Shares held	59,299,608	403,633,865	477,416,400
5. Shareholding of Midwestern in San Leon – percentage of total issued ordinary shares	13.18 %	50.82%	55.00%
6. Shareholding of the Toscafund Managed Funds in San Leon – total number of ordinary shares held by the Toscafund Managed Funds	326,736,082	326,736,082	326,736,082
7. Shareholding of the Toscafund Managed Funds in San Leon – percentage of total issued ordinary shares	72.62%	41.14%	37.64%

Note: the percentages in this table in each case exclude the Preference Shares and assume that no options or other convertible securities are exercised prior to allotment of the MLPL New Shares and the ELI New Shares.

The allotment of shares pursuant to the MLPL Reorganisation and the ELI Reorganisation give rise to certain considerations under the Irish Takeover Rules. Brief details of the Irish Takeover Rules and some of the protections that they afford to Shareholders are described below.

The Irish Takeover Rules are administered by the Irish Takeover Panel. The Irish Takeover Rules operate to ensure fair and equal treatment of shareholders in relation to takeovers and other relevant transactions, and also provide an orderly framework within which takeovers are conducted. The Irish Takeover Rules apply to all takeovers and certain other transactions, where the offeree company is, among others, an AIM-listed public limited company incorporated in Ireland. San Leon is such a company and accordingly its Shareholders are entitled to the protections afforded by the Irish Takeover Rules.

For the purposes of the Irish Takeover Rules, a person or group of persons acting in concert “controls” a relevant company that is subject to the Irish Takeover Rules, such as San Leon where that person or group of persons acting in concert acquires securities of the company that confer in aggregate not less than 30 per cent, of the voting rights of that company. Under Rule 9.1 of the Irish Takeover Rules, except with the consent of the Irish Takeover Panel, if:

- (a) any person, or any persons acting in concert, acquire control of a relevant company that is subject to the Irish Takeover Rules, such as San Leon; or
- (b) any person, or any persons acting in concert, who control a relevant company such as the Company acquire within any period of 12 months additional securities of such an amount as will increase by more than 0.05 per cent. the aggregate percentage of the voting rights in that company conferred by the securities held by it or them,

such person or, in the case of persons acting in concert, such one or more of those persons as the Irish Takeover Panel shall direct shall extend an offer, in accordance with the requirements of the Irish Takeover Rules, to the holders of each class of equity share capital of the relevant company, whether or not such class confers voting rights, and also to the holders of each other class of transferable voting securities of the company. This is subject to the caveat that a single holder of securities who holds securities which confer more than 50 per cent. of the voting rights in a relevant company may acquire additional securities of that company without incurring an obligation under Rule 9.1. Any such offers made by the offeror for different classes of share capital of the relevant company shall be comparable.

Except with the consent of the Irish Takeover Panel and subject as otherwise provided by Rule 9.4 of the Irish Takeover Rules, an offer made under Rule 9 shall in respect of each class of shares the subject of the offer be in cash, or be accompanied by a cash alternative offer, at a price per share which shall not be less than the highest value of the price per share paid by the offeror or any person acting in concert with it for shares of the offeree of that class during the period beginning 12 months prior to the announcement by the offeror of a firm intention to make that offer and ending on the date on which the offer closes for acceptance.

As set out in table 7 above, on the allotment of the MLPL New Shares, since the percentage of the total Initially Enlarged Ordinary Share Capital held by Midwestern would be not less than 30 per cent., this would oblige Midwestern to make a mandatory offer pursuant to Rule 9 of the Irish Takeover Rules for the remaining issued ordinary share capital of the Company not held by Midwestern unless a waiver of such obligation were to be granted by the Irish Takeover Panel.

Following the allotment of the MLPL New Shares on the basis set out above, Midwestern will hold securities in the Company conferring in the aggregate 50.82 per cent. of the voting rights in the Company. As a result, Midwestern by virtue of being a single holder of more than 50 per cent. of the voting rights in the Company, will then be permitted under the Irish Takeover Rules to increase its holding of securities in the Company without incurring any obligation to make an offer under Rule 9 of the Irish Takeover Rules.

Waiver of Rule 9 obligation

The conditional waiver granted by the Irish Takeover Panel on the terms set out in this Document of any obligation of Midwestern that may arise pursuant to Rule 9 of the Irish Takeover Rules to make an offer for the remaining ordinary shares and Preference Shares in the Company not already owned by Midwestern as a result of the allotment of the MLPL New Shares to Midwestern is referred to as the “**Rule 9 Waiver**”.

Under Note 1 of the Notes on Possible Waivers of and Derogations from Rule 9 contained in the Irish Takeover Rules, the Irish Takeover Panel may, in certain circumstances, waive the requirement for a general offer to be made in accordance with Rule 9 of the Irish Takeover Rules (a “**Rule 9 Offer**”) if, *inter alia*, those shareholders who are independent of the person who would otherwise be required to make such an offer (in this case, Midwestern) and of any person acting in concert with that person (the “**Independent Shareholder(s)**”) pass an ordinary resolution on a poll at a general meeting of the shareholders of the Company approving such a waiver (the “**Rule 9 Waiver Resolution**”).

Pursuant to a letter dated 29 March 2022 from the Irish Takeover Panel to Whitney Moore LLP, the Irish Takeover Panel stated that having regard to the very specific and exceptional circumstances of this case, it decided to grant a waiver of Rule 9 in respect of any mandatory offer obligation which may be acquired by Midwestern as a result of the New Ordinary Shares in the Company being issued to it pursuant to the Proposed Midwestern Reorganisation subject to:

- (i) the Toscafund Managed Funds holding securities in the Company conferring 50 per cent. or more of the voting rights of the Company which would be capable of being cast on a Rule 9 Waiver Resolution confirming in writing to the Irish Takeover Panel that they approve of the Rule 9 Waiver and would vote in favour of any resolution to that effect at a general meeting of the Company. In this regard, Toscafund has provided a confirmatory letter to the Irish Takeover Panel setting this out (see below);
- (ii) appropriate text being included in the Company’s Re-Admission document, to be approved in advance by the Irish Takeover Panel, setting out the Irish Takeover Panel’s decision, the basis for it and the confirmations provided to the Irish Takeover Panel by Toscafund; and
- (iii) Midwestern providing the Irish Takeover Panel with confirmation that there are no disqualifying transactions as referred to in note 3 on the Whitewash Guidance Note of the Irish Takeover Rules. Midwestern has provided such a confirmation to the Irish Takeover Panel.

In deciding to grant the waiver, the Irish Takeover Panel noted *inter alia* that the Company Shareholders will be required to approve the Proposed Midwestern Reorganisation at the EGM and will be provided in that regard with a Re-Admission document (being this Document) containing all of the relevant information in relation to the transactions.

Confirmations

Toscafund, on behalf of the Toscafund Managed Funds (being the holders holding more than 50 per cent. of the Company’s shares capable of being voted on a resolution to approve a Rule 9 Waiver Resolution (the “**Independent Shares**”)) has confirmed the following to the Irish Takeover Panel:

- 1. the Toscafund Managed Funds are the beneficial owner of 326,736,082 Ordinary Shares in the issued share capital of the Company, representing at the date hereof 72.62 per cent. of the voting rights in the Company and has absolute discretion over the manner in which the related shares are voted and voting rights are exercised. These shares are held free of all liens, pledges, charges and encumbrances;
- 2. that: (a) there is no connection between the Toscafund Managed Funds and Midwestern; and (b) the Toscafund Managed Funds are an Independent Shareholder of the Company, as defined above; and
- 3. that, in connection with the Proposed Midwestern Reorganisation:
 - a. the Toscafund Managed Funds consent to the Irish Takeover Panel granting a waiver from the obligation for Midwestern to make a Rule 9 Offer to the shareholders of the Company;
 - b. the Toscafund Managed Funds, being the Independent Shareholder holding more than 50 per cent. of the voting rights capable of being exercised on a Rule 9 Waiver Resolution to approve the waiver from the obligation for Midwestern to make a Rule 9 Offer, have consented to the Irish Takeover Panel dispensing with the requirement that the waiver from such obligation be conditional on a Rule 9 Waiver Resolution being approved by a vote of Independent Shareholders of the Company at a general meeting; and

- c. the Toscafund Managed Funds would vote in favour of a Rule 9 Waiver Resolution to waive the obligation for Midwestern to make a Rule 9 Offer were one to be put to the Independent Shareholders of the Company at a general meeting.

In giving the confirmations referred to above, Toscafund acknowledges:

1. that, as a result of the Tosca Managed Funds (being the Independent Shareholder holding more than 50% of the voting rights capable of being exercised on a Rule 9 Waiver Resolution) giving such confirmations, the Irish Takeover Panel would grant a waiver from the obligation for Midwestern to make a Rule 9 Offer without the requirement for the waiver to be approved by Toscafund Managed Funds as the Independent Shareholder at a general meeting of the shareholders of the Company; and
2. that if no Rule 9 Waiver Resolution is included in the resolutions at the EGM to be held in connection with the Proposed Midwestern Reorganisation, there would be no requirement for the Company either (i) to obtain and make known to its shareholders competent independent advice under Rule 3 of the Irish Takeover Rules on the Proposed Midwestern Reorganisation and the waiver of the obligation for Midwestern to make a Rule 9 Offer; or (ii) to publish a circular to shareholders of the Company in compliance with the Whitewash Guidance Note in connection with that matter (albeit that a shareholder circular and re-admission document would be required to be published pursuant to the AIM Rules).

On the basis that the confirmations from Toscafund and Midwestern referred to above have been provided to the Irish Takeover Panel, all of the conditions attaching to the granting of the Rule 9 Waiver in respect of any obligation on Midwestern to make a general offer under Rule 9 as a result of the New Ordinary Shares in the Company to be issued to it pursuant to the Proposed Midwestern Reorganisation have now been satisfied.

18. Related party transactions under the AIM Rules

Midwestern is a related party of the Company for the purposes of the AIM Rules for Companies by virtue of Midwestern holding more than 10% of the Existing Ordinary Shares in the Company and the level of Midwestern's current interest in MLPL. The MLPL Reorganisation, and the ELI Reorganisation, are therefore related party transactions under the AIM Rules for Companies. The Directors of San Leon (excluding Adekolapo Ademola who is not considered to be independent as he is a representative of Midwestern on the Company's board) consider, having consulted with the Company's nominated adviser, Allenby Capital, that the terms of the MLPL Reorganisation, and the ELI Reorganisation are fair and reasonable insofar as the Company's shareholders are concerned.

Following publication of this Document, the Company proposes to grant awards pursuant to the LTIP over 18,938,209 Ordinary Shares (representing 2.18 per cent. of the Fully Enlarged Ordinary Share Capital) to certain of its employees and the Board, details of which are set out in paragraph 6.2 of Part 12 of this Document. The issuance of these awards to the Directors will be considered to be a related party transaction under Rule 13 of the AIM Rules for Companies and the Company will announce further details in relation to this separately in due course once the issuance of these awards has occurred.

19. Taxation

General information relating to Irish and UK taxation with regards to Re-Admission is summarised in Part 10 of this Document.

This Document has been prepared on the basis of current legislation, rules and practice and the advisers' interpretation thereof. Such interpretation may not be correct and it is always possible that legislation, rules and practice may change. Any changes in legislation and in particular any changes to bases of taxation, tax relief and rates of tax may affect the availability of reliefs.

A Shareholder who is in any doubt as to their personal tax position, or is subject to tax in a jurisdiction other than the UK or Ireland, should consult their own independent financial advisers immediately.

20. Nigeria country, regulatory and legislative environment

Summary information on Nigeria and its regulatory and legislative framework for the oil and gas market is set out in Part 5 of this Document.

21. Re-Admission to AIM and dealings

The MLPL Reorganisation, the ELI Reorganisation and the Further ELI Investments constitute a 'reverse takeover' under the AIM Rules for Companies and are therefore dependent upon the approval of Shareholders being given at the EGM, details of which are set out below.

Resolutions will be proposed at the EGM to approve the Proposals. If the Resolutions are duly passed at the EGM, then upon Re-Admission, the admission of the Company's Existing Ordinary Shares to trading on AIM will be cancelled (immediately prior to Re-Admission) and the Initially Enlarged Ordinary Share Capital will be admitted to trading on AIM. For uncertificated holders, Euroclear Bank accounts, will be credited (as applicable) with New Ordinary Shares and Preference Shares on the day of Re-Admission. For certificated holders only, dispatch of share certificates for New Ordinary Shares and Preference Shares should occur no later than 14 days following Re-Admission. On Re-Admission, share certificates in respect of the Existing Ordinary Shares will cease to be valid and they should be destroyed on receipt of the appropriate share certificate representing the New Ordinary Shares. Transfers between the date on which the Subdivision becomes effective and the date on which share certificates in respect of the New Ordinary Shares are sent out will be certified against the register if required. No temporary or renounceable documents of title in respect of any of the New Ordinary Shares will be issued. It is anticipated that the Company will publish a Supplementary Admission Document ahead of Re-Admission. Re-Admission will constitute the admission of the enlarged entity pursuant to Rule 6 and Rule 14 of the AIM Rules for Companies and will effect the completion of the reverse takeover.

Application will be made by the Company for the Initially Enlarged Ordinary Share Capital to be admitted to trading on AIM and it is anticipated, following the requisite shareholder and NUPRC's Approval, Ministerial Consent, NFCCPC Negative Clearance and the satisfaction of the other conditions precedent of MLPL Reorganisation as set out in Part 2 of this Document that Re-Admission will become effective and that trading in the Initially Enlarged Ordinary Share Capital on AIM will commence in Q4 2022. It is anticipated that the Further ELI Investments will be completed in Q3 2022.

However, if the MLPL Reorganisation is not completed, the Existing Ordinary Shares will continue to be traded on AIM, and the Subdivision will not occur and the New Ordinary Shares will not be issued or admitted to trading on AIM. San Leon would retain a 40% equity interest in MLPL with Midwestern continuing to own the remaining interest in MLPL. The outstanding MLPL Loan Notes would be payable by MLPL (or by Midwestern as guarantor of the MLPL Loan Notes) to San Leon within 90 days of termination of the MLPL Reorganisation Agreement. If the Eroton OML 18 Transactions are not completed, Eroton would retain a 27% effective economic interest in the OML 18 licence, Sahara and Bilton would retain effective economic interests in the OML 18 licence of 16.2% and 1.8% respectively and the Eroton Litigation as set out in paragraph 3.4 of Part 2 of this Document would continue.

Working Capital effect

The Directors have prepared a detailed cash flow forecast for the Group for the period from 1 June 2022 to 31 December 2023.

The principal assumptions underlying the cash flow forecast and the availability of finance to the Group are as follows:

- (i) the proposed reorganisation to consolidate Midwestern's shareholdings in: i) the Company; and ii) MLPL into a single shareholding in the Company completes in the second half of 2022. The Proposed Transaction also comprises, inter alia, a proposed consolidation of Midwestern's indirect debt and equity interests in ELI Malta with those of the Company, as well as further new debt and new and existing equity investments to be made by San Leon pursuant to the Further ELI Investments;

- (ii) Eroton acquires an additional 18% interest in OML 18 from two of the other partners in OML 18, thereby taking Eroton's interest in OML 18 to 45%. This is subject, inter alia, to: i) agreeing documentation; ii) finalising bank financing; and iii) receiving the relevant regulatory consents in Nigeria;
- (iii) the New Facility of \$50 million has been secured to finance the Proposed Transaction;
- (iv) elimination of the MLPL Loan Notes on completion of the Proposed Transaction;
- (v) under the Asset Management Agreement with Eroton, San Leon receives \$500,000 per month for technical and financial advisory services following completion of the Proposed Transaction;
- (vi) repayments from ELI of loan notes of US\$37.6 million during 2022 and 2023;
- (vii) repayment from Eroton under the Master Services Agreement of \$3m during 2022; and
- (viii) a further loan of \$2.5 million is given to Decklar in relation to its Oza investment pursuant to current discussions.

Due to the Proposed Transaction not having completed at the date of this Document there is an inherent material uncertainty that completion will not occur as anticipated.

The Group has modelled various other scenarios assuming the Proposed Transaction does not complete and given the Group's well understood cost base, the principal uncertainty if the Proposed Transaction does not complete relates to the quantum and timing of receipt of interest and capital repayments on the MLPL Loan, which would remain in place, and the loan Notes with ELI.

It was originally envisaged that the MLPL Loan Note payments due to the Group would be sourced by MLPL from the receipt of dividends through its indirect interest in Eroton via Martwestern. These dividends have not been received to date and consequently MLPL has entered into loan arrangements in order to be able to make Loan Note payments to the Company. In the absence of the dividend payments, MLPL will be reliant on further advances under the loan arrangement and in turn being able to make Loan Note payments to the Company. The Company has no obligation arising from the loan arrangements entered into by MLPL.

The loan repayments due from ELI were due to start in 2021 but have been delayed due to operational readiness of the FSO and ACOES project being delayed. The Directors have a reasonable expectation that ELI will be revenue generating imminently with the commencement of barging operations, and while loan repayments have been delayed, they should commence in the second half of 2022.

Due to the uncertainty on timing of future cashflows the MLPL Loan Notes and ELI loan notes have both been credit impaired in the annual report and accounts of the Company for the year ended 31 December 2021.

In the ultimate downside scenario where no repayments are received from MLPL and ELI, the New Facility can be drawn by the Company to facilitate completion of the Further ELI Investments, with the remaining balance being used for general corporate purposes. In this scenario the working capital requirements of the Group can be met for the 12-month period from the date of approval of the financial statements, although a reduction to administrative costs is required in 2023, which the Directors believe is achievable and within their control.

However, while the working capital requirements of the Group can be met for the 12-month period, the Directors believe that the continued viability of the Group and Company into the future is dependent on the completion of the Proposed Transaction. As such, the completion of the Proposed Transaction creates significant uncertainty upon the Group and Company's ability to continue as a going concern beyond the 12-month period. The Directors' have concluded that this represents a material uncertainty which may cast significant doubt upon the Group and Company's ability to continue as a going concern and that, therefore, the Group and Company may be unable to continue realising its assets and discharging its liabilities in the normal course of business.

The Risks for the Company in the event that the MLPL Reorganisation is not completed are set out in paragraph 5.1 of Part 4 of this Document.

22. Further details of the Preference Shares and the Deferred Shares

Preference Shares

In addition to the payment of the Preference Amount of US\$40,000,000 and any Shortfall Amount as detailed in paragraph 10.2 of Part 4 of this Document, the Preference Shares confer the following rights on their holders and have the following attributes:

- (a) the right to the payment of the preference dividend in priority to the payment of dividends or on a winding up of the Company right to the payment of the preference dividend before the repayment of capital to the holders of any other class or classes of shares in the Company;
- (b) they may be freely transferred;
- (c) they confer no right to attend, speak or vote at any general meeting of the Company;
- (d) they will not be listed or traded on any stock exchange or other trading facility; and
- (e) on the payment in full of the Preference Amount and any Shortfall Amount, each Preference Share will automatically convert into one Deferred Share.

Where title to Ordinary Shares is currently held in certificated (i.e. paper) form, the title to the Preference Shares resulting from the Subdivision can continue to be held in certificated form and paper certificates will be issued to the holders. It is expected that the Preference Shares will be issued to Euroclear Nominees and that the Preference Shares will be held in the Euroclear System for underlying holders and, where such holders are not EB Participants, as CDIs via the CREST System in the same manner as New Ordinary Shares. The Preference Shares may be withdrawn from the Euroclear System and holders may be entered on the register of members of the Company. Holders may be issued with a share certificate, in which event transfer and settlement of the Preference Shares will take place via the Company registrars by physical delivery of paper share transfers and certificates, which may mean a delay in effecting transfer and settlement when compared to settlement via the Euroclear System or CREST System.

It is emphasised that there is no intention to seek a listing or admission to trading on AIM or any other stock exchange for the Preference Shares.

Deferred Shares

Following the payment of the Preference Amount, the Preference Shares will convert into Deferred Shares. The rights attached to the Deferred Shares are very limited in nature and they have virtually no economic or participation rights in the Company. The most significant attributes of the Deferred Shares are as follows:

- (a) no right to participate in the profits of the Company either by the payment of dividend or any return of capital save that it can participate in a return of capital only after the holder of every New Ordinary Share has received the sum of €10,000,000 on each such share;
- (b) confer no right to attend, speak or vote at any general meeting of the Company;
- (c) will not be listed or traded on any stock exchange or other trading facility;
- (d) save for transmission on death or bankruptcy and save for transfer from Euroclear may not be freely transferred;
- (e) no share certificates shall be issued in respect of Deferred Shares; and
- (f) may be redeemed by the Company for an aggregate redemption price of €1 in respect of all the Deferred Shares in issue in the Company or may be acquired by the Company or surrendered for nil consideration.

It is emphasised that there is no intention to seek a listing or admission to trading on AIM or any other stock exchange for the Deferred Shares.

New Memorandum and Articles of Association

A copy of the New Memorandum and Articles of Association in the form proposed to be amended by Resolution 4 (marked to highlight the proposed changes) is available and (will be so available until the conclusion of the EGM) on the Company's website www.sanleonenergy.com/ and at its registered office at 2 Shelbourne Buildings, Crampton Avenue, Dublin 4 D04 W3V6, Ireland and will also be available at the EGM for at least fifteen minutes before, and for the duration of, the EGM. With a view to being responsible and cautious in the light of the ongoing risk of COVID and also with a view to prioritising the health and safety of our Shareholders and employees, Shareholders are requested not to attend at the address above to inspect the New Memorandum and Articles of Association but instead to inspect them on the Company's website.

23. Euroclear Bank & Euroclear System, CREST & CREST Depository Interests

23.1 New Ordinary Shares and Preference Shares

- (a) Electronic settlement of transactions in the New Ordinary Shares or Preference Shares of the Company following Re-Admission may take place within the Euroclear System or the CREST System. While trades may be settled in the Euroclear System or the CREST System, holders who wish to withdraw their shares from the Euroclear System and become registered as holders and (in the case of the Ordinary Shares, for so long as required by law before implementation in Ireland of the provisions of CSDR relating to dematerialisation of traded shares) retain share certificates will be able to do so.
- (b) Under the Euroclear System, instead of holding an ordinary share or a Preference Share a holder has a co-ownership right to a corresponding interest in a pool of the ordinary shares or as the case may be, Preference Shares which are registered in the name of Euroclear Nominees and admitted in the Euroclear System. The holder's interest in such pool of ordinary shares is governed and regulated by Belgian law and is, accordingly referred to as the Belgian Law Rights. Further details of Belgian Law Rights are set out in paragraph 2 of Part 11 and in the EB Rights of Participants Document. Alternatively, a holder may hold their Belgian Law Rights through a CREST Depository Interest (or CDI), as set out in paragraph 3 of Part 11. Settlement of such trades takes place in the CREST System through a CDI representing the Belgian Law Rights.
- (c) Persons who hold their interests in ordinary shares as Belgian Law Rights under the Euroclear System or as CDIs under the CREST System, should consult with their stockbroker or other intermediary at the earliest opportunity for further information on the processes and timelines for submitting proxy votes for the EGM through the respective systems. For voting services offered by custodians holding Irish corporate securities directly with Euroclear Bank, please contact your custodian.
- (d) As the Preference Shares do not confer any voting rights on their holders, persons who hold their interests in Preference Shares as Belgian Law Rights under the Euroclear System or as CDIs under the CREST System will not have any ability to use the processes and mechanisms of such systems to exercise voting rights.
- (e) It is emphasised that no application will be made of the Preference Shares to trading on AIM or any other stock exchange.

24. Valuation Report

The consideration being provided by Midwestern to San Leon in subscribing pursuant to the MLPL New Shares Subscription for the MLPL New Shares is the MLPL Reorganisation Loan Notes being a loan note to be issued by Midwestern in favour of San Leon in an amount equal to the value of Midwestern's 60% equity interest in MLPL and the benefit of a US\$239.9 million receivable owed to Midwestern by MLPL to be transferred to San Leon Energy Nigeria. To the extent that such consideration may be deemed to be non-cash consideration under the Irish Companies Act 2014 San Leon has commissioned BDO LLP to produce a valuation report (the "**MLPL Valuation Report**") which will be required to be sent to Midwestern, before issuing the MLPL New Shares to Midwestern. Under section 1028 of the Irish Companies Act 2014 the MLPL Valuation Report must be made by an independent person, being a person qualified at the time of the report to be appointed or to continue to be the statutory auditor of San Leon.

The Irish Companies Act 2014 sets out the contents of the MLPL Valuation Report regarding the MLPL New Shares, which are:

- (a) the nominal value and the amount of any premium payable on the shares;
- (b) the description of the consideration and, as respects the consideration that the independent person itself has valued, a description of that part of the consideration, the method used to value it and the date of the valuation; and
- (c) the extent to which the nominal value and any premium are to be treated as paid up by the consideration and in cash.

The MLPL Valuation Report will contain a note by the independent person:

- (a) in the case of a valuation made by another person, that it appeared to the independent person reasonable to arrange for it to be so made, or to accept a valuation so made;
- (b) irrespective of whether the valuation has been by that person or the independent person, that the method of valuation was reasonable in all the circumstances;
- (c) that it appears to the independent person that there has been no material change in the value of the consideration in question since the valuation; and
- (d) that on the basis of the valuation the value of the consideration, together with any cash by which the nominal value of the shares or any premium payable on them is to be paid up, is not less than so much of the aggregate of the nominal value and the whole of any such premium as is treated as paid up by the consideration and any such cash.

A copy of the MLPL Valuation Report will be obtained by San Leon during the six months immediately preceding the date of the allotment of the MLPL New Shares and a copy of the MLPL Valuation Report has to be sent to Midwestern before the MLPL New Shares are issued. San Leon will deliver a copy of the MLPL Valuation Report to the Registrar of Companies in Ireland at the same time that it delivers to the Registrar particulars of the allotments of those shares being within 30 days after the date of allotment.

The consideration to be provided by Midwestern in subscribing pursuant to the ELI New Shares Subscription Agreement for the ELI New Shares is the ELI Reorganisation Loan Notes, being a loan note issued by Midwestern in favour of San Leon in an amount equal to the value of 13.77% of the entire issued share capital of ELI Malta and the loan receivable of US\$15,300,000 from ELI Malta to be transferred to San Leon ELI. To the extent that such consideration may be deemed to be non-cash consideration under the Irish Companies Act 2014 San Leon has as a precaution commissioned BDO to produce a valuation report (the “**ELI Valuation Report**”) which will be required to be sent to Midwestern, before issuing the ELI New Shares to Midwestern. As with the MLPL Valuation Report, the ELI Valuation Report must be made by an independent person, being a person qualified at the time of the report to be appointed or to continue to be the statutory auditor of San Leon. The contents and the arrangements regarding the delivery to Midwestern and the Registrar of Companies of the ELI Valuation Report will be similar to those set out above in relation to the MLPL Valuation Report.

The number of shares to be subscribed for by Midwestern as part of the MLPL Reorganisation has been agreed and fixed between Midwestern and the Company and is not subject to adjustment by reference to the market price of the Ordinary Shares or New Ordinary Shares.

Accordingly, in order for the MLPL Reorganisation to proceed, under the Irish Companies Act 2014, the market price of the New Ordinary Shares on the date of allotment of the MLPL New Shares must be not greater than the value per share to be recorded in the MLPL Valuation Report. Similarly, in order for the ELI Reorganisation to proceed, the MLPL Reorganisation must complete and the market price of the New Ordinary Shares on the date of allotment of the ELI New Shares must be not greater than the value per share to be recorded in the ELI Valuation Report.

It should be noted that in the event that the value of the consideration to be received by San Leon in consideration of the allotment of (i) the MLPL New Shares on the date of allotment is lower than the nominal value of the MLPL New Shares which will be EUR0.005 per share, the MLPL New Shares will not be allotted and the MLPL Reorganisation will not complete and/or (ii)

the ELI New Shares on the date of allotment is lower than the nominal value of the ELI New Shares which will be EUR0.005 per share, the ELI New Shares will not be allotted and the ELI Reorganisation will not complete. This is because under the Irish Company Act 2014 the amount of the consideration to be received by the Company in consideration of the allotment of the shares must exceed the nominal value of the shares.

25. Further information

This Document should be read in its entirety. Your particular attention is drawn to:

- This Part 1, which includes background to the Proposals and a summary of the Enlarged Group's assets;
- Part 2 of this Document which contains further information on the Midwestern Reorganisation;
- Part 3 of this Document which contains further information on the Further ELI Investments
- Part 4 of this Document which contains risk factors relating to: (i) the Company; (ii) the oil and gas markets; (iii) OML 18 and Nigeria; and Re-Admission;
- Part 5 of this Document, which contains country information focusing on Nigeria's regulatory and legislative framework for the oil and gas market;
- Part 6 of this Document which contains details of the Board and the Group's corporate governance arrangements;
- Part 7 of this Document, which contains a CPR in respect of OML 18;
- Part 8A of this Document, which contains financial information on the Company (incorporated by reference);
- Part 8B of this Document, which contains financial information on MLPL;
- Part 8C of this Document, which contains financial information on ELI;
- Part 9 of this Document, which contains an 'Unaudited pro forma net asset statement' illustrating the effect of the Proposals and the New Facility on the net assets of the Group as if the Proposals and New Facility had been completed on 31 December 2021;
- Part 10 of this Document, which contains a summary of Irish and UK taxation;
- Part 11 of this Document, which includes information regarding the settlement of the New Ordinary Shares, the Euroclear System and CREST System;
- Part 12 of this Document, which includes additional information on the Company and the Enlarged Group; and
- Part 13 of this Document, which contains the Notice of EGM.

26. Extraordinary General Meeting

Set out in Part 13 of this Document is a notice convening an EGM to be held at the Herbert Park Hotel, Ballsbridge, Dublin 4, D04 R2T2, Ireland at 11:30 am on 5 August 2022. A summary and explanation of the Resolutions is set out below. Please note that the summary and explanation is not the full text of the Resolutions and Shareholders should review the full text of the Resolutions before deciding whether or not to approve them.

At the EGM of the Company to be held on 5 August 2022, authority will be sought from Shareholders, *inter alia*, to:

- (i) approve the MLPL Reorganisation and ELI Reorganisation;
- (ii) approve the Further ELI Investments;

- (iii) sub-divide each issued Existing Ordinary Share into one New Ordinary Share and one Preference Share;
- (iv) sub-divide each of the 224,956,513 unissued Existing Ordinary Shares into two Deferred Shares;
- (v) sub-divide each of the 2,172,536,486 unissued Existing Ordinary Shares into two New Ordinary Shares;
- (vi) grant authority for the directors to allot New Ordinary Shares (including the New Shares); and
- (vii) grant authority to waive statutory pre-emption rights in respect of, *inter alia*, the MLPL New Shares and the ELI New Shares.

A summary of the resolutions proposed at the EGM is as follows:

Resolution 1 – Ordinary Resolution

MLPL Reorganisation and the ELI Reorganisation

Under the AIM Rules for Companies, the MLPL Reorganisation, the ELI Reorganisation and the Further ELI Investments constitute a reverse takeover. An ordinary resolution will therefore be proposed in order to:

- (i) authorise the proposed completion of the transfer to the Company of 60% of the shares in MLPL and the transfer to the Company of Midwestern's interest in ELI and to approve such transfers as reverse-takeovers in accordance with the requirements of Rule 14 of the AIM Rules for Companies. This will enable the Company to obtain a 44.1% initial indirect economic interest in the OML 18 block, onshore Nigeria and a 27.093% interest in ELI; and

Further ELI Investments

- (ii) authorise the proposed completion of the Further ELI Investments by the Company in ELI and to approve the Further ELI Investments as a reverse-takeover in accordance with the requirements of Rule 14 of the AIM Rules for Companies. This will enable the Company to obtain an interest of up to 50.64% in ELI and San Leon becoming a significant holder of loans to ELI.

Resolution 2 – Special Resolution

Approval of the subdivision and creation of the Preference Shares

A special resolution will be proposed to result in the subdivision of the 449,913,026 Existing Ordinary Shares in issue in the Company into one New Ordinary Share and creation of one Preference Share, to subdivide each of the 224,956,513 of the unissued Existing Ordinary Shares in the Company into two Deferred Shares, and to subdivide each of the 2,172,536,486 being the balance of the unissued Existing Ordinary Shares in the Company into two New Ordinary Shares, in each case subject to the rights set out in the New Memorandum and Articles of Association.

This will result in each holder of one Existing Ordinary Share immediately prior to the Subdivision holding one New Ordinary Share and one Preference Share.

Resolution 3 – Special Resolution

Amendment of Share Capital Clause in the Memorandum and Articles of Association

A special resolution will be proposed to amend the capital clauses in the Existing Memorandum and Articles of Association to provide for the share capital to be divided into New Ordinary Shares, Preference Shares and Deferred Shares.

Resolution 4 – Special Resolution

Adoption of New Memorandum and Articles of Association

A special resolution will be proposed that the New Memorandum and Articles of Association in the form produced to the EGM and which have been available for inspection at the registered office of the Company and on the Company's website since the date of the Notice of EGM, be adopted in substitution for the Existing Memorandum and Articles of Association of the Company. The New Memorandum and Articles of Association will contain the rights attaching to the Preference Shares and

the Deferred Shares as set out in paragraph 22 of this Part 1 above and the changes to the share capital as described in Resolution 2 above.

Resolution 5 – Ordinary Resolution

Authority for the Directors to allot New Ordinary Shares.

An ordinary resolution will be proposed so as to give the Directors authority, pursuant to section 1021 of the Irish Companies Act 2014, in place of the existing authority granted at the AGM in 2021, to exercise all the powers of the Company to: (i) allot the New Shares (ii) allot up to an additional amount of €1,446,571.68 being 33% of the issued ordinary share capital of the Company as increased by the allotment of the MLPL New Shares and the ELI New Shares. This authority will commence immediately prior to Re-Admission on and shall expire at the conclusion of the AGM of the Company in 2023 or, if earlier, the date which is fifteen months from the date of the passing of this resolution.

Resolution 6 – Special Resolution

Disapplication of statutory pre-emption rights.

A special resolution will be proposed to give the Directors power at their discretion, in place of the existing powers granted at the AGM in 2021, without applying statutory pre-emption rights for shareholders (i) to allot equity securities by way of a rights issue, open offer or otherwise in favour of ordinary shareholders and/or any persons having a right to subscribe for or convert securities into ordinary shares in the capital of the Company (including, without limitation, any person entitled to options under any of the Company's shares option schemes for the time being); and (ii) to allot the MLPL New Shares and ELI New Shares and (iii) to allot equity securities with an aggregate nominal value of an amount up to €434,014.91 being approximately 10% of the issued ordinary share capital of the Company following the issue of the MLPL New Shares. The power will have effect immediately prior to Re-Admission and will expire at the conclusion of the AGM of the Company in 2023, or if earlier, the date which is fifteen months from the date of passing of this resolution.

27. Action to be taken

All Shareholders on the register at the requisite time will be eligible to vote on all the Resolutions. The full text of the Resolutions is set out in the Notice of EGM in Part 13 of this Document.

Attendance at the EGM

The Company expects to be able to welcome shareholders to attend the EGM in person. In the event that it becomes necessary or appropriate to make alternative arrangements for the holding of the EGM, or it is not possible to hold the EGM either in compliance with public health guidelines or applicable law or where it is otherwise considered that proceeding with the EGM as planned poses an unacceptable health and safety risk, the EGM may be adjourned or postponed or relocated to a different time and/or venue, we will ensure that shareholders are given as much notice as possible via RNS announcement and the Company's website: www.sanleonenergy.com. Should you choose not to physically attend the EGM, we encourage Shareholders to avail of the proxy voting service to ensure they can vote on the Resolutions proposed at the EGM and be represented at the EGM. By submitting a proxy as soon as possible, you can ensure that your vote on the Resolutions is cast in accordance with your wishes without attending in person.

Voting by proxy

Should we need to change the arrangements for the holding of the EGM in this way, it is possible that we will not be in a position to accommodate shareholders beyond the minimum required to hold a quorate meeting. In light of this uncertainty, we strongly encourage shareholders to submit a proxy vote in advance of the EGM and to appoint the Chair of the EGM as their proxy, rather than a named person who, if circumstances change, may not be permitted to attend and vote at the EGM because of public health guidance. The process for appointing a proxy and/or voting in connection with the Resolutions to be proposed at the EGM depends on the manner in which you hold your shares. Further details are set out in the notes to the Notice of EGM.

Please note that persons holding their interests in the Company through the Euroclear Bank or CREST (CDI) systems must comply with any earlier or other voting submission deadline imposed by those systems. Further information in this respect is provided on page 2 of this Document and in the notes to the Notice of EGM.

28. Recommendation

The Directors consider that the completion of the MLPL Reorganisation, the ELI Reorganisation and the Further ELI Investments and Resolutions 1 to 6 are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of Resolutions 1 to 6, as those Directors who own Existing Ordinary Shares have irrevocably undertaken to do in respect of their entire beneficial holdings of 9,495,864 Existing Ordinary Shares (representing approximately 2.11% of the issued ordinary share capital of the Company as at the date of this Document).

In addition, Midwestern has given an irrevocable undertaking to the Company to vote in favour of Resolutions 1 to 6 to be proposed at the EGM in respect of their holdings totalling, in aggregate 59,299,608 Existing Ordinary Shares, representing approximately 13.18% of the Existing Share Capital as at the date of this Document. Details of the irrevocable undertakings are set out in paragraph 10.3 of Part 12 of this Document.

In total, therefore, the Company has received irrevocable undertakings to vote in favour of Resolutions 1 to 6 to be proposed at the EGM in respect of holdings totalling, in aggregate, 68,795,472 Existing Ordinary Shares, representing 15.29% of the Existing Share Capital as at the date of this Document.

Yours faithfully,

Mutiu Sunmonu

Non-Executive Chairman

PART 2

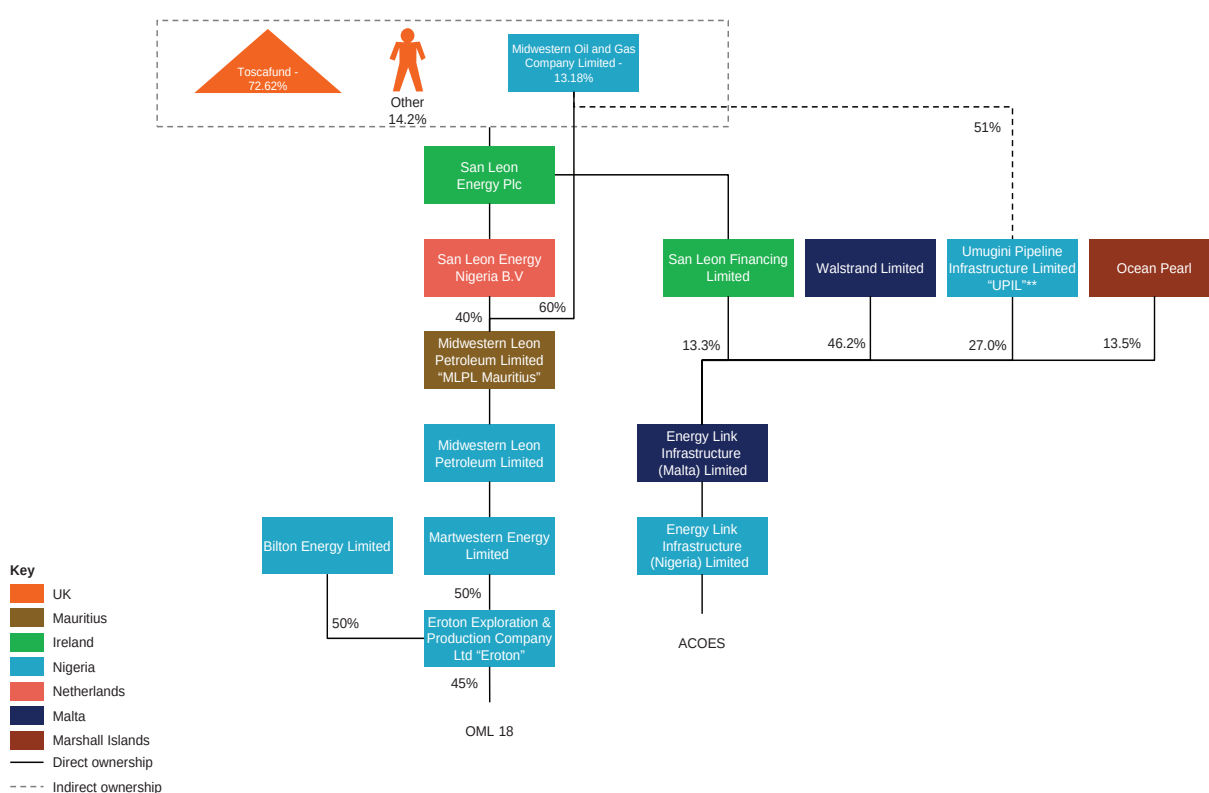
THE PROPOSED MIDWESTERN REORGANISATION

1. Introduction

The Proposed Midwestern Reorganisation is conditional on the completion of the Eroton OML 18 Transactions and includes the MLPL Reorganisation, the ELI Reorganisation and the entry into certain associated documentation. The Midwestern Reorganisation will result in San Leon owning on completion a 44.1% initial indirect economic interest in OML 18 with the remaining 55% interest being held by NNPC and 0.9% by Bilton. The ELI Reorganisation will result in San Leon owning on completion a 27.1% interest in ELI which is the owner of the ACOES to be utilised by OML18 and San Leon becoming a significant holder of loans to ELI.

2. Current Structure

The following structure chart shows the respective holdings of San Leon and Midwestern in ELI and MLPL as at the date of this Document:



3. The Eroton OML 18 Transactions

3.1 Overview of the Eroton OML 18 Transactions

Eroton, the operator of the OML 18 licence, currently holds a 27% effective economic interest in the OML 18 licence. Eroton has conditionally agreed, or will conditionally agree, to acquire additional interests through the Sahara OML 18 Transaction and the Bilton OML 18 Transaction resulting in the acquisition of their effective economic interests in OML 18 of 16.2% and 1.8% respectively. The MLPL Reorganisation and the ELI Reorganisation are conditional, *inter alia*, upon completion of the Eroton OML 18 Transactions.

In order to fund the Sahara OML 18 Transaction and Bilton OML 18 Transaction, Eroton proposes to enter into the New Eroton Debt Facilities which represent senior secured reserve-based lending facilities totalling US\$750,000,000 to be provided to Eroton by a lending consortium led by Afreximbank for the purposes of, *inter alia*: (i) facilitating the Eroton OML 18 Transactions; and (ii) the repayment of Eroton's existing financing. The details of the credit

committee approved term sheet associated with the New Eroton Debt Facilities from the lead lender, Afreximbank is set out in paragraph 3.3.4. The New Eroton Debt Facilities are conditional, amongst other things, upon definitive documentation in respect of the facility and associated security package being entered into. Subject to completion of the New Eroton Debt Facilities, the New Eroton Debt Facilities will replace the Existing Eroton Debt Facility, which will be repaid in full and GTB's security in connection with the Existing Eroton Debt Facility will be discharged.

The Sahara OML 18 Acquisition Agreement has been negotiated but has not been executed at this point and is only expected to be executed once Eroton has funds available to it to satisfy the consideration under the New Eroton Debt Facilities. Accordingly, whilst the terms have been negotiated, there can be no certainty that it will be entered into or the terms on which it will be entered into.

Whilst the Bilton OML 18 Acquisition Agreement has been executed, it is also conditional upon the Sahara OML 18 Acquisition Agreement being entered into completing following the New Eroton Debt Facilities proceeding. Accordingly as there can be no certainty that the Sahara OML 18 Acquisition Agreement will be entered into or the terms on which it will be entered into and there is no certainty that this condition will be satisfied.

The Sahara OML 18 Acquisition Agreement, if executed, will be and the Bilton OML 18 Acquisition Agreement is subject to certain conditions before completion can occur, details of the key conditions are summarised in paragraphs 3.3.1 and 3.3.2 below. In particular, the Sahara OML 18 Acquisition Agreement, if executed will be, and the Bilton OML 18 Acquisition Agreement is conditional on the entry into the Settlement Agreement associated with certain litigation between Eroton, Bilton and Sahara. Further details of the Settlement Agreement and the associated litigation are included in paragraphs 3.3.3 and 3.4 below.

It is emphasised that the MLPL Reorganisation is conditional, amongst other things, on the entry into and the utilisation of the New Eroton Debt Facilities and the Eroton OML 18 Transactions completing. Whilst the terms of the New Eroton Debt Facilities have been approved by the lead lender, Afreximbank, the Sahara OML 18 Acquisition Agreement has been negotiated but it is not expected to be entered into until after the New Eroton Debt Facilities have been entered into and the funds are available and the Bilton OML 18 Acquisition Agreement has been executed, subject to certain conditions. They are dependent on, inter alia, the New Eroton Debt Facilities being entered into and becoming unconditional and being drawn down. Furthermore, the New Eroton Debt Facilities have not been entered into and once entered into will be subject to additional conditions to drawdown which will have to be satisfied prior to utilisation of the facilities and for completion of the Sahara OML 18 Transaction and the Bilton OML 18 Transaction. These matters are not under the Company's control. Accordingly, there is no certainty that the New Eroton Debt Facilities will be entered into or that the Eroton OML 18 Transactions will proceed or that they will proceed on the currently proposed terms. Only once the Eroton OML 18 Transactions complete and the other conditions to the MLPL Reorganisation have been satisfied will the Company be able to proceed with the MLPL Reorganisation and Re-Admission. There can therefore be no guarantee that the MLPL Reorganisation and Re-Admission will occur.

A summary of the key risks relating to the Eroton OML 18 Transactions and associated financing are set out in paragraph 2 of Part 4 of this Document.

The number of shares in the Company to be subscribed for by Midwestern as part of the MLPL Reorganisation has been agreed and fixed between Midwestern and the Company and is not subject to adjustment by reference to the market price of the Ordinary Shares or New Ordinary Shares.

Accordingly, in order for the MLPL Reorganisation to proceed the market price of the New Ordinary Shares on the date of allotment of the MLPL New Shares must be not greater than the value per share shown recorded in the MLPL Valuation Report.

The Board are of the view that the Eroton OML 18 Transactions and New Eroton Debt Facilities are important for several reasons, including:

- (i) the Eroton OML 18 Transactions underpin the valuation and rationale of the MLPL Reorganisation by delivering, indirectly, to San Leon a far greater interest in OML 18 than is currently held by Eroton;**
- (ii) the Sahara OML 18 Transaction resolves a series of disputes that have arisen between Eroton and its OML 18 joint venture partner, Sahara. Several of these disputes have developed into the Eroton Litigation, although none are currently being actively pursued, and all legal actions between Eroton and Sahara will be extinguished as part of the Sahara OML 18 Transaction via the Settlement Agreement, thereby enabling Eroton to focus on the commercial development of OML 18 as a world class oil and gas field; and**
- (iii) the New Eroton Debt Facilities are a condition to and are necessary to fund the Eroton OML 18 Transactions and also enable the Existing Eroton Debt Facility to be refinanced.**

If the New Eroton Debt Facilities are not entered into or once entered into does not complete or the conditions to drawdown are not satisfied and/or the Eroton OML 18 Transactions do not complete then the MLPL Reorganisation cannot complete. The New Eroton Debt Facilities and the Eroton OML 18 Transactions are not in the Company's control and even if shareholders approve the Resolutions, they may not occur. In any of these cases then San Leon would retain a 40% equity interest in MLPL with Midwestern continuing to own the remaining interest in MLPL and Eroton would retain a 27% economic interest in OML 18, meaning that San Leon would continue to have a 10.58% initial indirect economic interest in OML 18. The outstanding MLPL Loan Notes would become payable by MLPL (or by Midwestern as guarantor to the MLPL Loan Notes) to San Leon within 90 days of termination of the MLPL Reorganisation Agreement.

The New Eroton Debt Facilities and the Eroton OML 18 Transactions are also important to the future financial condition of Eroton, and given the Company's significant focus on OML 18 and its operator Eroton, the failure of the New Eroton Debt Facilities and the Sahara OML 18 Transaction to complete, could have a material and adverse effect on Eroton, with a consequent adverse effect on Company's business, financial condition and results.

The Directors have prepared a detailed cash flow forecast for the Group for the period from 1 June 2022 to 31 December 2023.

The principal assumptions underlying the cash flow forecast and the availability of finance to the Group are as follows:

- (i) the Proposed Transaction completes in the second half of 2022. The Proposed Transaction also comprises, inter alia, a proposed consolidation of Midwestern's indirect debt and equity interests in ELI Malta with those of the Company, as well as further new debt and new and existing equity investments to be made by San Leon pursuant to the Further ELI Investments;**
- (ii) Eroton acquires an additional 18% interest in OML 18 from two of the other partners in OML 18, thereby taking Eroton's interest in OML 18 to 45%. This is subject, inter alia, to: i) agreeing documentation; ii) finalising bank financing; and iii) receiving the relevant regulatory consents in Nigeria;**
- (iii) the New Facility of \$50 million has been secured to finance the Proposed Transaction;**
- (iv) elimination of the MLPL Loan Notes on completion of the Proposed Transaction;**

- (v) *under the Asset Management Agreement with Eroton, San Leon receives \$500,000 per month for technical and financial advisory services following completion of the Potential Transaction;*
- (vi) *repayments from ELI of loan notes of US\$37.6 million during 2022 and 2023;*
- (vii) *repayment from Eroton under the Master Services Agreement, of \$3m during 2022; and*
- (viii) *a further loan of \$2.5 million is given to Decklar in relation to its Oza investment pursuant to current discussions.*

Due to the Proposed Transaction not having completed at the date of this Document there is an inherent material uncertainty that completion will not occur as anticipated.

The Group has modelled various other scenarios assuming the Proposed Transaction does not complete and given the Group's well understood cost base, the principal uncertainty if the Proposed Transaction does not complete relates to the quantum and timing of receipt of interest and capital repayments on the MLPL Loan, which would remain in place, and the loan Notes with ELI.

It was originally envisaged that the MLPL Loan Note payments due to the Group would be sourced by MLPL from the receipt of dividends through its indirect interest in Eroton via Martwestern. These dividends have not been received to date and consequently MLPL has entered into loan arrangements in order to be able to make Loan Note payments to the Company. In the absence of the dividend payments, MLPL will be reliant on further advances under the loan arrangement and in turn being able to make Loan Note payments to the Company. The Company has no obligation arising from the loan arrangements entered into by MLPL.

The loan repayments due from ELI were due to start in 2021 but have been delayed due to operational readiness of the FSO and ACOES project being delayed. The Directors have a reasonable expectation that ELI will be revenue generating imminently with the commencement of barging operations, and while loan repayments have been delayed, they should commence in the second half of 2022.

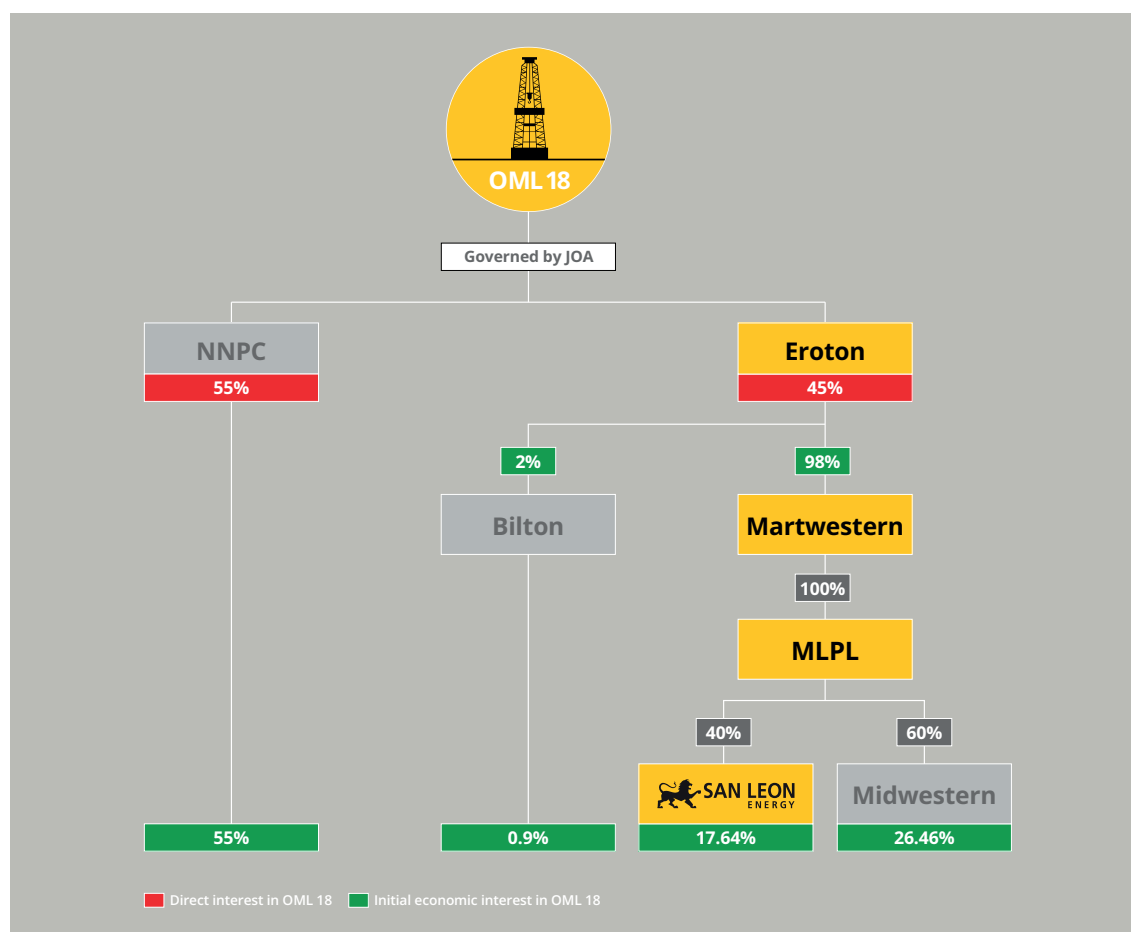
Due to the uncertainty on timing of future cashflows the MLPL Loan Notes and ELI loan notes have both been credit impaired in the annual report and accounts of the Company for the year ended 31 December 2021.

In the ultimate downside scenario where no repayments are received from MLPL and ELI, the New Facility can be drawn by the Company to facilitate completion of the Further ELI Investments, with the remaining balance being used for general corporate purposes. In this scenario the working capital requirements of the Group can be met for the 12-month period from the date of approval of the financial statements, although a reduction to administrative costs is required in 2023, which the Directors believe is achievable and within their control.

However, while the working capital requirements of the Group can be met for the 12-month period, the Directors believe that the continued viability of the Group and Company into the future is dependent on the completion of the Proposed Transaction. As such, the completion of the Proposed Transaction creates significant uncertainty upon the Group and Company's ability to continue as a going concern beyond the 12-month period. The Directors' have concluded that this represents a material uncertainty which may cast significant doubt upon the Group and Company's ability to continue as a going concern and that, therefore, the Group and Company may be unable to continue realising its assets and discharging its liabilities in the normal course of business.

3.2 Ownership of OML 18 following completion of the Eroton OML 18 Transactions

Following the completion of the Eroton OML 18 Transactions, the ownership of OML 18 (including any indirect economic interests) will be as follows:



Bilton's initial indirect economic interest in OML 18 through Eroton is, however, subject to increase on the following hurdles being met:

- (i) from the date of repayment of the original purchase price* plus accrued interest accrued thereon until 20 million barrels of gross OML 18 production is realised, Bilton's economic interest in Eroton will increase from 2% to 10%, which would result in a commensurate decrease in San Leon's economic interest in OML 18 to 40.5%; and
- (ii) thereafter, when subsequent production hurdles are met, Bilton's net economic interest in Eroton will increase incrementally until cumulative gross OML 18 production reaches 40 million barrels, at which point San Leon's economic interest in OML 18 would be 22.5% as Bilton and San Leon's economic interests in Eroton shall reflect their shareholdings (50% and 50% respectively).

* Being the price of US\$1.1 billion paid for the 45% interest in OML 18.

Upon Bilton's initial indirect economic interest in OML 18 through Eroton increasing, the Company's indirect economic interest in OML 18 through Eroton will decrease.

Further details of OML 18 are set out in the Competent Persons report in Part 7 of this Document.

3.3 Material contracts in relation to the Eroton OML 18 Transactions

3.3.1 Sahara OML 18 Acquisition Agreement

Whilst it has been negotiated but not executed, the terms of a acquisition agreement proposed to be entered into between Sahara Field Production 18 Limited ("**SFP**") and Sahara Charitable Foundation ("**SCF**") (together, the "**Sellers**") and Eroton pursuant to which

Eroton will purchase the entire issued share capital of OML 18 Energy Resource Limited ("**OML 18 ER**") have been negotiated as between the parties. The consideration will be US\$485,000,000, comprising a cash consideration of US\$410,000,000 and a funding advance of US\$75,000,000, lent by Sahara Field Production Limited to Eroton, pursuant to part of the New Eroton Debt Facilities in order to finance the transaction contemplated by the Sahara OML 18 Acquisition Agreement. The Sahara OML 18 Acquisition Agreement has been negotiated but has not been executed at this point and is not expected to be executed until after the New Eroton Debt Facilities have been agreed and entered into.

The acquisition of OML 18 ER by Eroton is expected to be subject to a number of conditions (the "**Sahara OML 18 Conditions**") including, amongst others:

- (i) the release of GTB's security over the shares which are subject to (a) a deed of share charge dated 29 November 2019 between OML 18 ER (as the Borrower), SFP (as Shareholder) and GTB (as Security Trustee); and (b) a deed of share charge dated 29 November 2019 between OML (as the Borrower), SCF (as Shareholder) and GTB (as Security Trustee);
- (ii) the execution of the Settlement Agreement in the negotiated form, in full and final settlement of the litigation detailed in paragraph 3.3 below and the associated filing of the notice of withdrawal and court-approved settlement of the lawsuits in the relevant courts; and
- (iii) the written consent of the Minister (the "**Minister's Consent**") or any other person or entity for the time being responsible for Petroleum and/or related substances in the Federal Republic of Nigeria to the transactions which are contemplated under the Sahara OML 18 Acquisition Agreement (the "**Minister's Consent Condition**").

Eroton shall be responsible for paying all costs and other expenses in respect of obtaining the Minister's Consent. If the Minister's Consent Condition has not been satisfied on or before 5:00pm on the date falling nine months from the execution of the Sahara OML 18 Acquisition Agreement (the "**Sahara OML 18 Long Stop Date**"), Eroton may extend the Long Stop Date for up to 90 Business Days (the "**Sahara OML 18 Extended Long Stop Date**").

Under the terms of the Sahara OML 18 Acquisition Agreement, the Sellers respectively agree (in the period up to completion) to procure that from execution of the Sahara OML 18 Acquisition Agreement OML 18 ER does not undertake any acts which is outside the ordinary course of business other than where Eroton has consent to such acts in writing, and that certain material actions in relation to the business of Eroton are not undertaken without the consent of Eroton.

Under the terms of the Sahara OML 18 Acquisition Agreement, the Sellers will provide certain warranties and indemnities to Eroton and Eroton has given certain warranties to the Sellers. The warranties will be given at signing of the Sahara OML 18 Acquisition Agreement and will be repeated on completion. The warranties will be subject to matters disclosed in the disclosure letter which is to be exchanged between the Sellers and Eroton or otherwise disclosed during the conduct of the due diligence exercise by Eroton.

The warranties and indemnities are subject to certain limitations including the aggregate total liability of the Sellers being limited to and shall not exceed an amount equal to 100% of the consideration under the Sahara OML 18 Acquisition Agreement. The Sellers will not be liable for any claim under a warranty or indemnity given by them under the Sahara OML 18 Acquisition Agreement unless they receive from Eroton written notice in respect of a claim for breach of either (i) the tax warranties or before the date falling on the sixth anniversary of the completion date, or in respect of either of; (ii) the fundamental warranties; or (iii) the general warranties, on or before the date falling on the sixth anniversary of the completion date.

The Sahara OML 18 Acquisition Agreement once entered into may be terminated with immediate effect if (i) the Minister's Consent Condition has not been satisfied by 5:00 pm

on the Sahara OML 18 Long Stop Date (if this has not been extended); or (ii) the Sahara OML 18 Conditions remain unfulfilled by 5:00 pm on the Sahara OML 18 Extended Long Stop Date, by notifying the other party of termination as a result of the non-satisfaction of a Condition within the stipulated timeline. Either party can terminate if the completion arrangements have not been complied with in all material respects. The meaning of material for the purposes of the termination provisions is set out in the Sahara OML 18 Acquisition Agreement.

The Sahara OML 18 Acquisition Agreement will be governed by English law.

The Sahara OML 18 Acquisition Agreement has been negotiated but has not been executed at this point and is only expected to be executed once Eroton has funds available to it to satisfy the consideration which will require the New Eroton Debt Facilities to be entered into and the conditions precedent to draw down to have been satisfied. Accordingly, whilst the terms have been negotiated, there can be no certainty that they will be entered into or the terms on which they will be entered into. There can therefore be no guarantee that the Sahara OML 18 Acquisition Agreement will be entered into.

In the event that the Eroton OML 18 Transactions do not occur, Eroton may be in breach of the Existing Eroton Debt Facility (details of which are set out in paragraph 10.23.14 of Part 12 of this Document) which was proposed to be remedied through the refinancing of such facilities through the New Eroton Debt Facilities.

In the event that repayment of the Existing Eroton Debt Facility is accelerated then, in the absence of alternative facilities, GTB would be entitled to effect any of its default remedies under the Existing Eroton Debt Facility, including the enforcement of its security.

In addition, in the event that the Eroton OML 18 Transactions do not occur, the Eroton Litigation is likely to continue (details of which is set out in paragraph 3.4 of this Part 2) and further details of the risks around the Eroton Litigation are set out in paragraphs 2.2 – 2.3 of Part 4 of this Document.

If the Eroton OML 18 Transactions are not completed and the benefits to the Company expected to result from these transactions are not achieved this could result in the enforcement of security by GTB and ultimately Eroton being wound up either as part of the Eroton litigation or as a result of such default. Any of these circumstance could result in a material adverse effect on the Company's business, operations, financial performance and cash flow and future prospects and the market price of the Ordinary Shares may be affected.

3.3.2 Bilton OML 18 Acquisition Agreement

An acquisition agreement has been entered into between Bilton and Bilton Nominees Limited (together, the "**Sellers**") and Eroton pursuant to which Eroton will purchase the entire issued share capital of Bilton OML 18 Limited ("**Bilton OML 18**"). The consideration is US\$12.5 million.

The acquisition of Bilton OML 18 is subject to a number of conditions (the "**Bilton OML 18 Conditions**") including, amongst others:

- (i) the execution of the Sahara OML 18 Acquisition Agreement in the agreed form;
- (ii) the release of GTB's security over the shares which are subject to an undated deed of share charge between Eroton (as the Borrower), and GTB (as Security Trustee);
- (ii) the execution of the Settlement Agreement in the agreed form, in full and final settlement of the litigation detailed in paragraph 3.3.3 below and the associated filing of the notice of withdrawal and court-approved settlement of the lawsuits in the relevant courts; and

- (iii) the written consent of the Minister (the “**Minister’s Consent**”) or any other person or entity for the time being responsible for Petroleum and/or related substances in the Federal Republic of Nigeria to the transactions which are contemplated under the Bilton OML 18 Acquisition Agreement (the “**Minister’s Consent Condition**”).

Eroton shall be responsible for paying all costs and other expenses in respect of obtaining the Minister’s Consent. If the Minister’s Consent Condition has not been satisfied on or before 5:00pm on the date falling nine months from the execution of the Bilton OML 18 Acquisition Agreement (the “**Bilton OML 18 Long Stop Date**”), Eroton may extend the Long Stop Date with up to 90 Business Days (the “**Bilton OML 18 Extended Long Stop Date**”).

The Sellers have respectively agreed (in the period up to completion) to procure that Bilton OML 18 does not undertake any acts which is outside the ordinary course of business other than where Eroton has consent to such acts in writing, and that certain material actions in relation to the business of Eroton is not undertaken without the consent of Eroton.

Under the terms of the Bilton OML 18 Acquisition Agreement, the Sellers have provided certain warranties and indemnities to Eroton and Eroton has given certain warranties to the Sellers. The warranties have been given at signing of the Bilton OML 18 Acquisition Agreement and will be repeated on completion. The warranties will be subject to matters disclosed in the disclosure letter which is to be exchanged between the Sellers and Eroton or otherwise disclosed during the conduct of the due diligence exercise by Eroton.

The warranties and indemnities are subject to certain limitations including the aggregate total liability of the Sellers being limited to and shall not exceed an amount equal to 100% of the consideration under the Bilton OML 18 Acquisition Agreement.

The Sellers will not be liable for any claim under a warranty or indemnity given by them under the Bilton OML 18 Acquisition Agreement unless they receive from Eroton written notice in respect of a claim for breach of either (i) the tax warranties or before the date falling on the sixth anniversary of the completion date, or in respect of either of; (ii) the fundamental warranties; or (iii) the general warranties, on or before the date falling on the sixth anniversary of the completion date.

The Bilton OML 18 Acquisition Agreement may be terminated with immediate effect if (i) the Minister’s Consent Condition has not been satisfied by 5:00 pm on the Bilton OML 18 Long Stop Date (if this has not been extended); or (ii) the Bilton OML 18 Conditions remain unfulfilled by 5:00 pm on the Bilton OML 18 Extended Long Stop Date, by notifying the other party of termination as a result of the non-satisfaction of a Condition within the stipulated timeline. Either party can terminate if the completion arrangements have not been complied with in all material respects.

The Bilton OML 18 Acquisition Agreement will be governed by Nigerian law.

The Bilton OML 18 Acquisition Agreement has been entered into, subject to conditions, but dependent on the Sahara OML 18 Acquisition Agreement being entered into and the conditions under the Sahara OML 18 Acquisition Agreement being satisfied. It is therefore also conditional upon the New Eroton Debt Facilities being executed and whilst there is a credit committee approved term sheet for these facilities from the lead lender, Afreximbank, these facilities are at an early stage and there can be no certainty that they will be entered into or the terms on which they will be entered into and the Company cannot control their execution. Furthermore, once the New Eroton Debt Facilities are entered into there will be additional conditions to drawdown which will have to be satisfied prior to utilisation of the facilities and for completion of the Sahara OML 18 Transaction (if entered into), and the Bilton OML 18 Transaction. Only once the Eroton OML 18 transactions complete and the other conditions to the MLPL Reorganisation have been satisfied will the Company be able to proceed with the MLPL Reorganisation and Re-Admission. There can therefore be no guarantee that the MLPL Reorganisation and Re-

Admission will occur. In the event that the Eroton OML 18 Transactions do not occur, Eroton may be in breach of the Existing Eroton Debt Facility (details of which are set out in paragraph 10.23.14 of Part 12 of this Document) which was proposed to be remedied through the refinancing of such facilities through the New Eroton Debt Facilities.

In the event that repayment of the Existing Eroton Debt Facility is accelerated then, in the absence of alternative facilities, GTB would be entitled to effect any of its default remedies under the Existing Eroton Debt Facility, including the enforcement of its security.

In addition, in the event that the Eroton OML 18 Transactions do not occur, the Eroton Litigation is likely to continue (details of which is set out in paragraph 3.4 of this Part 2 and further details of the risks around the Eroton Litigation are set out in paragraphs 2.2 – 2.3 of Part 4 of this Document).

If the Proposals are not completed and the benefits to the Company expected to result from the Proposals are not achieved this could result in the enforcement of security by GTB and ultimately Eroton being wound up either as part of the Eroton litigation or as a result of such default. Any of these circumstance could result in a material adverse effect on the Company's business, operations, financial performance and cash flow and future prospects and the market price of the Ordinary Shares may be affected.

3.3.3 *Settlement Agreement*

Whilst it has not been executed, the terms of a proposed settlement agreement to be entered into between Sahara, Eroton, Bilton, Notore Chemical and Bilton OML 18 Limited (together, the "**Settling Parties**") pursuant to which the Settling Parties shall settle, or shall procure the settlement of the Eroton Litigation has been negotiated between the parties (the "**Settlement Agreement**"). Under the negotiated terms, the Settling Parties will agree to enter into the Settlement Agreement in connection with the Eroton OML 18 Transactions, and the Sahara OML 18 Acquisition Agreement in particular.

Under the negotiated terms, the Settling Parties will agree to settle all of the Eroton Litigation in consideration for the acquisition by Eroton of the shares held indirectly by SFP and SCF (as the sellers under the Sahara OML 18 Acquisition Agreement) and the payment of the consideration under the Sahara OML 18 Acquisition Agreement by Eroton shall constitute the entire consideration for the full and final settlement of the mutual claims and counterclaims of Sahara comprised in the Eroton Litigation and any other claims of Sahara relating to OML 18. The performance by Sahara of its obligations under the Sahara OML 18 Acquisition Agreement shall constitute the entire consideration for the full and final settlement of the mutual claims and counterclaims of Eroton, Bilton and Bilton OML 18 Limited comprised in the Eroton Litigation and any other claims of Eroton, Bilton and Bilton OML 18 Limited relating to OML 18.

The mutual release by the Settling Parties will require each of them to relinquish, waive, release, and forever discharge each other and any of their successors, assigns or any third parties seeking to claim on their behalf, in respect of all claims and actions under or in connection with the Eroton Litigation. The settlement terms agreed when the Settlement Agreement is executed by the Settling Parties shall be irrevocable, and they shall each execute official terms of settlement in respect of the actions forming part of each relevant lawsuit comprised in the Eroton Litigation, for filing with the Nigerian courts. Execution of the Settlement Agreement does not indicate an admission of liability by any of the Settling Parties.

The Settlement Agreement will be governed by Nigerian law.

The Settlement Agreement has been negotiated but has not been executed at this point and is only expected to be executed once Eroton has funds available to it to satisfy the consideration and the Sahara OML 18 Acquisition Agreement is entered

into. This will require the definitive documents for the New Eroton Debt Facilities to be entered into and there will be additional conditions to drawdown to be satisfied prior to utilisation of the facilities. Accordingly, whilst the terms have been negotiated, there can be no certainty that the Settlement Agreement will be entered into or the terms on which they will be entered into. In the event that the Settlement Agreement is not entered into the Eroton Litigation is likely to continue and details of the Eroton Litigation is set out in paragraph 3.4 of this Part 2 and further details of the risks around the Eroton Litigation are set out in paragraphs 2.2 – 2.3 of Part 4 of this Document.

3.3.4 New Eroton Debt Facilities

A credit committee approved term sheet was approved by board of Afreximbank in relation to a proposed facility from amongst others, Eroton, Afreximbank, Midwestern, Nova Merchant Bank Limited and Sahara in respect of a loan between, amongst others, Eroton, as borrower, Afreximbank and others, including Midwestern as lenders (together the “**Lenders**”), Afreximbank as mandated lead arranger, book runner, facilities agent, security agent and hedge coordinating agent, and OML 18 Energy Resource Limited and Bilton OML 18 Limited (together with Eroton, the “**Obligors**”) as guarantors.

The Lenders will loan Eroton US\$750 million (secured) in tranches of (i) US\$500 million (“**Tranche A**”) and (ii) US\$250 million (“**Tranche B**”), ranking *pari passu* and with an identical security package. The draw down date for the loan was 30 June 2022 or by such date as Eroton and the Lenders agree. On 5 July 2022, Afreximbank confirmed to Eroton their approval of their commitment. The purpose of the loan is (i) to be used as consideration for the acquisition of OML 18 Energy Resource Limited and Bilton OML 18 Limited (the “**SPVs**”) (ii) to prepay Eroton’s outstanding financial indebtedness (including the Existing Eroton Debt Facilities); and (iii) pay fees and costs related to the transaction noted at (i).

Security will be placed over (i) Eroton’s existing and future participating interest in OML 18 and any proceeds deriving from this; (ii) the shares in and the assets of both Eroton and the SPVs; and (iii) as well as over the accounts which the Obligors are required to open and maintain. Eroton has agreed not to place security over any of its present or future assets without the prior consent of the Lenders.

The interest rate payable will be LIBOR plus (i) 8.75% per year for Tranche A and (ii) 8.25% for Tranche B, and will accrue every third calendar month, except in the event of a default under the loan, in which case the interest rate will increase by 2%. A one-off participation fee of 0.75% and yearly management fee of 0.25% will be payable.

The indicative terms may be terminated by Afreximbank if the due diligence process is unsatisfactory or if the information provided in respect of Eroton is materially inaccurate or incomplete, or if there is a failure to disclose any material facts or information. Eroton may terminate the indicative terms at any time, subject to reimbursing Afreximbank for any costs and expenses they have incurred.

It is intended that the loan will be repaid from proceeds received from Eroton’s working interest in OML 18, and other sources of cash available to the Obligors. It will be repayable in quarterly instalments, with the first payment becoming due six months after signing of the loan agreement. The final maturity date will be the earlier of (i) the date falling 84 months from signing of the loan agreement and (ii) the reserve tail date, as to be agreed between the parties. Prepayment is permitted in minimum amounts of US\$10 million or multiples thereof, and a 1.5% prepayment fee will apply on the outstanding loan if the entire amount is prepaid.

The loan agreement is governed by English law and Nigerian law will govern where relevant for the security documents.

It is emphasised that whilst a credit committee approved term sheet has been approved by board of Afreximbank, the loan agreement has not yet been entered

into and, if entered into, there are additional conditions to drawdown which will have to be satisfied prior to utilisation of the facilities and for completion of the Sahara OML 18 Transaction and the Bilton OML 18 Transaction to proceed. A summary of the key risks relating to the Eroton OML 18 Transactions and associated financing are set out in paragraph 2 of Part 4 of this Document.

3.4 Sahara and Bilton Litigation

Pursuant to the Settlement Agreement summarised in paragraph 3.3.3 above, the following disputes and claims will be settled:

3.4.1 Claims by Sahara

(a) Suit Number FHC/L/CS/976/2020 – OML 18 Energy Resource Limited (formerly known as Sahara Field Production Limited) v. Eroton Exploration & Production Company Limited.

Sahara is the Plaintiff and Eroton is the Defendant and the claim is related to the recovery of a disputed debt of US\$72 million arising from outstanding legacy issues regarding the acquisition of OML 18.

Sahara alleges that by an agreement dated 14 October 2019, Eroton had agreed to pay the sum of US\$80 million in consideration of Sahara's participating interest and contribution towards the acquisition and operation of OML 18. Sahara alleges that Eroton has only paid US\$8 million in this regard. Sahara's total claim is for the sum of US\$72 million being the alleged total balance due to Sahara from Eroton under the agreement.

By an ex-parte application Sahara sought and obtained an interim injunction which has restrained Eroton from dealing with certain of its bank accounts except for "Operating Costs". Eroton contends that any dispute arising from the Settlement Agreement must be referred to arbitration as stipulated in the Settlement Agreement. As a result, Eroton still has restrictions on its use of the accounts subject to the injunction, however, it can only access the said accounts for operational costs, which are essentially the only use of the restricted accounts. Therefore the injunction has little or no effect on Eroton's operations.

Proceedings in the suit have been suspended temporarily in deference to ongoing commercial settlement discussion between Eroton and Sahara.

(b) Suit Number FHC/L/CS/977/2020 – OML 18 Energy Resource Limited (formerly known as Sahara Field Production Limited) v. Eroton Exploration & Production Company Limited.

This is a petition by Sahara against Eroton. Sahara is seeking an order of the FHC to wind up Eroton on the basis of Eroton's inability to liquidate the outstanding debt due to it.

Sahara's case is that it is entitled to the principal sum of US\$47,944,072 being its alleged share of the profit oil accruing from OML 18 during the period from March 2015 and June, 2019, being the period when Eroton held 16.2% participating interest in trust for Sahara. Eroton made an application to stay proceedings in favour of arbitration in the FHC. The FHC declined Eroton's application on the ground that matters of winding up proceedings are not arbitrable in its ruling of 9 September 2020.

Eroton has appealed the ruling of the FHC to the CA. However, the appeal and the proceedings at the Federal High Court are currently suspended in deference to the ongoing commercial settlement discussions.

(c) **Suit Number FHC/L/CS/1232/2020 – OML 18 Energy Resource Limited (formerly known as Sahara Field Production Limited) v. Bilton OML 18 Limited & 2 others.**

Sahara is the Plaintiff, Bilton OML 18 Limited is the first Defendant, Bilton is the second Defendant and Eroton is the third Defendant. Sahara is seeking judicial interpretation of certain provisions of a financial service agreement (“**Financial Service Agreement**”) between it and Bilton and payment of approximately US\$45 million being the sum Sahara claims was expended by Sahara on the Bilton entities’ acquisition of 1.8% interest in Eroton’s OML 18.

Eroton raised a jurisdictional objection based on Sahara’s claim being based on the Financial Service Agreement challenging the FHC’s jurisdiction to hear the claim. This challenge was refused by the FHC on 25 November 2020. Eroton has appealed this decision to the CA via a Notice of Appeal dated 4 December 2020. The claim by Sahara is now adjourned pending the determination of the appeal. However, the appeal is not being actively pursued at the moment because of the ongoing settlement negotiations between Eroton and Sahara.

Sahara is seeking an order of the CA, upon the determination of the questions in the affirmative, directing the Defendants jointly and severally to pay:

- (i) the sum of US\$44,936,976 being the alleged sum expended by Sahara on the first and second Defendants’ acquisition cost of 1.8% interest from Eroton in OML 18, Sahara’s share of available profit of 90% and accumulated interest of 11%; and
- (ii) interest on the said sum at the rate of 25% per annum from 1 July 2020 until delivery of judgment and thereafter 10% per annum until judgment sum is liquidated cost of the action assessed at N10,000,000 per annum.

(d) **Suit Number FHC/L/CS/1231/2020 – OML 18 Energy Resource Limited (formerly known as Sahara Field Production Limited) v. Eroton Exploration & Production Company Limited and Notore Chemical Industries plc.**

Sahara is the Plaintiff, while Eroton and Notore Chemical are both Defendants.

The Plaintiff alleges that by a farm out agreement dated 20 March 2020 (“**Farm Out Agreement**”), it is entitled to 36% of all sums received by Eroton pursuant to the JOA, Shell Offtake Agreement and Notore Offtake Agreement. It is the case of the Plaintiff that Eroton sold gas to Notore Chemical and accordingly, the Plaintiff is entitled to the agreed percentage of the proceeds of the sale of gas.

The Plaintiff is seeking relief against the Defendants as follows:

- (i) the sum of N1,071,041,876.27 being the alleged outstanding sum due to the Plaintiff for gas sold under the Farm Out Agreement;
- (ii) interest on the said sum at the rate of 25% per annum from 1 July 2020 until delivery of judgment and thereafter 10% per annum until judgment sum is liquidated; and
- (iii) cost of the action assessed at N10,000,000 per annum.

However, the parties have jointly informed the court that the matter is being settled, and the matter has been adjourned for settlement.

3.4.2 *Claims by Eroton*

(a) **Suit Number FHC/L/CS/1107/2020 – Eroton Exploration & Production Company Limited v. Guaranty Trust Bank plc and OML 18 Energy Resource Limited (formerly known as Sahara Field Production Limited).**

Eroton claims that it is the agreement of parties that where there is dispute arising from the performance of terms of the JOA acceded to by Sahara via a deed of

accession, the parties should refer such dispute to arbitration under the arbitration laws of Nigeria. In this regard, Eroton commenced arbitration proceedings against Sahara for failing to liquidate its share of cash calls and costs/expenditure incurred on the joint operations of OML 18.

The instant suit is an application for preservative orders pending the conclusion of the arbitration proceedings. Eroton commenced this action through an originating summons seeking the determination of several questions and declarations/order of the FHC. Eroton is seeking preservative orders of the FHC, upon the determination of the questions in the affirmative, restraining the Defendants from dealing with the assets or monies of the Sahara pending the conclusion of the arbitration proceedings commenced by Eroton against Sahara. As such, Eroton successfully obtained a Mareva injunction against Sahara for sums owed to Eroton for Sahara's failure to make payments to the OML 18 joint venture.

(b) Suit Number FHC/L/CS/1080/2020 – Eroton Exploration & Production Company Limited v. OML 18 Energy Resource Limited (formerly known as Sahara Field Production Limited).

This is a petition filed by Eroton against Sahara seeking an order of the FHC to wind up Sahara on the basis of Sahara's inability to liquidate the outstanding debt due to Eroton.

It is the case of Eroton that it expended several sums for itself and Sahara in respect of the costs/expenditure incurred in the joint operations and cash calls for OML 18. Sahara is obligated but has failed to reimburse Eroton for Sahara's share in the joint operations and cash calls.

The total outstanding debt due to Eroton is US\$72,111,096.72 being the sum paid by Eroton in respect of Sahara's participating interest in OML 18. As part of this claim Eroton also sought and obtained an Ex Parte injunction restraining Sahara from utilizing its bank accounts.

However, the parties have jointly informed the court that the matter is being settled, and the matter has been adjourned for settlement.

(c) Suit Number FHC/L/CS/1377/2020 – Bilton Energy Limited v. OML 18 Energy Resource Limited (formerly known as Sahara Field Production Limited).

Bilton is the Plaintiff and Sahara is the Defendant. This claim is not a monetary claim, but is proceedings instituted by Bilton pursuant to Order 52 Rule 15(c) of the Federal High Court (Civil Procedure) Rules 2019, to stay further proceedings in Suit No. FHC/L/CS/1232/2020 – Sahara Field Production Limited v. Bilton OML 18 Limited, Bilton Energy Limited and Eroton Exploration & Production Company Limited, on the basis that the suit was instituted in breach of the arbitration agreement contained in Clause 8.2 of the financial services agreement between Sahara and Bilton. Sahara is resisting this as it claims that its claim is not based on contract but on fraud and misrepresentation which cannot be settled and resolved by arbitration.

The suit has been heard but the court reserved its judgment until a later date, in order to await the outcome of Eroton's appeal before the CA against the Ruling of the Federal High Court delivered on 25 November 2020 in relation to Suit No.: FHC/L/CS/1232/2020 as referred to above.

(d) Appeal Number CA/LAG/CV/104/2021 – Eroton Exploration & Production Company Limited v. OML 18 Energy Resource Limited (formerly known as Sahara Field Production Limited) & 2 others;

Eroton is the Appellant, Sahara is the first Respondent, Bilton OML 18 Limited is the second Respondent and Bilton is the third Respondent.

This is an appeal against the ruling of the Federal High Court (the “**Lower Court**”) in FHC/L/CS/1232/2020 – Sahara Field Production Limited v. 1.) Bilton OML18 Limited 2.) Bilton Energy Limited 3.) Eroton Exploration & Production Company Limited. The appeal is to ascertain the jurisdiction of the lower court (being the FHC) to hear the dispute.

Consequently, the Lower Court held that it has jurisdiction over the subject matter of Sahara’s claim as the claim before it was not one for breach of a simple contract but pertained to oil mining (OML 18) and therefore within the jurisdiction of the FHC. As such, Eroton filed a Notice of Appeal against this ruling of the FHC. However, the appeal is not being actively pursued at the moment because of the ongoing settlement discussions between Eroton and Sahara.

4. MLPL Reorganisation

4.1 Overview

By virtue of the MLPL Reorganisation, Midwestern will subscribe for shares in San Leon and San Leon will acquire from Midwestern the remaining 60% equity interest in MLPL it does not currently own.

The MLPL Reorganisation will be conditional on, along with the other conditions summarised in paragraph 4.3.5 below, the completion of the Eroton OML 18 Transactions and will be implemented immediately prior to Re-Admission by completion of the following steps:

- the issue of 344,334,257 New Ordinary Shares by San Leon to Midwestern pursuant to the MLPL New Shares Subscription Agreement with such subscription consideration being paid for by way of the MLPL Reorganisation Loan Notes; and
- the transfer by Midwestern of its equity interest in MLPL and the benefit of the MLPL Receivable to a member of the San Leon Group in return for the cancellation of the MLPL Loan Notes and the release of Midwestern from its guarantee in relation the MLPL Loan Notes.

Details of the MLPL New Shares Subscription Agreement and other material documentation to be entered into in relation to the MLPL Reorganisation are summarised in paragraphs 4.3 below.

4.2 Information about MLPL Loan Note payments and the Preference Shares

On completion of the OML 18 Production Arrangement in September 2016, the Company received US\$173.05 million of MLPL Loan Notes together with a 40% shareholding in MLPL. The MLPL Loan Notes are also accompanied by interest payments accruing at a fixed rate of 17% per annum on the outstanding principal at the time. Midwestern is the guarantor of the MLPL Loan Notes. Further details regarding the MLPL Loan Notes are set out in paragraph 4.3.2 below.

Following payment of just over US\$190 million from the MLPL Loan Notes, on 7 April 2020, the Company announced, amongst other matters, that it had entered into an agreement dated 6 April 2020 amending the MLPL Loan Note instrument. Under the terms of this amendment, the remaining balance payable was approximately US\$82 million. A further US\$10 million was to be paid to the Company on or before 6 October 2020, with the balance of the MLPL Loan Notes receivable payable by December 2021. The balance was to continue to accrue interest at a coupon of 17% per annum until repaid. All other material terms of the MLPL Loan Note Instrument remained unchanged.

Since July 2021, San Leon, MLPL, Midwestern and Martwestern have agreed to a series of conditional payment waivers in respect of the repayment of the MLPL Loan Notes and interest that was to fall due, as the amounts owed to San Leon by MLPL pursuant to the MLPL Loan Notes will be eliminated as part of the MLPL Reorganisation.

As at the Latest Practicable Date, the balance owed to San Leon is approximately US\$105.9 million, being a principal amount due of approximately US\$82.2 million and total accrued interest due of approximately US\$23.7 million.

Following the MLPL Reorganisation, MLPL will be a wholly owned subsidiary of the Company and so any MLPL Loan Note balances will be owed to San Leon by its wholly owned subsidiary and Midwestern will be released from its guarantee. To in part compensate San Leon shareholders, immediately prior to MLPL Reorganisation and the issue of the New Shares, San Leon will sub-divide each of its existing issued Ordinary Shares of €0.01 each into a New Ordinary Share of €0.005 and a Preference Share of €0.005. The holders of the Preference Shares will have a preferential right to receive the first US\$40 million of any distributions or dividends (including payments to redeem such shares or loan notes) paid by San Leon following completion of the MLPL Reorganisation. Further information on the Preference Shares is set out at paragraph 21 of Part 1 and paragraph 5.11 of Part 12 of this Document.

In the event that the Resolutions are not passed or the MLPL Reorganisation Agreement is terminated, the balance owed to San Leon will be payable 90 days after such termination, or sooner, *inter alia*, if there is an event of default.

4.3 Material contracts in relation to the MLPL Reorganisation

In addition to the Relationship Agreement summarised at paragraph 15 of Part 1 of this Document and paragraph 10.2 of Part 12 of this Document, the following contracts are material contracts in relation to MLPL Reorganisation.

4.3.1 MLPL New Shares Subscription Agreement

An agreement for the subscription in New Ordinary Shares of San Leon will be entered into between Midwestern and San Leon pursuant to which Midwestern will apply for the allotment of the MLPL New Shares for a price per share equal to the value set out in the MLPL Valuation Report (the “**Subscription Letter**”).

The subscription is subject to the satisfaction of the conditions outlined in the MLPL Reorganisation Agreement, other than the condition relating to Re-Admission.

The consideration for the allotment of the MLPL New Shares will be the MLPL Reorganisation Loan Notes.

The Subscription Agreement will be governed by English law.

4.3.2 MLPL Reorganisation Loan Notes

A loan note will be issued by Midwestern to San Leon evidencing a money debt owed by Midwestern to San Leon pursuant to the Subscription Letter (the “**MLPL Reorganisation Loan Notes**”). Under the terms of the MLPL Reorganisation Loan Notes, San Leon can redeem the notes in whole or in part at any time after completion of the MLPL Reorganisation Agreement and Midwestern can prepay the debt due under the MLPL Reorganisation Loan Notes at any time after completion of the MLPL Reorganisation Agreement.

The MLPL Reorganisation Loan Notes will be unsecured and will not accrue interest. San Leon can transfer the MLPL Reorganisation Loan Notes to any member of its group without the consent of Midwestern.

The MLPL Reorganisation Loan Notes will be governed by English law.

4.3.3. Notice of Assignment

A notice to transfer and assign the MLPL Reorganisation Loan Notes addressed to Midwestern from San Leon, notifying Midwestern of the transfer of San Leon’s present and future rights, title, interest and benefit in, under and to the MLPL Reorganisation Loan Notes to San Leon Energy Nigeria, pursuant to the terms of the MLPL Reorganisation Loan Notes (“**MLPL Assignment**”).

The MLPL Assignment will be governed by English law.

4.3.4 *Asset Management Agreement*

San Leon Energy Nigeria and Eroton have agreed to enter into the Asset Management Agreement with effect from signing but with the fees payable under the agreement payable from the date of Re-Admission. Under the agreement, Eroton (as owner of a 27 per cent interest in OML 18) has agreed to appoint San Leon Energy Nigeria as manager in relation to OML 18, for the purpose of providing certain advisory services. San Leon Energy Nigeria will have operational and technical oversight and will provide input in connection with field development, drilling programs and operational well activity, among other things. San Leon Energy Nigeria will also advise on financial aspects, for example assisting with the implementation of a corporate finance strategy for the development of OML 18 and streamlining existing organisational processes. In order to provide the financial advisory services, Eroton has agreed to provide certain financial information to San Leon Energy Nigeria, including periodic financial statements and forecasts.

An annual fee of US\$6,000,000 payable by Eroton will be paid in advance, in monthly instalments, and San Leon Energy Nigeria will be engaged to provide the services covered by the agreement for an initial period of three years (the “**Initial Period**”). The agreement shall subsequently renew automatically on an annual basis thereafter, unless otherwise terminated by the parties.

San Leon Energy Nigeria’s appointment as the manager of OML 18 shall not affect the role of Eroton as the operator of the same, and San Leon Energy Nigeria’s maximum liability under the agreement shall be limited. Eroton has agreed to indemnify San Leon Energy Nigeria against any liabilities and expenses incurred specifically by reason of San Leon Energy Nigeria being manager of OML 18, provided that San Leon Energy Nigeria shall not be so indemnified with respect to any matter resulting from its negligence, wilful misconduct or fraud and shall have no claim against, or recourse to, Eroton in respect of any such matter. Each party has undertaken that it maintains adequate policies and procedures required to comply with applicable anti-corruption laws.

San Leon Energy Nigeria may terminate the agreement if Eroton fails to provide the financial information required in order to provide the services. Eroton may terminate the agreement if completion of the MLPL Reorganisation does not occur by 31 December 2022. Either party can terminate the agreement without notice in the event of (i) the other party committing an illegal, fraudulent or dishonest act, (ii) the other party being in material (or non-material recurring) breach, (iii) the other party breaching the anti-corruption provisions or (iv) the other party suffering an insolvency event. Either party can also terminate the agreement by providing 6 months’ prior written notice, which shall expire either at the end of the Initial Period in respect of notice served prior to the third anniversary of the agreement; or at the end of each subsequent 12 month period during which the agreement is automatically renewed after the Initial Period. The agreement is governed by English law.

The services provided under the Asset Management Agreement are in addition to those provided under the Master Services Agreement.

4.3.5 *MLPL Reorganisation Agreement*

The MLPL Reorganisation Agreement was entered into on 8 July 2022 pursuant to which Midwestern will (i) transfer to San Leon Energy Nigeria its entire shareholding in MLPL (being approximately 60% of the entire issued share capital of MLPL) and (ii) assign to San Leon Energy Nigeria all of its interest under the MLPL Receivable (the “**MLPL Reorganisation Agreement**”). The consideration will be an amount equal to the subscription price for the MLPL New Shares. San Leon Energy Nigeria’s obligation to pay such consideration will be set off against Midwestern’s obligation to pay the amount outstanding under the MLPL Reorganisation Loan Notes.

Completion of the MLPL Reorganisation is subject to the following conditions (the “**MLPL Conditions**”):

- (i) the creation of such number of Preference Shares in San Leon, by way of the Sub-Division, as is equal to US\$40,000,000 (or such amount calculated from time to time in accordance with the New Memorandum and Articles of Association) on the terms of the Preference Shares as set out in the proposed New Memorandum and Articles of Association, such Preference Shares to be held by shareholders of San Leon immediately prior to completion of the MLPL Reorganisation (the “**MLPL Preference Share Condition**”);
- (ii) the publication of the admission document, in a form approved (to the extent required) by the Irish Takeover Panel and in a form approved by the Nomad, San Leon and, where relevant under the terms of the MLPL Reorganisation Agreement, Midwestern (the “**MLPL Admission Document Condition**”);
- (iii) the shareholders of San Leon resolving to (i) approve the MLPL Reorganisation, (ii) adopt the New Memorandum and Articles of Association; (iii) approve the Subdivision; (iv) affect the receipt of shares in MLPL and ELI; (v) authorise the issue of the New Shares to Midwestern; (vi) authorise the creation of preference shares (the “**MLPL Shareholder Approval Condition**”);
- (iv) the re-admission to AIM of the shares in San Leon and admission of the Existing Ordinary Shares and the MLPL New Shares, in each case to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules (the “**MLPL Admission Condition**”);
- (v) the MLPL Valuation Report being delivered to Midwestern in accordance with section 1028(c) of the Irish Companies Act 2014;
- (vi) the Irish Takeover Panel having waived any obligation which might fall on Midwestern or any person acting in concert, or deemed under the Irish Takeover Rules to be acting in concert, with it under Rule 9 of the Irish Takeover Rules to make a general offer for San Leon as a result of the issue of the MLPL New Shares and where such waiver is expressed to be subject to any conditions, such conditions having been satisfied in accordance with their respective terms;
- (vii) the (i) notification to Nigerian Upstream Petroleum Regulatory Commission (the “**NUPRC**”) of the intention to engage in the transaction contemplated by the MLPL Reorganisation Agreement; and (ii) notification to, and the approval of, the NUPRC of the identity of San Leon Energy Nigeria, each to the extent not already obtained prior to the execution of the MLPL Reorganisation Agreement (the “**MLPL Regulatory Condition**”);
- (viii) the written consent of the Minister for the completion by the Parties of the Subscription Letter, the MLPL Reorganisation Agreement and the transaction contemplated by the MLPL Reorganisation Agreement in accordance with Applicable Law;
- (ix) NFCCPC Negative Clearance (the “**MLPL Antitrust Condition**”);
- (x) the Sahara OML 18 Acquisition Agreement and the Settlement Agreement each being entered in the agreed form (or in a form incorporating amendments which have been approved with the prior written consent of San Leon) by the parties thereto by 30 September 2022 (or such later date as may be agreed in writing between San Leon and Midwestern) (the “**MLPL Sahara Condition**”);
- (xi) the Sahara OML 18 Acquisition Agreement, the Bilton OML 18 Acquisition Agreement and the Settlement Agreement each becoming effective on an unconditional basis and completing in accordance with their respective terms (the “**MLPL Eroton Condition**”);

- (xii) the letter to be signed by certain ELI Shareholders consenting to the ELI Shareholders' Agreement agreeing to remove or relax the provisions of Clause 15.1(d) thereof (the "**ELI Consent Condition**");
- (xiii) the agreements and ancillary documentation necessary to give effect to the New Eroton Debt Facilities being duly executed by all the parties thereto by 31 August 2022 (or such later date as may be agreed in writing between San Leon and Midwestern) (the "**MLPL Eroton Financing Condition**")
- (xiv) there being no breach by Midwestern of the interim period covenants given by Midwestern under the MLPL Reorganisation Agreement (as described below) which individually or together with any other such breach, results or is reasonably likely to result in a diminishment of the net assets of the MLPL or its group by US\$10,000,000 or more in aggregate, and there being no material breach of the warranties given by Midwestern at the time of signing of the MLPL Reorganisation Agreement which, individually or together with any other such breach, results or is reasonably likely to result in a diminishment of the net assets of the MLPL or its group by US\$10,000,000 or more in aggregate) (each a "**MLPL Midwestern Breach**"); and
- (xv) there being no breach by San Leon of: (i) its obligation to publish a supplementary admission document (if required), (ii) its covenant not to pay or declare dividends in the period between signing and completion of the MLPL Reorganisation Agreement, (iii) its covenant not to, or agree to, redeem, repurchase, reduce, waive or repay any of its share capital, (iv) its covenant to procure that the number of San Leon Shares which may be issued prior to Completion, or form the subject of any award, option or other right to San Leon Shares granted before Completion, under the San Leon Employee Incentive Plan, San Leon warrants or any other incentive arrangement, does not exceed 44,991,302 San Leon Shares without the prior written approval of Midwestern, (v) its covenant to procure that the terms of the Admission Document will convene the San Leon General Meeting for a date which is no later than the date falling 30 clear days after the date on which the Admission Document is despatched to the San Leon Shareholders or such other date as San Leon and Midwestern may agree in writing; (vi) its covenant not to postpone or adjourn the San Leon General Meeting once convened or seek to amend the San Leon Resolutions after despatch of the Admission Document without the prior written consent of Midwestern (other than in accordance with the exceptions to this covenant set out in the MLPL Reorganisation Agreement); and
- (xvi) there being no breach by San Leon of the warranties given by San Leon under the MLPL Reorganisation Agreement which individually or together with any other such breach, results or is reasonably likely to result in a diminishment of the net assets of the Group by US\$10,000,000 or more in aggregate ("**San Leon Breach**").

Any of the MLPL Sahara Condition, MLPL Eroton Condition, MLPL Regulatory Condition, ELI Consents Condition, MLPL Antitrust Condition, MLPL Eroton Financing Condition may be waived by written agreement between San Leon and Midwestern at any time on or before 08:00 on 31 December 2022 (or such other date as San Leon or Midwestern agrees in writing) (the "**MLPL Re-organisation Agreement Long Stop Date**"). Any material breach by San Leon or Midwestern may be waived by the other by notice in writing at any time before 08:00 on the MLPL Re-organisation Agreement Long Stop Date.

The MLPL Reorganisation Agreement may be terminated by San Leon or Midwestern with immediate effect if a Condition has not been satisfied or has become impossible to satisfy by 08:00 on the MLPL Re-organisation Agreement Long Stop Date.

Midwestern may terminate the MLPL Reorganisation Agreement with immediate effect if: (i) the recommendation of the directors of San Leon is withdrawn, modified or qualified, or no longer incorporated in the admission document, or if San Leon publishes a statement that its directors no longer intends to make the recommendation or intend to withdraw or modify it; (ii) there occurs a San Leon Breach which (A) is not capable of remedy, or (B) is

capable of remedy but is not remedied to the reasonable satisfaction of Midwestern by the earlier of (a) the date falling ten Business Days after receipt of notice from Midwestern requiring that breach to be remedied, and (b) the date falling ten Business Days prior to the completion of the MLPL Reorganisation Agreement.

San Leon and/or San Leon Energy Nigeria may terminate the MLPL Reorganisation Agreement with immediate effect if there occurs a MLPL Midwestern Breach and such breach (A) is not capable of remedy, or (B) is capable of remedy but is not remedied to the reasonable satisfaction of San Leon by the earlier of (a) the date falling ten Business Days after receipt of notice from San Leon requiring that breach to be remedied, and (b) the date falling ten Business Days prior to completion of the MLPL Reorganisation Agreement.

Midwestern has agreed (in the period up to completion of the MLPL Reorganisation Agreement) to use reasonable endeavours to procure that MLPL, any subsidiary undertaking of MLPL from time to time, and Eroton will not undertake a number of customary interim covenants such as varying its share capital, making acquisitions or disposals, entering into joint ventures or material agreements or commencing or settling any litigation. San Leon has agreed to not pay or recommend for declaration any dividend, redeem, repurchase, reduce, waive or repay any of its share capital, and to procure that the number of San Leon Shares which may be issued prior to Completion, or form the subject of any award, option or other right to San Leon Shares granted before Completion, under the San Leon Employee Incentive Plan, San Leon warrants or any other incentive arrangement, does not exceed 44,991,302 San Leon Shares without the prior written approval of Midwestern.

Midwestern shall enter into a lock-in agreement in a form set out in paragraph 16 of Part 1 of this Document prior to the date on which San Leon announces the transaction under the MLPL Reorganisation Agreement (the “**MLPL Announcement Date**”).

Under the terms of the MLPL Reorganisation Agreement, Midwestern has provided certain warranties to San Leon and San Leon Energy Nigeria, and San Leon has given certain warranties to Midwestern. These warranties are customary for a transaction of this type. The warranties will be given at the MLPL Announcement Date and will be repeated on the date of this Document, the date of any Supplementary Admission Document completion of the MLPL Reorganisation Agreement.

Under the terms of the MLPL Reorganisation Agreement and pursuant to the terms of a Tenth Payment Waiver, San Leon has agreed with MLPL, Midwestern and Martwestern to a further extension of the Extended Conditional Payment Waivers until the sooner of completion of the MLPL Reorganisation Agreement or termination of the MLPL Reorganisation Agreement. Interest continues to accrue on the principal amounts waived pending completion of the MLPL Reorganisation.

The MLPL Reorganisation Agreement will be governed by English law.

It is emphasised that whilst the MLPL Reorganisation Agreement has been entered into, it is subject to a number of conditions including in relation to the MLPL Eroton Condition. In relation to the MLPL Eroton Condition, the Sahara OML 18 Acquisition Agreement has not been executed at this point and is only expected to be executed once Eroton has funds available to it to satisfy the consideration which will require the definitive documents for the New Eroton Debt Facilities to be entered into and there will be additional conditions to drawdown to be satisfied prior to utilisation of the facilities. Accordingly, whilst the terms have been negotiated, there can be no certainty that they will be entered into or the final terms on which they will be entered into. Accordingly, there can be no certainty that the Sahara OML 18 Acquisition Agreement will be executed and become effective.

Whilst the Bilton OML 18 Acquisition Agreement has been executed, the Bilton OML 18 Acquisition Agreement is also conditional upon the Sahara OML 18 Acquisition Agreement being entered into and completing. Accordingly as there can be no

certainty that the Sahara OML 18 Acquisition Agreement will be entered into or the terms on which it will be entered into and there is no certainty that this condition will be satisfied.

The Sahara OML 18 Acquisition Agreement, if executed, will be and the Bilton OML 18 Acquisition Agreement is subject to certain conditions before completion can occur, details of the key conditions are summarised in paragraphs 3.3.1 and 3.3.2 below. In particular, the Sahara OML 18 Acquisition Agreement, if executed will be, and the Bilton OML 18 Acquisition Agreement is conditional on the entry into the Settlement Agreements associated with certain litigation between Eroton, Bilton and Sahara. Further details of the Settlement Agreements and the associated litigation are included in paragraphs 3.3.3 and 3.4 below.

It is emphasised that the MLPL Reorganisation is conditional, amongst other things, on the entry into and the utilisation of the New Eroton Debt Facilities and the Eroton OML 18 Transactions completing. Whilst the terms of the New Eroton Debt Facilities have been approved by the lead lender, Afreximbank and the terms of the Sahara OML 18 Acquisition Agreement have been negotiated and the Bilton OML 18 Acquisition Agreement has been executed, subject to certain conditions, they are dependent on, inter alia, the New Eroton Debt Facilities being entered into and becoming unconditional and being drawn down. Furthermore, the New Eroton Debt Facilities have not been entered into and once entered into will be subject to additional conditions to drawdown which will have to be satisfied prior to utilisation of the facilities and for completion of the Sahara OML 18 Transaction and the Bilton OML 18 Transaction. These matters are not under the Company's control. Accordingly, there is no certainty that the New Eroton Debt Facilities will be entered into or that the Eroton OML 18 Transactions will proceed or that they will proceed on the currently proposed terms. Only once the Eroton OML 18 Transactions complete and the other conditions to the MLPL Reorganisation have been satisfied will the Company be able to proceed with the MLPL Reorganisation and Re-Admission. There can therefore be no guarantee that the MLPL Reorganisation and Re-Admission will occur

The number of shares to be subscribed for by Midwestern as part of the MLPL Reorganisation has been agreed and fixed between Midwestern and the Company and is not subject to adjustment by reference to the market price of the Ordinary Shares or New Ordinary Shares.

Accordingly, in order for the MLPL Reorganisation to proceed the market price of the New Ordinary Shares on the date of allotment of the MLPL New Shares must be not greater than the value per share to be recorded in the MLPL Valuation Report.

A summary of the key risks relating to the Eroton OML 18 Transactions and associated financing are set out in paragraph 2 of Part 4 of this Document.

Only once the New Eroton Debt Facilities have been entered into and drawn down and the Eroton OML 18 transactions complete and the other conditions to the MLPL Reorganisation have been satisfied will the Company be able to proceed with the MLPL Reorganisation and Re-Admission.

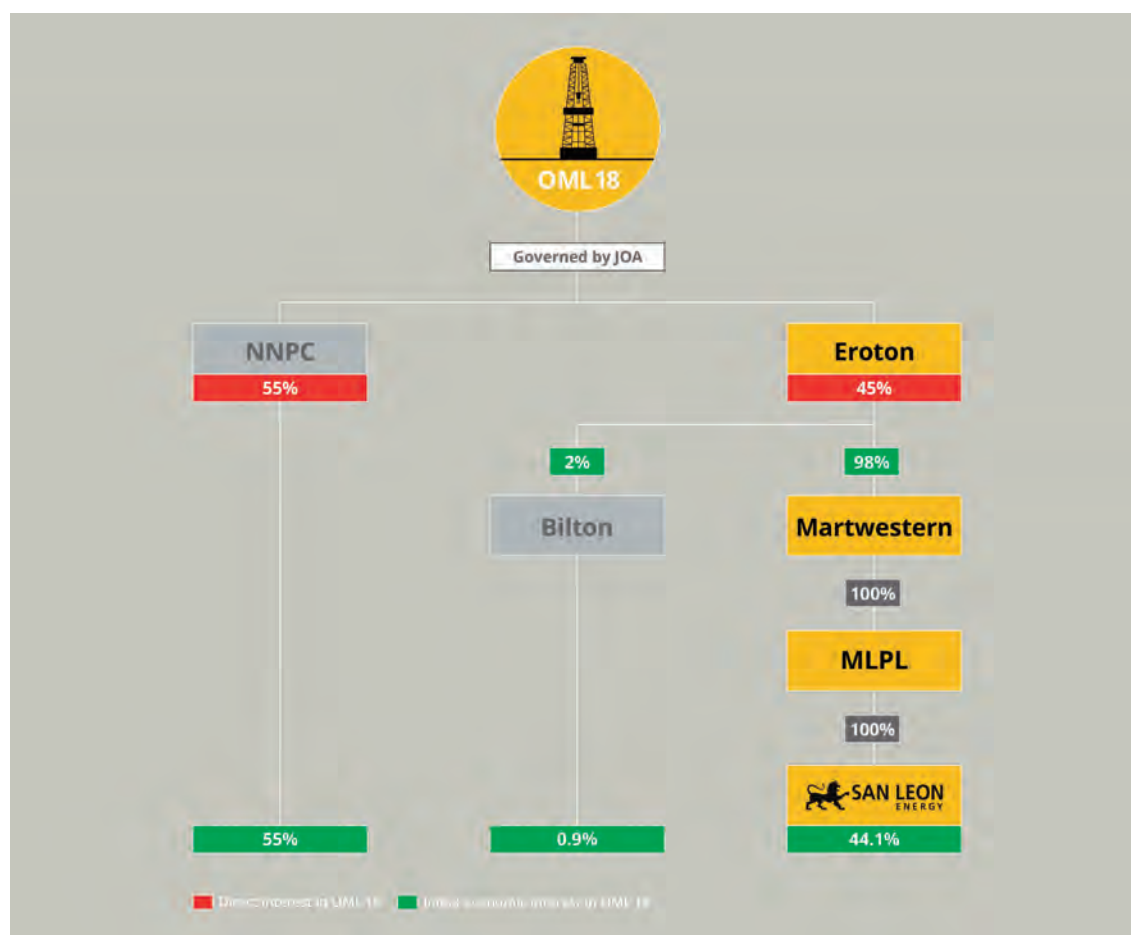
4.4 Further Information on MLPL

The Historical Financial Information for MLPL is set out in Part 8B of this Document.

Further details of the risks surrounding the MLPL Reorganisation are set out in Part 4 of this Document.

4.5 Position following the MLPL Reorganisation

Following the MLPL Reorganisation, the structure of the Company's initial indirect economic interest in OML 18 will be as follows:



5 ELI Reorganisation

5.1 Overview

San Leon and Midwestern propose to effect a further reorganisation to consolidate Midwestern's holdings in the Company and ELI into a single holding in the Company, with the Company holding an additional c.14% interest in ELI.

The ELI Reorganisation, which is conditional (amongst other things) upon the reorganisation of UPIL as well as ELI Shareholder Consent and completion of the MLPL Reorganisation, is made up of the following constituent parts:

- the issue of 73,782,535 New Ordinary Shares pursuant to the ELI New Shares Subscription Agreement with such amount being left outstanding between San Leon and for the benefit of the Company;
- the transfer by Midwestern of its 13.77% equity interest in ELI Malta to San Leon ELI; and
- the transfer by Midwestern of its associated loan receivable of US\$15,300,000 from ELI Malta to San Leon ELI.

Details of the ELI New Shares Subscription Agreement and other material documentation to be entered into in relation to the ELI Reorganisation are summarised in paragraph 5.2 below.

The ELI Reorganisation is not conditional upon any of the elements of the Further ELI Investments and may proceed whether or not some or all of the Further ELI Investments have completed.

The ELI Reorganisation is conditional upon, amongst other things: (i) completion of the MLPL Reorganisation and (ii) Midwestern, which currently holds its interest in ELI indirectly through UPIL holding all necessary rights to transfer its 13.77% equity interest in ELI Malta and to assign the ELI Receivable pursuant to the ELI Reorganisation which also requires UPIL Shareholder Consent, UPIL board approval as well as ELI Shareholder Consent. Whilst Midwestern has discussed the transfer of these assets to Midwestern with some of the other shareholders of UPIL, no consents have been granted, agreements executed or structure agreed at this point and the implementation of any such structure will require the support and actions by the other shareholders in UPIL whose actions are outside the control of Midwestern. Accordingly there can be no certainty that the transactions necessary for Midwestern to own the assets to be transferred pursuant to the ELI Reorganisation will be entered into or the terms on which they will be entered into.

Whilst the MLPL Reorganisation is not conditional upon the ELI Reorganisation, the ELI Reorganisation will only take place once these and the other ELI Conditions set out in the ELI Reorganisation Agreement have been satisfied. However, completion of the ELI Reorganisation is not conditional upon completion of the Further ELI Investments.

The number of shares to be subscribed for by Midwestern as part of the ELI Reorganisation has been agreed and fixed between Midwestern and the Company and is not subject to adjustment by reference to the market price of the Ordinary Shares or New Ordinary Shares.

Accordingly, in order for the MLPL Reorganisation to proceed which is a condition to the ELI Reorganisation the market price of the New Ordinary Shares on the date of allotment of the MLPL New Shares must be not greater than the value per share to be recorded in the MLPL Valuation Report. Similarly, in order for the ELI Reorganisation to proceed, the MLPL Reorganisation must complete and the market price of the New Ordinary Shares on the date of allotment of the ELI New Shares must be not greater than the value per share to be recorded in the ELI Valuation Report.

5.2 Material contracts in relation to the ELI Reorganisation

5.2.1 ELI New Shares Subscription Agreement

The ELI New Share Subscription Agreement for the subscription of the ELI New Shares to be entered into between Midwestern and San Leon whereby Midwestern will apply for the allotment of the New ELI Shares at the value of the ELI New Shares to be recorded in the ELI Valuation Report.

The subscription is subject to the satisfaction of the conditions outlined in the ELI Reorganisation Agreement, other than the condition relating to the ELI Reorganisation Shares Admission.

The consideration for the allotment of shares will be left outstanding as a debt from Midwestern to San Leon, pursuant to the terms of the ELI Reorganisation Loan Notes.

The ELI New Shares Subscription Agreement will be governed by English law.

The number of shares to be subscribed for by Midwestern as part of the ELI Reorganisation has been agreed and fixed between Midwestern and the Company and is not subject to adjustment by reference to the market price of the Ordinary Shares or New Ordinary Shares.

Accordingly, in order for the ELI Reorganisation to proceed, the MLPL Reorganisation must complete and the market price of the New Ordinary Shares on the date of allotment of the ELI New Shares must be not greater than the value per share to be recorded in the ELI Valuation Report.

5.2.2 ELI Reorganisation Loan Notes

The ELI Reorganisation Loan Notes to be issued by Midwestern to San Leon evidencing a money debt owed by Midwestern to San Leon pursuant to the ELI New Shares

Subscription Agreement. Under the terms of the ELI Reorganisation Loan Notes, San Leon can redeem the note in whole or in part at any time after completion of the ELI Reorganisation Agreement and Midwestern can prepay the debt due under the ELI Reorganisation Loan Notes at any time after completion of the ELI Reorganisation Agreement.

The ELI Reorganisation Loan Notes will be unsecured and will not accrue interest. San Leon can transfer the ELI Reorganisation Loan Notes to any member of its group without the consent of Midwestern.

The ELI Reorganisation Loan Notes will be governed by English law.

5.2.3 *ELI Reorganisation Agreement*

The ELI Reorganisation Agreement to be entered into in respect of the reorganisation of ELI between Midwestern, San Leon and San Leon ELI pursuant to which Midwestern will direct and procure the transfer of 53,700 ELI Shares and its associated loan receivable in the principal amount of approximately US\$15,300,000 (the “**ELI Receivable**”) from ELI Malta to San Leon ELI. The consideration will be an amount equal to the subscription price for the ELI New Shares. San Leon ELI’s obligation to pay the consideration will be set off against Midwestern’s obligation to pay the amount outstanding under the ELI Reorganisation Loan Notes.

Completion of the ELI Reorganisation Agreement is subject to the following conditions (the “**ELI Conditions**”):

- (i) the unconditional completion of each of the following: (A) Midwestern undertaking the necessary actions and documentation to direct or procure transfer of the full legal and beneficial title to the ELI Shares to San Leon ELI free from any encumbrances, subject to the ELI-GTB Share Charge, and (ii) Midwestern holding all necessary rights in the ELI Receivable to direct or procure the assignment of all rights and interest in the ELI Receivable to San Leon ELI free from any encumbrances (the “**UPIL Condition**”) (it should be emphasised that the UPIL Condition is dependent on, amongst other things, the approval of the other shareholders of UPIL, which is not under the Company’s control);
- (ii) the release of the security granted by ELI under the ELI-GTB Share Charge in respect of the ELI Shares has received consent (the “**ELI Shares Condition**”);
- (iii) the completion of the MLPL Reorganisation Agreement (the “**MLPL Condition**”);
- (iv) the admission of all of the ELI New Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules (the “**ELI Admission Condition**”);
- (v) the release of the ELI Valuation Report to Midwestern;
- (vi) the notification to, and the no-objection and approval of, the NMDPRA, and the notification to, and the no-objection by the Maltese National Foreign Direct Investment Screening Office of the Transaction to the transactions which are contemplated under the ELI Reorganisation Agreement (the “**ELI Regulatory Conditions**”);
- (vii) San Leon ELI being designated (to the extent required) as a strategic investor pursuant to the ELI Shareholders’ Agreement or such other approvals and/or consents that the parties to the ELI Shareholders’ Agreement deem necessary to transfer the ELI Shares in accordance with the ELI Shareholders’ Agreement;

- (viii) there being no breach by Midwestern of the interim period covenants given by Midwestern under the ELI Reorganisation Agreement (as described below) which individually or together with any other such breach, results or is reasonably likely to result in a diminishment of the net assets of the ELI or its group by US\$10,000,000 or more, and there being no material breach (which is unremedied) of the warranties given by Midwestern at the time of signing of the ELI Reorganisation Agreement (each a “**ELI Midwestern Breach**”); and
- (ix) there being no breach by San Leon of: (i) its covenant not to pay or declare dividends in the period between signing and completion of the ELI Reorganisation Agreement (ii) its covenant not to, or agree to, redeem, repurchase, reduce, waive or repay any of its share capital, (iii) its covenant to procure that the number of San Leon Shares which may be issued prior to Completion, or form the subject of any award, option or other right to San Leon Shares granted before Completion, under the San Leon Employee Incentive Plan, San Leon warrants or any other incentive arrangement, does not exceed 44,991,302 San Leon Shares without the prior written approval of Midwestern, or (iv) the warranties given by San Leon under the ELI Reorganisation Agreement which, individually or together with any other such breach, results or is reasonably likely to result in a diminishment of the net assets of the San Leon Group by US\$10,000,000 or more in aggregate (which is unremedied) (“**San Leon Breach**”).

San Leon shall use all reasonable endeavours to satisfy the MLPL Condition to the extent such obligation is dependent on San Leon.

Midwestern has undertaken to use all reasonable endeavours to procure that (A) UPIL exercises all of its rights as a shareholder of ELI to procure and that (B) each director of ELI or its subsidiaries (together the “ELI Group Companies” and each an “ELI Group Company”) appointed by it or UPIL exercises their powers and rights to procure (so far as it is able through the exercise of such rights/powers) that no ELI Group Company undertakes a number of customary interim covenants such as varying its share capital, making acquisitions or disposals, entering into joint ventures or material agreements or commencing or settling any litigation. San Leon has agreed to not pay or recommend for declaration any dividend, redeem, repurchase, reduce, waive or repay any of its share capital, and to procure that the number of San Leon Shares which may be issued prior to Completion, or form the subject of any award, option or other right to San Leon Shares granted before Completion, under the San Leon Employee Incentive Plan, San Leon warrants or any other incentive arrangement, does not exceed 44,991,302 San Leon Shares without the prior written approval of Midwestern.

The ELI Regulatory Conditions may be waived by written agreement between San Leon and Midwestern at any time on or before 08:00 on 31 December 2022 (or such other date as San Leon or Midwestern agrees in writing) (the “**ELI Long Stop Date**”). San Leon may waive a material breach by Midwestern and Midwestern may waive a material breach by San Leon by written notice at any time before 08:00 on the ELI Long Stop Date.

The ELI Reorganisation Agreement may be terminated by San Leon or Midwestern with immediate effect if an ELI Condition has not been satisfied or has become impossible to satisfy by 08:00 on the ELI Long Stop Date.

Midwestern may terminate the ELI Reorganisation Agreement if there occurs a San Leon Breach which (A) is not capable of remedy, or (B) is capable of remedy but is not remedied to the reasonable satisfaction of Midwestern by the earlier of (a) the date falling ten Business Days after receipt of notice from Midwestern requiring that breach to be remedied, and (b) the date falling ten Business Days prior to the completion of the ELI Reorganisation Agreement.

San Leon may terminate the ELI Reorganisation Agreement if there occurs a ELI Midwestern Breach and such breach (A) is not capable of remedy, or (B) is capable of remedy but is not remedied to the reasonable satisfaction of San Leon by the earlier of (a) the date falling ten Business Days after receipt of notice from San Leon requiring that

breach to be remedied, and (b) the date falling ten Business Days prior to completion of the ELI Reorganisation Agreement. Midwestern may terminate the ELI Reorganisation Agreement if at any time, a third party announces a firm intention to make an offer for the Company pursuant to Rule 2.5 of the Irish Takeover Rules.

Under the terms of the ELI Reorganisation Agreement, Midwestern has provided certain warranties to San Leon and San Leon Financing and San Leon have given certain warranties to Midwestern. These warranties are customary for a transaction of this type. The warranties will be given at the date on which San Leon announces the transaction under the ELI Reorganisation Agreement (the “**ELI Announcement Date**”) and will be repeated on completion of the ELI Reorganisation Agreement.

The ELI Reorganisation Agreement will be governed by English law.

The number of shares to be subscribed for by Midwestern as part of the ELI Reorganisation has been agreed and fixed between Midwestern and the Company and is not subject to adjustment by reference to the market price of the Ordinary Shares or New Ordinary Shares.

Accordingly, in order for the MLPL Reorganisation to proceed, which is a condition to the ELI Reorganisation, the market price of the New Ordinary Shares on the date of allotment of the MLPL New Shares must be not greater than the value per share to be recorded in the MLPL Valuation Report. Similarly, in order for the ELI Reorganisation to proceed, the MLPL Reorganisation must complete and the market price of the New Ordinary Shares on the date of allotment of the ELI New Shares must be not greater than the value per share to be recorded in the ELI Valuation Report.

5.2.4 ELI/Africa Finance Corporation Facility Agreement

On 7 December 2021, ELI Nigeria (as guarantor), ELI Malta (as borrower) and Africa Finance Corporation (as mandated lead arranger) (amongst others) entered into a US\$130,000,000 senior secured term loan facility agreement (the “**AFC Facility Agreement**”). The original lenders under the AFC Facility Agreement are Africa Finance Corporation, with a commitment of US\$110,000,000 and Zenith Bank PLC, with a commitment of US\$20,000,000. The purpose of the AFC Facility Agreement, among other things, is to refinance an existing loan agreement between (amongst others) ELI Nigeria as borrower and GTB as agent for the financing of the costs in connection with the construction and development of the OML 18 alternative crude oil evacuation system (ACOES). The facility will mature at the earlier of either the date falling sixty months after the first utilisation date under the facility or 30 September 2026.

Utilisation by ELI Malta of the AFC Facility Agreement is conditional on the satisfaction of various conditions precedent, some of which remain outstanding, including Africa Finance Corporation receiving evidence that the reserve-based financing currently provided to Eroton (being the Existing Eroton Debt Facility) has been refinanced on terms satisfactory to the lenders under the AFC Facility Agreement and that all conditions precedent to the effectiveness of that refinancing have been satisfied.

Under the AFC Facility Agreement, ELI Malta may, with ten business days prior notice, cancel the whole or any part (being a minimum amount of US\$5,000,000 and integral multiples of US\$1,000,000) of the facility amount available to it. ELI Nigeria may also, with ten business days' prior notice, prepay the whole or any part of a drawdown under the facility (but, if in part, being a minimum amount of US\$5,000,000 and integral multiples of US\$1,000,000). ELI Nigeria acts as guarantor under the AFC Facility Agreement, and guarantees ELI Malta's obligations under the facility.

ELI Malta is obliged to provide the agent under the AFC Facility Agreement with its quarterly and yearly financial statements. The statements must include a balance sheet, profit and loss account and cashflow statement and must be accompanied with a compliance certificate setting out the computations as to its compliance with the financial

covenants under the facility. Under the terms of the AFC Facility Agreement ELI Malta is not allowed to change its accounting reference date.

Under the terms of the AFC Facility Agreement, without the agent's consent ELI Malta cannot be a creditor or provide any form of credit to any person, it also cannot dispose of any asset except certain assets such as obsolete or redundant vehicles, plant and equipment. ELI Malta also cannot merge with another company or acquire shares in another company or business other than assets in connection with the design, construction, procurement, commissioning, installation and operation of the ACOES.

The AFC Facility Agreement is governed by English law.

5.2.5 Licenses and permits

ELI has obtained various licences in order to establish and operate a pipeline and Floating Storage and Offloading terminal. These include, but are not limited to, a license giving it the right to commence construction of an ACOES to support the OML 18 operations and the establishment of the proposed floating storage offloading terminal project; a license for a pipeline to a floating storage and offloading terminal located offshore on the Niger Delta; a license giving ELI the right to take possession of and use land for constructing, maintaining and operating an oil pipeline for a period of 20 years; a licence affirming the establishment of ELI Akaso floating storage and offloading (FSO) oil terminal as a crude oil terminal within a safety exclusion zone; and a license for the calibration of 17 cargo tanks on board the floating storage and offloading vessel carried out in 2019, with the license running to August 2024.

5.3 ELI Material Contracts

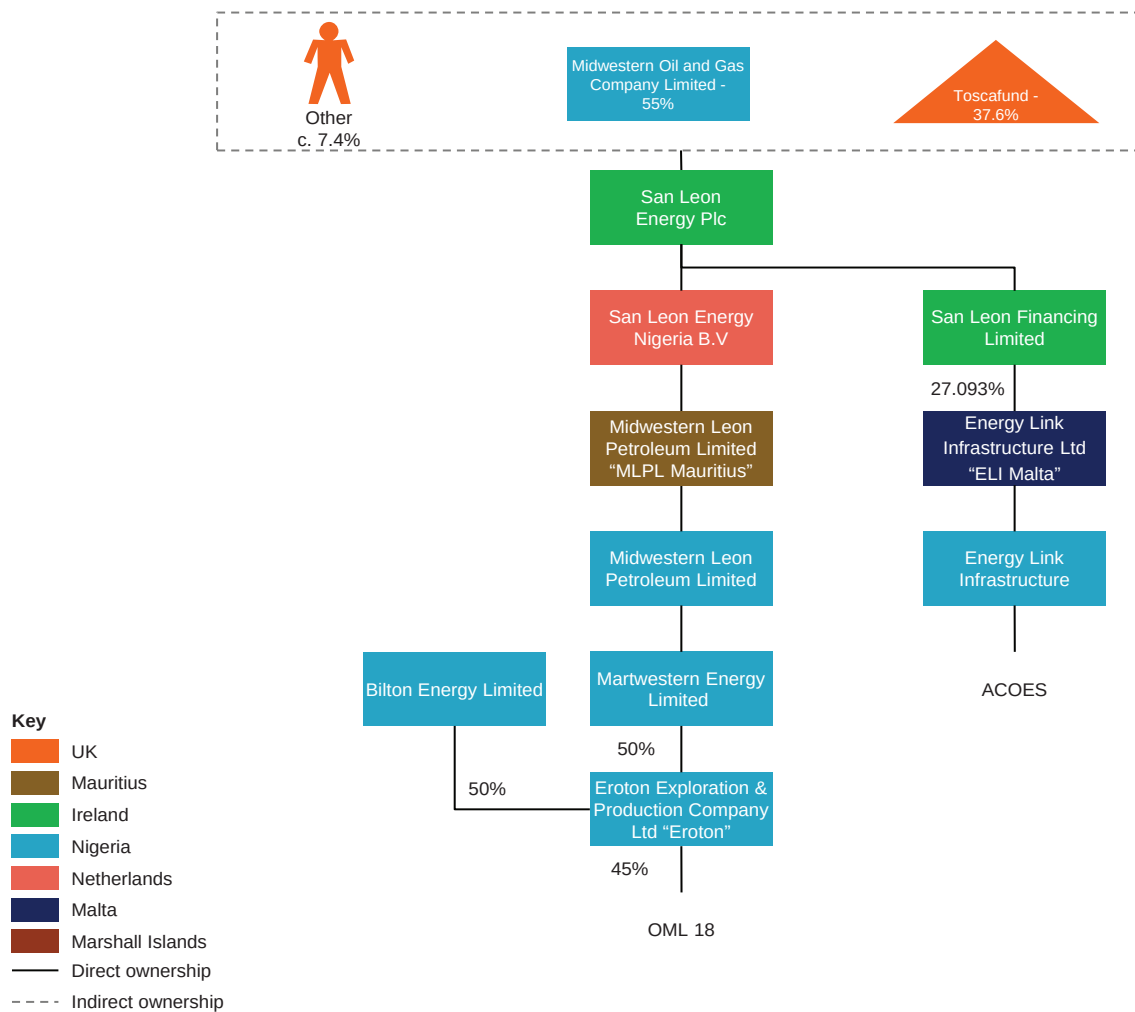
Further details of the other material contracts to which ELI is a party are set out in paragraph 10.25 of Part 12 of this Document.

5.4 Further Information on ELI

The Historical Financial Information for ELI is set out in Part 8C of this Document.

Further details of the risks surrounding the ELI Reorganisation are set out in Part 4 of this Document.

5.5 Position following the ELI Reorganisation



PART 3

FURTHER ELI INVESTMENTS

1. Introduction

San Leon currently holds 38,998 ELI Shares representing a 10% equity interest in ELI. As part of the ELI Reorganisation, San Leon will acquire an additional 53,700 ELI Shares, being Midwestern's indirect 13.77% equity interest in ELI. The Company also currently has a conditional interest in 12,959 ELI Shares representing a 3.323% equity interest in ELI as a result of a series of transactions announced on 24 June 2021 and 12 February 2022, details of which are contained in paragraphs 2 and 3 below.

Upon completion of both the ELI Reorganisation and all of the Further ELI Investments, San Leon will become the largest shareholder in ELI, with its stake rising to 228,458 ELI Shares representing 50.64% and will be a significant lender to ELI, holding a total of US\$48.3 million of loans (plus accrued interest) to ELI. The Further ELI Investments are not conditional upon the ELI Reorganisation or the MLPL Reorganisation but are all conditional upon shareholder approval as well as the conditions referred to below.

2. Walstrand Acquisition and Option

On 24 June 2021, the Company announced the further conditional purchase of an interest in ELI, namely, that the Company will pay US\$2,000,000 for 5,159 ELI Shares being 1.323% of ELI and received an option to purchase an additional stake of 16,777 shares in ELI being 4.302% for US\$6,500,000.

2.1 *Walstrand Acquisition and Option Agreement*

On 23 June 2021 an agreement was entered into between Walstrand and San Leon ELI pursuant to which Walstrand agreed, subject to obtaining the consent of GTB, to (i) make an initial transfer of 5,159 shares in ELI to San Leon ELI for a total consideration of US\$2,000,000 and (ii) grant an call option to San Leon ELI to acquire from Walstrand an additional 16,777 shares in ELI for a total consideration of US\$6,500,000. The call option granted in the agreement carried an expiration date of 31 December 2021, which is in the process of being extended in light of the transactions contemplated under this Document.

The effective date of the initial transfer is stated as 23 June 2021, irrespective of the date on which the GTB consent was obtained, and the effective date of the transfer the subject of the call option granted by Walstrand shall be the date on which payment of the option consideration of US\$6,500,000 is paid by San Leon on behalf of San Leon ELI. Whilst the Walstrand Acquisition and Option Agreement was entered into on 23 June 2021, the agreement remains conditional, including as to the consent of the other shareholders in ELI and has not been completed. Consent of the other shareholders is expected to be forthcoming once the Ocean Pearl ELI Acquisition referred to below has been completed.

The agreement is governed by English law.

3. February 2022 Loan and February 2022 Purchase

In February 2022, San Leon Financing advanced US\$2,000,000 to ELI by way of a loan and Walstrand agreed to transfer 7,800 ELI Shares representing 2% of ELI to San Leon.

3.1 *February 2022 Supplemental Investment Agreement and Drawdown Request*

On 14 February 2022, San Leon Financing (as lender) and ELI (as borrower) entered into a supplemental investment agreement pursuant to which San Leon Financing grants to ELI an additional unsecured term loan facility of a total principal amount not exceeding US\$2,000,000 for an availability period of 30 days from 14 February 2022 to 16 March 2022 for the purpose of financing the design, construction, commissioning and operation of the ACOES and FSO by ELI.

The agreement is supplemental to the initial investment agreement entered into by and between San Leon Financing (as lender) and ELI Malta (as borrower) on 31 July 2020. Further details of this investment agreement are set out in paragraph 10.24.7 of Part 12 of this Document.

ELI Malta issued a drawdown request in respect of the facility on 14 February 2022. ELI Malta shall commence repayment of the facility no later than the day falling on the first anniversary of drawdown. ELI Malta shall repay 1/13th of the principal of the facility together with accrued interest for the 12 month period since drawdown. The supplemental investment agreement is governed by English law.

3.2 February 2022 Walstrand Acquisition Agreement

On 14 February 2022 an agreement was entered into between Walstrand and San Leon ELI pursuant to which Walstrand agreed, subject *inter alia* to obtaining the consent of GTB and the consent of the other shareholders in ELI, to transfer 7,800 shares in ELI Malta to San Leon ELI at nominal value for a total consideration of US\$91.46. The shares to be transferred by Walstrand amounted to 2% of the entire issued share capital of ELI Malta as at the effective date.

The effective date of the transfer is stated as 14 February 2022, irrespective of the date on which the GTB and shareholder consent is obtained.

By way of a letter of undertaking entered into on 14 February 2022 by and between, *inter alia*, San Leon Financing and Walstrand, Walstrand also undertook by way of an adjustment mechanism that, in the event of a subsequent dilutive issue of shares by ELI Malta, it will transfer to San Leon ELI (subject to obtaining consent from GTB and other shareholders in ELI) such number of shares as is required to ensure that San Leon ELI maintains a proportion of no less than 2% of the share capital in ELI Malta (being the proportion of the issued share capital of ELI Malta transferred to San Leon ELI by virtue of the February 2022 Walstrand Acquisition Agreement). The transfer of any additional shares in connection with this undertaking will also be at nominal value.

Whilst the February 2022 Walstrand Acquisition Agreement was entered into on 14 February 2022, the agreement remains conditional and has not been completed.

The acquisition agreement and letter of undertaking are governed by English law

4. New ELI Loan and New ELI Subscription

A new loan from San Leon to ELI of US\$16,000,000 at a coupon of 14% per annum over four years, and repayable quarterly following a one-year moratorium is in agreed form and with the parties for signing, drawdown being conditional on passing of Resolution 1. In addition, San Leon has agreed to a conditional subscription at nominal value for 48,748 ELI Shares representing a 10% new equity holding in ELI and anti-dilution shares issued to maintain its existing 13.323% interest in ELI which are also with the parties for signing.

4.1 New ELI Loan Agreement

The terms of a new loan agreement have been agreed between ELI Malta and San Leon Energy Financing pursuant to which San Leon Energy Financing has agreed to loan ELI Malta an unsecured sum of up to US\$16,000,000. The loan is expected to be drawn down within 30 days of the passing of Resolution 1. It is intended that the loan will be used to finance the design, construction, commissioning and operation of the ACOES and FSO by ELI. The loan agreement is with the parties for signing.

The first repayment date will be a date specified by ELI Malta in their drawdown request, falling between 6 and 18 months from the drawdown date and the term of the loan, being a date during the 36 months following the first repayment date. The interest is 14% per year, and interest accrues every three months from the drawdown date.

Repayment by ELI will be on the first repayment date, in a proportion calculated by deducting the time between the drawdown date ("B") and the first repayment date from the term of the loan in the drawdown request ("A"), divided by the interest period ("C"). ELI will then at the end of each

interest period repay a proportion calculated on the same basis as for the first repayment date ((A-B)/C), plus any interest which has accrued for that period.

ELI is required to obtain the consent of GTB, or any new senior lender should GTB's loan be refinanced, in respect of the loan agreement within six months of the drawdown date. Failure to obtain the consent will amount to an event of default.

The loan will be governed by English law.

4.2 New ELI Subscription Agreement

ELI Malta and San Leon ELI have agreed the terms of a share purchase and allotment agreement pursuant to which, and conditional, amongst other things, on passing of Resolution 1, ELI Malta shall issue and San Leon ELI shall acquire 48,748 ELI Shares (the "**Allotment Shares**"), with each share being fully paid up and to be allotted to San Leon ELI following the approval of the shareholders of ELI Malta to increase the authorised and issued share capital in ELI Malta. The purchase price for the Allotment Shares shall be a consideration of US\$121.95, payable in cash by the Company. The agreement will be governed by English law. The share purchase and allotment agreement is with the parties for signing.

5. Ocean Pearl ELI Acquisition

On 8 July 2022, the Company announced the further conditional purchase of an interest in ELI, namely, that the Company will pay US\$15,000,000 for 52,647 ELI Shares representing 11.669% of ELI (current percentage holding is 13.500% which will be reduced upon the issue of new equity as detailed above).

5.1 Ocean Pearl ELI Acquisition Agreement

Share transfer agreement – a share transfer agreement entered into between Ocean Pearl Maritime SA ("**OPM**") and San Leon ELI Limited ("**San Leon ELI**") on 8 July 2021 pursuant to which OPM will transfer a 52,647 ELI Shares to San Leon ELI, for a total consideration of US\$15,000,000 (paid by the parent company of San Leon ELI, San Leon). The transfer will be effective on the date the share transfer agreement is signed.

The transfer of the shares is conditional on passing of Resolution 1 and OPM obtaining the consent of GTB to such transfer, and San Leon ELI will agree to pledge the shares to GTB on the same terms as the pledge by OPM. The transfer of the ELI Shares will be deemed null and void if consent has not been obtained within 180 days of the effective date. Failure to obtain consent will trigger an event of default in respect of a loan from San Leon ELI to OPM made on the effective date.

Whilst the Ocean Pearl ELI Acquisition Agreement was entered into on 8 July 2022, the agreement remains conditional and has not been completed.

The transfer agreement is governed by English law.

6. Further Information on ELI

The Historical Financial Information for ELI is set out in Part 8C of this Document.

Further details of the risks surrounding the Further ELI Investments are set out in Part 4 of this Document.

PART 4

RISK FACTORS

The Directors consider the following risks and other factors to be most significant for Shareholders and prospective investors, but the risks listed do not necessarily comprise all those associated with an investment in the Ordinary Shares. Prospective investors should carefully consider the risks described below before making a decision to invest in the Ordinary Shares, whilst Shareholders should carefully consider the risks before making a decision to vote for the Resolutions. If you are in any doubt about the contents of this Document or as to the action you should take, you should immediately seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent financial adviser.

If any of the following risks actually occurs, the Group or the Enlarged Group's business, financial condition, results or future operations could be materially adversely affected. The exploration and development of oil and gas resources is a highly speculative activity that involves a high degree of operational, technical and financial risk. In such a case, the value of the Ordinary Shares could decline and Shareholders and prospective investors may lose all or part of their investment. Shareholders and prospective investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in light of the information in this Document and their personal circumstances.

The information in this Document is based upon current tax law and practice and other legislation, and any changes in the legislation or in the levels and bases of, and reliefs from, taxation may affect the value of an investment in the Company. Additional risks and uncertainties not currently known to the Directors, or which they currently deem immaterial, may also have an adverse effect upon the Enlarged Group and the information set out below does not purport to be an exhaustive summary of the risks affecting the Enlarged Group.

1. RISKS RELATING TO THE PROPOSALS

1.1 The Importance of the Eroton OML 18 Transactions, the New Eroton Debt Facilities and the Proposals.

The Board are of the view that the Eroton OML 18 Transactions and New Eroton Debt Facilities are important for several reasons, including:

- (i) the Eroton OML 18 Transactions underpin the valuation and rationale of the Proposed Transaction by delivering, indirectly, to San Leon a far greater interest in OML 18 than is currently held by Eroton;
- (ii) the Eroton OML 18 Transactions resolve a series of disputes that have arisen between Eroton and its OML 18 joint venture partner, Sahara. Several of these disputes have developed into legal actions, although none are currently being actively pursued, and all legal actions between Eroton and Sahara will be extinguished as part of the Proposed Eroton Transaction, thereby enabling Eroton to focus on the commercial development of this world class oil & gas field; and
- (iii) the Proposed Eroton Debt Facilities are a condition to and are necessary to fund the Eroton OML 18 Transactions and also enable the Existing Eroton Debt Facility with GTB to be refinanced.

If the New Eroton Debt Facilities are not entered into or once entered into does not complete or the conditions to drawdown are not satisfied and/or the Eroton OML 18 Transactions do not complete then the MLPL Reorganisation cannot complete. The New Eroton Debt Facilities and the Eroton OML 18 Transactions are not in the Company's control and even if shareholders approve the Resolutions, they may not occur. In any of these cases then San Leon would retain a 40% equity interest in MLPL with Midwestern continuing to own the remaining interest in MLPL and Eroton would retain a 27% economic interest in OML 18, meaning that San Leon would

continue to have a 10.58% initial indirect economic interest in OML 18. The outstanding MLPL Loan Notes would become payable by MLPL to San Leon within 90 days of termination of the MLPL Reorganisation Agreement.

The New Eroton Debt Facilities and the Eroton OML 18 Transactions are also important to the future financial condition of Eroton, and given the Company's significant focus on OML 18 and its operator Eroton, the failure of the New Eroton Debt Facilities and the Sahara OML 18 Transaction to complete, could have a material and adverse effect on the Company's business, financial condition and results.

2. RISKS RELATING TO EROTON

2.1 *Breaches of the Existing Eroton Debt Facility*

Eroton has not complied with all of the conditions in the Existing Eroton Debt Facility, including disruptions to the repayment schedule and provision of loan covenant compliance information, which may give rise to a right of GTB to call an event of default or enforce security granted to it. The Board understands that no such actions have been brought by GTB thus far, and the intention is that the Existing Eroton Debt Facility will be refinanced using some of the funds to be drawn from the New Eroton Debt Facilities, should such facilities be entered into. Should the New Eroton Debt Facilities not be executed, the conditions to drawdown not be satisfied or funds under such facilities are not drawn, and if the Existing Eroton Debt Facility is not refinanced or otherwise repaid, GTB may seek to call an event of default or enforce any security granted to it including from Martwestern as a result of such defaults. Any such enforcement action or default, if proven, could have an adverse effect on the Company and the Group's business, financial condition and results and the market price of the Ordinary Shares may be affected.

Whilst the terms of the Sahara OML 18 Acquisition Agreement have been negotiated, it is dependent, inter alia, on the New Eroton Debt Facilities being entered into and becoming unconditional and being drawn down. Furthermore, the New Eroton Debt Facilities have not been entered into and once entered into will be subject to additional conditions to drawdown which will have to be satisfied prior to utilisation of the facilities and for entry into and completion of the Sahara OML 18 Transaction. These matters are not under the Company's control. There can be no certainty that the New Eroton Debt Facilities will be entered into or that the Sahara OML 18 Transaction will proceed or Settlement Agreement will be entered into or the terms on which any of them will be entered into or that they will proceed on the currently proposed terms. There can therefore be no guarantee that the MLPL Reorganisation and Re- Admission will occur.

In the event that the Eroton OML 18 Transactions, do not occur, Eroton will continue to be non-compliant with all conditions in the Existing Eroton Debt Facility (details of which are set out in paragraph 10.24.14 of Part 12 of this Document) which was proposed to be remedied through the refinancing of such facilities through the New Eroton Debt Facilities.

In the event that repayment of the Existing Eroton Debt Facility is accelerated then, in the absence of alternative facilities, GTB would be entitled to effect any of its default remedies under the Existing Eroton Debt Facility, including the enforcement of its security and ultimately Eroton being wound up. Given the Company's significant focus on OML 18 and Eroton, any such enforcement action would have an adverse effect on the Company's business, financial condition and results.

2.2 *The Eroton Litigation and the importance of the Settlement Agreement*

Details of the current litigation involving Eroton and Bilton and others and involves substantial sums, which may have a significant effect on the financial position or profitability of the Enlarged Group, are set out in paragraph 3.4 of Part 2 of this Document. Pursuant to the Settlement Agreement summarised in paragraph 3.3.3 of Part 2 of this Document, these disputes and claims involving Eroton and Bilton will be settled, however there is no guarantee that the Settlement Agreement will be entered into. If the litigation described to in paragraph 3.4 of Part 2 of this Document were to become active, due to the Settlement Agreements not becoming effective, or otherwise and Sahara were to successfully pursue its legal actions against Eroton, then, given the Company's significant focus on OML 18 and Eroton, this would materially adversely affect the Enlarged Group's operating or financial condition and results.

2.3 *Risks associated with other claims against Eroton which will not be prospectively remedied by the Settlement Agreement*

The Directors further understand that separate to the Eroton Litigation, a number of other claims have been brought against Eroton. Further details of these matters are detailed in paragraph 4(d) of Part 1 of this Document. These claims include environmental claims purportedly as a result of oil exploration which remain subject to conclusion and claims by various host communities in the area surrounding the location where Eroton carries out its oil exploration activities. If substantial awards are made against Eroton then this would materially adversely affect Eroton's operating or financial condition and results and given the Company's significant focus on OML 18 and Eroton, this would have an adverse effect on the Company's business, financial condition and results. It is emphasised that, unlike the Eroton Litigation, these other claims will not be prospectively remedied by the Settlement Agreement, the Eroton OML 18 Transactions or via any of the Proposals.

2.4 *Risks associated with Eroton's environmental compliance*

The Directors understand that there are certain environmental compliance issues, relating to the expiration of approvals and engagement with local communities that the Company has been made aware of, in respect of Eroton and its oil exploration activities in relation to OML 18. These matters relate to Eroton operating OML 18 without the benefit of certain approvals, which in some cases have expired. Further details of these matters are detailed in paragraph 4(d) of Part 1 of this Document. Whilst the Directors understand that Eroton is seeking to rectify such issues, a failure to do so could lead to enforcement action by the relevant authorities in Nigeria, which could, in the adverse case, involve the risk of Eroton forfeiting its right to operate OML 18. If such adverse case outcomes were to result from these environmental compliance issues, then these would have a highly adverse effect on Eroton's operating or financial condition and results and given the Company's significant focus on OML 18 and Eroton, this would have an adverse effect on the Company's business, financial condition and results. It is emphasised that these issues will not be remedied by the completion of the Eroton OML 18 Transactions or via any of the Proposals.

2.5 *Relationship with Eroton*

The Company has put in place an Asset Management Agreement that allows input into the operations of Eroton, the Operator and holder of an interest in OML 18. Any arrangement with a joint venture partner has the potential for delays and disagreements that are inherent in a multi-party relationship.

In Nigeria, if an entity qualifies as an indigenous company, it may take advantage of the Nigerian Oil and Gas Industry Content Development Act 2010 that gives priority to indigenous companies in the award of any licence area. Eroton is classified as an indigenous company. The structure of the relationships with Eroton have been designed to conform with existing law and policy that would allow Eroton to continue to be treated as an indigenous company. However, relevant law and policy in Nigeria may change in the future and this may affect Eroton's indigenous status. Any change may have a material adverse effect on Eroton's profitability and access to resources in Nigeria, and will therefore also have a material adverse effect on the Enlarged Group's financial condition and results of operations.

2.6 *NNPC receivables*

As at 30 April 2022, Eroton had unaudited receivables of approximately US\$37.72 million from NNPC in relation to unpaid joint venture cash calls, which the Directors are informed the majority of which is expected to be recovered from NNPC in due course after the necessary reconciliations, although there may be instances where NNPC would disagree, disallows or requests a revision of costs presented by Eroton. No amounts in relation to such receivables have been received by Eroton since 30 April 2022 and unpaid receivables continue to accrue. Failure by Eroton to recover these receivables could result in a material adverse effect on the Eroton's business, operations, financial performance and cash flow and future prospects and the market price of the Ordinary Shares may be affected.

3. RISKS RELATING TO THE PROPOSALS

3.1 *The complexity of the Proposals and the high degree of interaction between the various elements of the Proposals, which may not complete*

It is emphasised that the Proposals are complex and there is a high degree of interaction between the various aspects of the Proposals. Further, many aspects of the Proposals are dependent on the actions of third parties, which are not under the Company's control.

The MLPL Reorganisation is conditional, amongst other things, on the Eroton OML 18 Transactions completing and if either the Sahara OML 18 Transaction or the Bilton OML 18 Transaction fails to complete, or in the case of the Sahara OML 18 Transaction is not entered into, the MLPL Reorganisation will not proceed. Whilst the terms of the Sahara OML 18 Acquisition Agreement have been negotiated and the Bilton OML 18 Acquisition Agreement has been executed, subject to certain conditions, they are dependent on the New Eroton Debt Facilities being executed and whilst there is a credit committee approved term sheet for these facilities from the lead lender, Afreximbank, these facilities are at an early stage and there can be no certainty that they will be entered into or the terms on which they will be entered into. Furthermore, once the New Eroton Debt Facilities are entered into there will be additional conditions to drawdown which will have to be satisfied prior to utilisation of the facilities and for completion of the Sahara OML 18 Transaction and the Bilton OML 18 Transaction. These matters are not under the Company's control. Only once the Eroton OML 18 transactions complete and the other conditions to the MLPL Reorganisation have been satisfied will the Company be able to proceed with the MLPL Reorganisation and Re-Admission.

The Sahara OML 18 Acquisition Agreement and the Bilton OML 18 Acquisition Agreement will be subject to several conditions, as detailed in paragraph 2.1 of this Part 4 below. The MLPL Reorganisation will also separately be subject to a number of conditions, including, *inter alia*, Nigerian regulatory consent.

If it transpires that the Sahara OML 18 Transaction or the Bilton OML 18 Transaction proceed in a form that is materially different to their current negotiated form, then this may have an effect on whether the Company will proceed with the MLPL Reorganisation and Re-Admission.

The ELI Reorganisation is conditional, amongst other things, on the MLPL Reorganisation completing, as detailed further in paragraph 4.1 of this Part 4 of this Document below. The ELI Reorganisation is subject to several other conditions, including, *inter alia*, Nigerian regulatory consent Nigerian regulatory consent.

Further, many elements of the Further ELI Investments are interrelated, will be subject to conditions and also dependent on the actions of third parties, which are not under the Company's control. The Walstrand Acquisition and Option Agreement remains conditional, including as to the consent of the other shareholders in ELI, and has not been completed. In addition, completion of the February 2022 Walstrand Acquisition Agreement is subject, *inter alia*, to obtaining the consent of GTB and the consent of the other shareholders in ELI. Completion of the Ocean Pearl ELI Acquisition Agreement is subject to the satisfaction (or waiver) of a number of conditions including, *inter alia*, the consent of GTB.

Consent of the other shareholders in ELI is expected to be forthcoming for Walstrand Acquisition and Option Agreement and the February 2022 Walstrand Acquisition Agreement once the Ocean Pearl ELI Acquisition has been completed, however the shareholders in ELI have been known to withhold consent in relation to transactions in the past.

There is no guarantee that these (or other) conditions will be satisfied (or waived) in which case the Proposals will not be completed. and the benefits to the Company expected to result from the Proposals will not be achieved, which could result in a material adverse effect on the Company's business, operations, financial performance and cash flow and future prospects and the market price of the Ordinary Shares may be affected. The Company will also have spent significant amount of time and money on fees which will not be recoverable.

4. RISKS RELATING TO THE EROTON OML 18 TRANSACTIONS

4.1 *The Eroton OML 18 Transactions may not complete*

The Sahara OML 18 Acquisition Agreement has not been executed at this point and is only expected to be executed once Eroton has funds available to it to satisfy the consideration. Accordingly, whilst the terms have been negotiated, there can be no certainty that they will be entered into or the terms on which they will be entered into.

Whilst the Bilton OML 18 Acquisition Agreement has been executed, the Bilton OML 18 Acquisition Agreement is also conditional upon the Sahara OML 18 Acquisition Agreement being entered into and completing. Accordingly as there can be no certainty that the Sahara OML 18 Acquisition Agreement will be entered into or the terms on which it will be entered into, there is no certainty that this condition will be satisfied.

The Sahara OML 18 Acquisition Agreement, if executed, will be and the Bilton OML 18 Acquisition Agreement is subject to certain conditions before completion can occur. In particular, the Sahara OML 18 Acquisition Agreement, if executed will be, and the Bilton OML 18 Acquisition Agreement are conditional on the entry into the Settlement Agreements associated with certain litigation between Eroton, Bilton and Sahara and the written consent or release of certain third parties including GTB and the Minister.

It is emphasised that whilst the terms of the Sahara OML 18 Acquisition Agreement have been negotiated and the Bilton OML 18 Acquisition Agreement has been executed, subject to certain conditions, they are dependent on the New Eroton Debt Facilities being completed and whilst the New Eroton Debt Facilities have already been entered into there will be additional conditions to drawdown which will have to be satisfied prior to utilisation of the facilities and for completion of the Sahara OML 18 Transaction and the Bilton OML 18 Transaction.

There is no guarantee that these (or other) conditions will be satisfied (or waived) in which case the Eroton OML 18 Transactions will not be completed and the benefits to the Company expected to result from the Eroton OML 18 Transactions will not be achieved, which could result in a material adverse effect on the Company's business, operations, financial performance and cash flow and future prospects and the market price of the Ordinary Shares may be affected. The Company will also have spent significant amount of time and money on fees which will not be recoverable.

5. RISKS RELATING TO THE MLPL REORGANISATION

5.1 *The MLPL Reorganisation may not complete*

Completion of the MLPL Reorganisation is subject to the satisfaction (or waiver) of a number of conditions contained in the MLPL Reorganisation Agreement, including but not limited to the MLPL Preference Share Condition, the MLPL Admission Document Condition, the MLPL Shareholder Approval Condition, the MLPL Admission Condition, the Regulatory Condition, the MLPL Antitrust Condition and the MLPL Eroton Condition (each as defined in paragraph 4.3.5 of Part 2 above). The satisfaction of certain of these conditions is or may be wholly dependent on third parties (including the shareholders of the Company, the NNPC and the Minister) and is therefore out of the control of the Company. Completion of the MLPL Reorganisation Agreement is also subject to various counterparty risks, for instance there being no MLPL Midwestern Breach (as defined in paragraph 4.3.5 (viii) above). If any of the conditions are not satisfied or waived, the MLPL Reorganisation and the ELI Reorganisation will not proceed and the Re-Admission will not proceed. Any of the MLPL Eroton Condition, Regulatory Condition or MLPL Antitrust Condition may be waived by written agreement between San Leon and Midwestern at any time prior to 31 December 2022.

Eroton has not complied with all conditions in the Existing Eroton Debt Facility, including disruptions to the repayment schedule, which may give rise to a right of GTB to call an event of default or enforce security granted to it. The Directors understand that no such actions have been brought by GTB thus far, and the intention is that the Existing Eroton Debt Facility will be refinanced using some of the funds to be drawn from the New Eroton Debt Facilities, should such facilities be entered into. Should the New Eroton Debt Facilities not be executed, the conditions

to drawdown not be satisfied or funds under such facilities are not drawn, and if the Existing Eroton Debt Facility is not refinanced or otherwise repaid, GTB may seek to call an event of default or enforce any security granted to it including from Martwestern as a result of such defaults. Any such enforcement action or default, if proven, could have an adverse effect on the Company and the Group's business, financial condition and results and the market price of the Ordinary Shares may be affected.

There is no guarantee that these (or other) conditions will be satisfied (or waived) in which case the MLPL Reorganisation will not be completed and the benefits to the Company expected to result from the MLPL Reorganisation will not be achieved, which could result in a material adverse effect on the Company's business, operations, financial performance and cash flow and future prospects and the market price of the Ordinary Shares may be affected. The Company will have spent significant amount of time and money on fees which will not be recoverable.

5.2 Timetable and process for completion of the MLPL Reorganisation

The nature of public authorities and other organisations in Nigeria means it can be challenging to estimate the amount of time required to (i) obtain regulatory approvals and (ii) set and adhere to transaction timelines. This may pose a degree of management risk for the Company in respect of financial forecasting and related matters, and operational matters. Given the numerous conditions to the MLPL Reorganisation, this may cause more uncertainty than would otherwise be the case than in other jurisdictions and could lead to a potentially longer interim period between signing and completion of the MLPL Reorganisation Agreement. The other risk factors highlighted within this Document may be more pronounced as a result of this.

Furthermore, the MLPL Reorganisation Agreement contains various interim covenants relating to the conduct of the Company, Midwestern and MLPL pending completion of the MLPL Reorganisation. A potentially longer interim period between signing and completion of the MLPL Reorganisation Agreement may cause additional management risk as the actions of the boards of these companies will be constrained until the completion of the MLPL Reorganisation in respect of certain matters, for example undertaking any act which is outside the ordinary course of business. The Board may also need to dedicate a substantial amount of time to the MLPL Reorganisation (and the transaction as a whole), leading to correspondingly less time for the day to day running of the Company.

5.3 Exposure to liability under the MLPL Reorganisation Agreement

Under the MLPL Reorganisation Agreement, the Company has given certain warranties to Midwestern. The warranties will be given at the Announcement Date and will be repeated on the date of this Document, the date of any Supplementary Admission Document and completion of the MLPL Reorganisation Agreement. If the Company should incur liabilities under the MLPL Reorganisation Agreement or other transaction documentation, the costs of such liabilities could have an adverse effect on its business, financial condition and results and the market price of the Ordinary Shares may be affected. The Company's liability under the MLPL Reorganisation Agreement is unlimited and if the Company were to be found liable this would be payable in cash, save that Midwestern must provide notice of a warranty claim against the Company by the later of the completion date of the MLPL Reorganisation Agreement or the completion date of the ELI Reorganisation Agreement.

Further, through the completion of the MLPL Reorganisation, the Company will inherit a greater proportion of the future liabilities arising from the business and operations of MLPL. The costs of such liabilities could have an adverse effect on the Enlarged Group's business, financial condition and results and the market price of the Ordinary Shares may be affected.

5.4 There are limitations to the protection afforded to the Company pursuant to the warranties and indemnities contained in the MLPL Reorganisation Agreement

Under the terms of the MLPL Reorganisation Agreement, Midwestern has provided certain warranties to the Company and San Leon Energy Nigeria. These warranties are customary for a transaction of this type. The warranties will be given at the Announcement Date and will be repeated on the date of this Document, the date of any Supplementary Admission Document and

completion of the MLPL Reorganisation Agreement. The warranties are subject to certain limitations and such limitations could result in restricting the Company from: (i) bringing a warranty claim under a the MLPL Reorganisation Agreement; and/or (ii) recovering the full amount of losses suffered from a breach of the relevant warranty. Accordingly, the Company has limited recourse for breaches of warranty and other breaches of the MLPL Reorganisation Agreement which could have a material adverse effect on the financial condition and prospects of the Enlarged Group and the market price of the Ordinary Shares may be affected.

5.5 *CPR, sources of information and potential for valuation error*

In assessing the consideration for the MLPL Reorganisation, the Directors, amongst other things, relied on the CPR as well as other data. Although the Company used sources that are believed to be reliable, it may not always have access to the underlying information, methodology and other bases for such information and may not have independently verified the underlying information and, therefore, cannot guarantee its accuracy and completeness. Accordingly, errors in any of the assumptions or methodology employed by a third party in preparing a report on which the Company may place reliance may materially adversely MLPL's valuation and therefore returns on the MLPL Reorganisation and the market price of the Ordinary Shares may be affected.

The hydrocarbon reserve and resource estimates, and economic valuations associated with these estimates included in the CPR are based upon certain assumptions, including, inter alia, future oil prices, geological and geophysical assumptions of the performance of the subsurface, demand, maintenance requirements and timing and amount of future capital expenditure requirements. There can be no guarantee that these assumptions are correct. There are uncertainties inherent in estimating the quantity of reserves and resources, and in projecting future rates of production. Estimating the amount of hydrocarbon reserves and resources, and the expected cost to exploit these reserves and resources, is an interpretive process and, in addition, results of drilling, testing and production subsequent to the date of an estimate may result in material revisions to an estimate. No assurance can be given that hydrocarbon reserves and resources included in the CPR are, or will be, present as estimated, will be recovered at the rates estimated nor that they can result in profitable production. Hydrocarbon reserves and resources estimates may require revisions (either up or down) based on actual production experience and in light of the prevailing market price of oil and gas. Hydrocarbon reserves and resources estimates are highly subjective, and there is a risk that there are discrepancies between those estimates and the reserves and resources which are ultimately identified, both in terms of volume of reserves and resources identified, and in terms of the potential for recovery of such resources to be economically recoverable. A decline in the market price for oil and gas could render reserves uneconomic to recover and may ultimately result in a reclassification of reserves and resources. Accordingly, errors in any of the assumptions or methodology employed by Petrovision in preparing the CPR may materially adversely affect MLPL's valuation and therefore returns on the MLPL Reorganisation and the market price of the Ordinary Shares may be affected.

A copy of the MLPL Valuation Report will be obtained by the Company during the six months immediately preceding the date of the allotment of the MLPL New Shares and a copy of the MLPL Valuation Report has to be sent to Midwestern before the MLPL New Shares are issued. The Company will also deliver a copy of the MLPL Valuation Report to the Registrar of Companies in Ireland at the same time that it delivers to the Registrar particulars of the allotments of those shares being within 30 days after the date of allotment. In the event that the value of the consideration to be received by the Company in return for the allotment of the MLPL New Shares as set out in the MLPL Valuation Report is lower than the nominal value of the MLPL New Shares which will be EUR0.005 per share, the MLPL New Shares will not be allotted. This is because under the Irish Company Act 2014 the amount of the consideration to be received by the Company in consideration of the allotment of the shares must exceed the nominal value of the shares.

The number of shares to be subscribed for by Midwestern as part of the MLPL Reorganisation has been agreed and fixed between Midwestern and the Company and is not subject to adjustment by reference to the market price of the Ordinary Shares or New Ordinary Shares.

Accordingly under the Irish Companies Act 2014, in order for the MLPL Reorganisation to proceed the market price of the New Ordinary Shares on the date of the allotment of the MLPL New Shares must be not greater than the value per share to be recorded in the MLPL Valuation Report.

In the event of the MLPL Reorganisation not completing, the benefits to the Company expected to result from the MLPL Reorganisation will not be achieved, which could result in a material adverse effect on the Company's business, operations, financial performance and cash flow and future prospects and the market price of the Ordinary Shares may be affected. The Company will have spent significant amount of time and money on fees which will not be recoverable.

5.6 *Reliance on professional advisers*

The Directors and the Company have relied upon advice from various professional advisers, including tax advisers, engaged by the Company in relation to the MLPL Reorganisation and the preparation of this Document. Such professional advisers' liability is subject to limitations. Accordingly, in the event any such advice proves to have been incorrect, any amounts recoverable from the relevant adviser(s) may not be sufficient to cover all of the Enlarged Group's resulting losses. This could have a material adverse effect on the Enlarged Group's business and operations, financial condition and prospects and the market price of the Ordinary Shares may be affected.

5.7 *Material facts or circumstances may not be revealed in the due diligence process*

The Company has conducted such due diligence as it deemed reasonably practicable and appropriate based on the facts and circumstances applicable to the MLPL Reorganisation. The objective of the due diligence process was to identify material issues which might affect the decision to proceed with the MLPL Reorganisation. The Company also used information revealed during the due diligence process to formulate its business and operational planning for, and its valuation of, MLPL. Whilst conducting due diligence and assessing the MLPL Reorganisation, the Company relied on information provided by MLPL, Midwestern and Eroton to the extent MLPL, Midwestern and Eroton was willing or able to provide such information and, in some circumstances, third party investigations. There can be no assurance that the due diligence undertaken with respect to the MLPL Reorganisation revealed all the relevant facts that may be necessary to evaluate the MLPL Reorganisation, including the appropriate valuation of MLPL. Furthermore, the nature of the due diligence process is probably less robust than in lower risk jurisdictions and the information provided during due diligence may be incomplete, inadequate or inaccurate. As part of the due diligence process, the Company also made subjective judgments regarding the results of operations, financial condition and prospects of MLPL, Midwestern and Eroton. If the due diligence investigation fails to correctly identify material issues, including current and future liabilities that may be present in MLPL, or if the Company considered such material risks to be commercially acceptable relative to the opportunity, the Company may subsequently incur substantial impairment charges or other losses. In addition, following the MLPL Reorganisation, the Company may be subject to significant, previously undisclosed liabilities of MLPL that were not identified during due diligence and which could contribute to poor operational performance and have a material adverse effect on the Enlarged Group's financial condition and results of operations and the market price of the Ordinary Shares may be affected.

6. RISKS RELATING TO THE ELI REORGANISATION AND THE FURTHER ELI INVESTMENTS

6.1 *The ELI Reorganisation may not complete*

Completion of the ELI Reorganisation is subject to the satisfaction (or waiver) of a number of conditions contained in the ELI Reorganisation Agreement, including the UPIL Condition, the MLPL Condition, the ELI Admission Condition, the ELI Regulatory Condition, the ELI Antitrust Condition and the GTB Condition (each as defined in paragraph 5.2.3 of Part 2 above). The satisfaction of certain of these conditions is or may be wholly dependent on third parties (including the shareholders of the Company, the NNPC, the Minister and GTB) and is therefore out of the control of the Company. Completion of the ELI Reorganisation Agreement is also subject to various counterparty risks, for instance there being no ELI Midwestern Breach (as

defined in paragraph 5.2.3 (vii) of Part 2 above). If any of the conditions are not satisfied or waived, the ELI Reorganisation will not proceed. Any of the Regulatory Condition or ELI Antitrust Condition may be waived by written agreement between the Company and Midwestern at any time prior to 31 December 2022.

There is no guarantee that these (or other) conditions will be satisfied (or waived) in which case the ELI Reorganisation will not be completed and the benefits to the Company expected to result from the ELI Reorganisation will not be achieved.

Completion of the Walstrand Acquisition and Option Agreement is subject to the satisfaction (or waiver) of a number of conditions, including, inter alia, the consent of GTB.

Completion of the February 2022 Walstrand Acquisition Agreement is subject to the satisfaction (or waiver) of a number of conditions including, inter alia, the consent of GTB and of the other shareholders in ELI.

Completion of the Ocean Pearl ELI Acquisition Agreement is subject to the satisfaction (or waiver) of a number of conditions including, inter alia, the consent of GTB.

Consent of the other shareholders in ELI is expected to be forthcoming for Walstrand Acquisition and Option Agreement and the February 2022 Walstrand Acquisition Agreement once the Ocean Pearl ELI Acquisition has been completed. However, there is a risk that such shareholder consent will not be obtained as the other shareholders in ELI have been known to withhold consent in the past.

If the ELI Reorganisation and/or the Further ELI Investments fail to complete, then this could result in a material adverse effect on the Company's business, operations, financial performance and cash flow and future prospects and the market price of the Ordinary Shares may be affected. The Company will have spent a significant amount of time and money on fees which will not be recoverable.

6.2 *Success of investment strategy in respect of ELI is not guaranteed*

Part of the Company's strategy is to use acquire additional ELI Shares, and after the completion of the Further ELI Investments as well as the ELI Reorganisation the Company will own more than 50 per cent. of ELI. Part of the reasoning behind this strategy is the issues faced by the NCTL. Various projections and forecasts prepared by the Company suggest that when constructed, the ACOES will reduce the downtime and allocated pipeline losses currently associated with reliance on the NCTL. The success of such a strategy will depend on the Company's and the other shareholders in ELI's ability to successfully and cost-efficiently construct, and manage the ACOES. No assurance is given that this strategy will be successful under all or any market conditions or that the Company will be able to use this strategy to generate returns for investors.

6.3 *Timetable and process for completion of the ELI Reorganisation and the Further ELI Investments*

The nature of public authorities in Nigeria means it can be challenging to estimate the amount of time required to (i) obtain regulatory approvals and (ii) set and adhere to transaction timelines. This may pose a degree of management risk for the Company in respect of financial forecasting and related matters, and operational matters in relation to ELI's strategy. Given the numerous conditions to the ELI Reorganisation, this may cause more uncertainty than would otherwise be the case than in other jurisdictions and could lead to a potentially longer interim period between signing and completion of the ELI Reorganisation Agreement. The other risk factors highlighted within this Document may be more pronounced as a result of this.

Furthermore, the ELI Reorganisation Agreement contains various interim covenants relating to the conduct of the Company, Midwestern and ELI pending completion of the ELI Reorganisation. A potentially longer interim period between signing and completion of the ELI Reorganisation Agreement may cause additional management risk as the actions of the boards of these companies will be constrained until the completion of the ELI Reorganisation in respect of certain matters, for example varying the Company's share capital, making acquisitions or disposals, entering into joint ventures or material agreements or commencing or settling any litigation. The

Company has agreed to not pay or recommend for declaration any dividend and to procure that it and its group does not undertake any act which is outside the ordinary course of business. The Board may also need to dedicate a substantial amount of time to the ELI Reorganisation (and the Transaction as a whole), leading to correspondingly less time for the day to day running of the Company.

6.4 *Exposure to liability under the ELI Reorganisation Agreement*

Under the ELI Reorganisation Agreement, the Company has given certain warranties to Midwestern. These warranties are customary for a transaction of this type. The warranties will be given at the ELI Announcement Date and will be repeated on completion of the ELI Reorganisation Agreement. If the Company should incur liabilities under the ELI Reorganisation Agreement or other transaction documentation, the costs of such liabilities could have an adverse effect on its business, financial condition and results and the market price of the Ordinary Shares may be affected. The Company's liability under the ELI Reorganisation Agreement is unlimited and if the Company were to be found liable this would be payable in cash, save that Midwestern must provide notice of a warranty claim against the Company by the later of the completion date of the MLPL Reorganisation Agreement or the completion date of the ELI Reorganisation Agreement.

Further, through the completion of the ELI Reorganisation, the Company will inherit a greater proportion of the future liabilities arising from the business and operations of ELI. The costs of such liabilities could have an adverse effect on its business, financial condition and results and the market price of the Ordinary Shares may be affected.

6.5 *There are limitations to the protection afforded to the Company pursuant to the warranties and indemnities contained in the ELI Reorganisation Agreement*

Under the terms of the ELI Reorganisation Agreement, Midwestern has provided certain warranties to the Company. These warranties are customary for a transaction of this type. The warranties will be given at the ELI Announcement Date and will be repeated on completion of the ELI Reorganisation Agreement. The warranties are subject to certain limitations. Such limitations could result in restricting the Company from: (i) bringing a warranty claim under the ELI Reorganisation Agreement; and/or (ii) recovering the full amount of losses suffered from a breach of the relevant warranty. Accordingly, the Company has limited recourse for breaches of warranty and other breaches of the ELI Reorganisation Agreement which could have a material adverse effect on the financial condition and prospects of the Enlarged Group and the market price of the Ordinary Shares may be affected.

6.6 *Material facts or circumstances may not be revealed in the due diligence process*

The Company has conducted such due diligence as it deemed reasonably practicable and appropriate based on the facts and circumstances applicable to the ELI Reorganisation. The objective of the due diligence process was to identify material issues which might affect the decision to proceed with the ELI Reorganisation. The Company also use information revealed during the due diligence process to formulate its business and operational planning for, and its valuation of, ELI. Whilst conducting due diligence and assessing a potential acquisition, the Company relied on information provided by ELI to the extent ELI was willing or able to provide such information and, in some circumstances, third party investigations. There can be no assurance that the due diligence undertaken with respect to the ELI Reorganisation revealed all the relevant facts that may be necessary to evaluate the acquisition, including the valuation of ELI. Furthermore, the nature of the due diligence process is probably less robust than in lower risk jurisdictions and the information provided during due diligence may be incomplete, inadequate or inaccurate. As part of the due diligence process, the Company will also made subjective judgments regarding the results of operations, financial condition and prospects of ELI. If the due diligence investigation fails to correctly identify material issues, including current and future liabilities that may be present in ELI, or if the Company considered such material risks to be commercially acceptable relative to the opportunity, the Company may subsequently incur substantial impairment charges or other losses. In addition, following an acquisition, the Company may be subject to significant, previously undisclosed liabilities of the acquired business that were not identified during due diligence and which could contribute to poor operational

performance and have a material adverse effect on the Enlarged Group's financial condition and results of operations and the market price of the Ordinary Shares may be affected.

6.7 *Valuation error*

In assessing the consideration to be paid for the ELI Reorganisation and the Further ELI Investments, the Directors, amongst other things, relied on the CPR as well as other sources of data. Although the Company used sources that are believed to be reliable, it may not always have access to the underlying information, methodology and other bases for such information and may not have independently verified the underlying information and, therefore, cannot guarantee its accuracy and completeness. Accordingly, errors in any of the assumptions or methodology employed by a third party in preparing a report on which the Company may place reliance may materially adversely affect ELI's valuation and therefore returns on the ELI Reorganisation and the Further ELI Investments and the market price of the Ordinary Shares may be affected.

A copy of the ELI Valuation Report will be obtained by the Company during the six months immediately preceding the date of the allotment of the ELI New Shares and a copy of the ELI Valuation Report has to be sent to Midwestern before the ELI New Shares are issued. The Company will also deliver a copy of the ELI Valuation Report to the Registrar of Companies in Ireland at the same time that it delivers to the Registrar particulars of the allotments of those shares being within 30 days after the date of allotment. In the event that the value of the consideration to be received by the Company in return for the allotment of the ELI New Shares on the date of allotment, which will be set out in the ELI Valuation Report, is lower than the nominal value of the ELI New Shares which will be EUR0.005 per share, the ELI New Shares will not be allotted. This is because under the Irish Company Act 2014 the amount of the consideration to be received by the Company in consideration of the allotment of the shares must exceed the nominal value of the shares.

The number of shares to be subscribed for by Midwestern as part of the ELI Reorganisation has been agreed and fixed between Midwestern and the Company and is not subject to adjustment by reference to the market price of the Ordinary Shares or New Ordinary Shares.

In order for the ELI Reorganisation to proceed, the MLPL Reorganisation must complete and under the Irish Companies Act, 2014 the market price of the New Ordinary Shares on the date of the allotment of the ELI New Shares must be not greater than the value per share to be recorded in the ELI Valuation Report. In the event of the ELI Reorganisation not completing, the benefits to the Company expected to result from the ELI Reorganisation will not be achieved, which could result in a material adverse effect on the Company's business, operations, financial performance and cash flow and future prospects and the market price of the Ordinary Shares may be affected. The Company will have spent significant amount of time and money on fees which will not be recoverable.

6.8 *Reliance on professional advisers*

The Directors and the Company have relied upon advice from various professional advisers, including tax advisers, engaged by the Company in relation to the ELI Reorganisation and the preparation of this Document. Such professional advisers' liability is subject to limitations. Accordingly, in the event any such advice proves to have been incorrect, any amounts recoverable from the relevant adviser(s) may not be sufficient to cover all of the Enlarged Group's resulting losses. This could have a material adverse effect on the Enlarged Group's business and operations, financial condition and prospects and the market price of the Ordinary Shares may be affected.

There is no guarantee that these (or other) conditions will be satisfied (or waived) in which case the Proposals will not be completed. and the benefits to the Company expected to result from the Proposals will not be achieved, which could result in a material adverse effect on the Company's business, operations, financial performance and cash flow and future prospects and the market price of the Ordinary Shares may be affected. The Company will also have spent a significant amount of time and money on fees which will not be recoverable.

6.9 *ELI Malta's corporate administration*

ELI Malta has not always maintained best practices in relation to its corporate administration and company secretarial matters. ELI Malta has encountered delays in certain of its corporate filings and has not always maintained ideal compliance with local company law provisions in relation to, inter alia, its share capital structure, share allotments and issuances, share splits and procedures in relation to share pledges. ELI Malta has also experienced inaccurate record-keeping in relation to its beneficial ownership and issues in relation to corporate actions not having been properly authorised or permitted. Certain of ELI's corporate and constitutional documents, such as its memorandum of association, could be improved.

In light of the aforementioned matters, following completion of the ELI Reorganisation and the Further ELI Investments, the Board intends for San Leon to use its influence as a larger shareholder in ELI Malta with a view to seeking that ELI Malta takes the necessary steps to resolve or ratify these matters and to improve levels of corporate administration and company secretarial. However, given that San Leon will not have complete control of ELI Malta it will be placing reliance on third parties in this regard and the Group cannot anticipate the timings of any resolutions and therefore there is no guarantee that these matters will be satisfactorily resolved. Accordingly, in the event of continued non-compliance, or in the event of legal or regulatory actions occurring in relation to historic issues, ELI Malta may be liable for fines and other penalties and/or could become subject to legal action. In the event that individual or multiple corporate administration issues of the type described above transpire to become more material issues that are not capable of being ratified or resolved, then this could lead to fines and penalties and/or potential legal actions of a more significant nature and ELI Malta may be required to incur significant expenses or devote significant resources towards such issues. This could result in a material adverse effect on ELI Malta's business, operations, financial performance and cash flow. Furthermore, such issues may result in loss of value without full or any recourse for the Group.

7. **RISKS SPECIFIC TO THE COMPANY AND ITS SPHERE OF OPERATIONS**

7.1 *Financing risk*

On 8 July 2022, the Company entered into the New Facility for the purposes of funding its working capital requirements and for financing the Further ELI Investments, details of which can be found at paragraph 10.22 of Part 12 of this Document. The New Facility is for US\$50 million.

In the event that the Company fails, or is unable to draw on the New Facility on a timely basis for whatever reason the Company would face the prospect of being unable to meet its immediate working capital requirements. Such an event would likely cause the Company to materially reduce or delay its proposed operations and would impact the Company's financial position and/or prospects as the substantial majority of funds that the Company requires for its working capital purposes are planned to be available from the New Facility.

Whilst the New Facility represents a legally binding facility agreement in place between the Company and MM Capital Holding, there can be no guarantee that the Company will be in a position to fully draw down on the New Facility. In addition, if there is an issue or delay with the drawing of the New Facility, or the New Facility becomes unavailable to the Company, then this will impact the Company's proposed operations and financial position and/or prospects. While the Company has been successful in the past in obtaining further financing, there is no assurance that it will be able to obtain adequate replacement financing or that such financing will be available on terms advantageous to the Company.

This risk factor is not intended to qualify the working capital statement set out at paragraph 12 of Part 12 of this Document.

7.2 *Future litigation or arbitration*

Litigation can be relatively common in the Nigerian oil and gas industry. From time to time, the Enlarged Group may be subject, indirectly, to litigation and other disputes or claims arising out of its operations, including employment disputes, contractual disputes, indemnity claims, occupational health and safety claims, or criminal or civil proceedings in the course of its business. Damages or payments claimed under such actions, litigation or arbitration may be material or may be indeterminate, and the outcome of such litigation or arbitration may materially

impact the Enlarged Group's business, results of operations or financial condition. While the Enlarged Group or each of the relevant subsidiaries assesses the merits of each lawsuit and defends itself accordingly, it may be required to incur significant expenses or devote significant resources to defending itself against such litigation. In addition, the adverse publicity surrounding such claims may have a material adverse effect on the Enlarged Group's financial condition and results of operations.

7.3 *Licences*

Certain statutory and regulatory permits and approvals are required in order to operate the oil and gas exploration and production business, while new permits and approvals will be required for future operations. In particular, drilling permits, field development plan approvals, local content compliance approvals, pipeline licences, unitisation approvals, environmental permits and vendor approvals are required to operate or manage any other asset the Company is involved with.

The Enlarged Group, Eroton and ELI each rely on a number of licensing requirements or agreements, regulations or approvals which have been granted by the Nigerian government or other authorities for the exploration, development and production, marketing, pricing, transportation storage and shipping of oil and gas. Under such legislation and regulations, fines may be imposed and a licence may be suspended or terminated if a licence holder, or party to a related agreement, fails to comply with the obligations under such license or agreement, or fails to make timely payment of levies and taxes for the licensed activity.

There can be no assurance that relevant authorities will issue relevant permits and approvals in a timely manner and it is the Company's experience that delays occur from time to time. Failure to maintain or obtain required permits or approvals may result in the interruption of operations and may have a material adverse effect on the Enlarged Group's business, operations, financial performance, cash flow and future prospects. For example, delays in obtaining vendor approvals from National Petroleum Investment Management Services (NAPIMS) was one of the drivers behind the reduction of capital expenditure by Eroton during FY20.

There is no guarantee that an unforeseen defect in title, changes in law or change in their interpretation or political events will not arise to defeat or impair the claim of the Enlarged Group to any assets that it currently owns or may acquire which could result in a material adverse effect on the Enlarged Group's business, operations, financial performance and cash flow and future prospects.

The attention of investors is drawn to the specific Eroton environmental compliance issues detailed in section 2.4 of this Part 4 above and in paragraph 4(d) of Part 1 of this Document.

- 7.4 The Group's and, following Re-Admission, the Enlarged Group's decommissioning and other liabilities may be onerous and cannot be accurately predicted. The Group and, following Completion, the Enlarged Group has through its current and former licence interests assumed certain obligations in respect of its current and former licence interests including decommissioning of its fields and related infrastructure and is expected to assume additional decommissioning liabilities in the future. These liabilities are derived from legislative and regulatory requirements concerning the decommissioning of wells and production facilities or under guarantees and at the appropriate time require the Group and, following completion, the Enlarged Group to make provisions for and/or underwrite the liabilities relating to such fields or licences including decommissioning costs. It is difficult to forecast the costs that the Group and, following completion, the Enlarged Group will ultimately incur in relation to such fields including 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 decommissioning liabilities crystallise, the Enlarged Group may 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 Enlarged Group will remain liable or may have guaranteed the performance of licences obligations and its decommissioning liabilities could be magnified significantly through

such default. Any significant increase in the actual or estimated decommissioning costs that the Enlarged Group incurs may adversely affect its financial condition.

7.5 *Risk of crime and corruption*

Countries in Africa generally experience high levels of criminal activity and governmental and business corruption. Oil and gas companies operating in certain areas of Africa may be particular targets of criminal actions. For example, in 2020, the auditors of Eroton noted that certain vendors were created on Eroton's system by persons who were not authorised to do so. Criminal or corrupt action against the Enlarged Group could have a material adverse effect on the Enlarged Group's business, operations, financial performance and cash flow and future prospects. In addition, the fear of criminal or corrupt actions against the Enlarged Group could have an adverse effect on the ability of the Group to adequately staff and/or manage its operations or could substantially increase the costs of doing so.

The Enlarged Group is subject to anti-corruption and anti-bribery legislation and regulations, including the UK Bribery Act, the FCPA and other laws and regulations that prohibit companies and their intermediaries from making improper payments or offers of payments to foreign governments and their officials and political parties, or others for the purpose of obtaining or retaining business and other benefits.

By doing business in Nigeria, the Enlarged Group could face, directly or indirectly, corrupt demands by officials, militant groups or private entities. Consequently, the Enlarged Group faces the risk that one or more of its employees, agents, intermediaries or consultants may make or receive unauthorised payments given that such persons may not always be subject to its control. In addition, it is possible that the Enlarged Group could be held liable for successor liability for FCPA violations committed by companies in which it has invested or acquired or may invest or acquire. Although the Enlarged Group have policies and procedures designed to ensure that the Enlarged Group itself, employees, agents, intermediaries and consultants comply with the UK Bribery Act, the FCPA and all applicable Nigerian anti-corruption legislation, there is no assurance that such policies or procedures will work effectively all of the time or protect the Enlarged Group against liability under any such legislation for actions taken by its agents, employees, intermediaries and consultants with respect to its business. If the Enlarged Group is not in compliance with the UK Bribery Act, the FCPA or other laws governing the conduct of business with Government of Nigeria entities (including local laws), the Enlarged Group or its Directors may be subject to criminal and civil penalties and other remedial measures.

Furthermore, any remediation measures taken in response to potential or alleged violations of the UK Bribery Act, the FCPA or other anti-corruption or anti-bribery laws, including any necessary changes or enhancements to the Enlarged Group's procedures, policies and controls and potential personnel changes and/or disciplinary actions, may result in increased compliance costs.

Any such findings, or any alleged or actual involvement in corrupt practices or other illegal activities by the Enlarged Group or its commercial partners or anyone with whom it conducts business could damage its reputation and its ability to do business, including by affecting its rights and title to assets or by the loss of key personnel, and together with any increased compliance costs, could adversely affect its business, operations, financial performance and cash flows and future prospects.

7.6 *Legal and political exposure in Nigeria*

The Company's main existing interests are in Nigeria and the Enlarged Group will continue to focus on the exploration and production of oil and gas projects in Nigeria and potentially other territories in Africa.

Nigeria's legal system may be less dependable than more established economies that could result in risks such as: (i) effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or in an ownership or contractual dispute, being more difficult to obtain; (ii) a higher degree of discretion on the part of governmental authorities; (iii) political influence on legal, taxation and regulatory matters (iv) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (v) inconsistencies or

conflicts between and within various laws, regulations, decrees, orders and resolutions; or, (vi) relative inexperience of the judiciary and courts in such matters.

The use of political connections, donations or influence can be a common business practice in in Nigeria. Any current or future political connections or associations on behalf of Eroton or ELI, or their principals or affiliates may present a source of risk. Changes in government may lead to supporters of previous governments or politicians coming under additional scrutiny and potentially law enforcement activity.

The commitment of local businesspeople, 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 the Enlarged Group's 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 production sharing agreements, 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.

In addition, the conduct and operations and the steps involved in the Enlarged Group acquiring its interests pursuant to the MLPL Reorganisation and the ELI Reorganisation will involve or may involve the need to comply with numerous procedures and formalities, including seeking regulatory approval. In some cases, failure to follow such formalities or obtain relevant evidence may call into question the validity of the entity or the actions taken.

7.7 Economic exposure in Nigeria

The Enlarged Group operates in a geographical region (Nigeria) that is susceptible to social and political instability, economic downturns and social unrest. This exposes the Enlarged Group to unpredictable movements in oil and gas prices, interest rates, foreign exchange rates and exchange controls. This may therefore have materially adverse effect on the Enlarged Group's business, operations, financial performance and cash flow and future prospects.

There may be a number of associated risks in respect of operating in Nigeria over which the Company will have no, or limited, control. These may include: contract renegotiation; contract cancellation; hyperinflation; currency non-convertibility or instability; and, changes of laws affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing and petroleum export licensing and export duties as well as government control over domestic oil and gas pricing.

7.8 Taxation

Any change in the Enlarged Group's tax status or in taxation legislation or its interpretation, could affect the value of the assets held by the Enlarged Group and affect the Enlarged Group's ability to provide returns to Shareholders. Statements in this Document concerning the taxation of the Enlarged Group are based on current tax law and practice that may be subject to change.

The operations and activities of the Enlarged Group in jurisdictions such as Nigeria, Poland, Ireland, Albania and Spain could expose the Enlarged Group to income and/or capital taxes in such jurisdictions that may have a material adverse effect on the Enlarged Group's business, operations, financial performance and cash flow and future prospects. This will depend, in part, on the:

- Nature of the Enlarged Group's income and operations in each of these jurisdictions (carried on by employees of the Enlarged Group or service providers on behalf of the Enlarged Group);
- Attitude of the tax authorities in these jurisdictions; and
- Ability of the Enlarged Group to claim treaty benefits under any applicable income tax treaties between jurisdictions other than those in which it carries on operations and activities.

The Enlarged Group has taken steps to minimise the risk of being treated as being resident in jurisdictions (other than each member of the Enlarged Group's respective jurisdiction of incorporation) for tax purposes where such jurisdictions have a residence test based on the place of effective management and control. However, if these steps are not strictly adhered to then profits could be subject to tax in those other jurisdictions.

7.9 *Dependence on key personnel*

The Enlarged Group, Eroton and ELI will each rely on its senior management team, which includes a number of key individuals (including those who are able to interpret market and geological data with a high degree of certainty). The Enlarged Group's ability to manage its operations, development activities and financing will depend in large part on the efforts of this senior management team. In addition, personal and professional connections and relationships of its senior management team are important to the conduct of its business. The loss of the services of a key individual or the Enlarged Group's inability to attract suitably qualified personnel in the future could adversely affect the Enlarged Group's business, operations, financial performance and cash flow and future prospects. Difficulties may also be experienced in certain jurisdictions, such as Nigeria, in employing and retaining qualified personnel who are willing to work in such jurisdictions.

Additionally, if a key individual at Eroton or ELI (or another partner of the Enlarged Group) or their principals or affiliates were to become the subject of legal proceedings or adverse publicity (irrespective of whether any allegations are true or false), then this could have a significant negative impact on the Enlarged Group's reputation which could in turn result in a material adverse effect on the Enlarged Group's business, operations.

7.10 *Midwestern lock-in agreement*

The Locked-in Persons, being Midwestern and the Directors, entered into lock in agreements dated 8 July 2022 whereby they have undertaken to the Company and Allenby Capital, conditional on Re- Admission, that they will not sell or dispose of, except in certain limited circumstances permitted under Rule 7 of the AIM Rules for Companies, any of their respective interests in the New Ordinary Shares and Preference Shares, including any acquired after Re-Admission, at any time before the first anniversary of Re-Admission. In addition, Midwestern and the Directors have further undertaken that they will be subject to orderly market arrangements during the following twelve months after the initial one-year lock-in period.

Midwestern entered into two all-assets debentures with GTB 2013 GTB Debenture and the 2019 GTB Debenture. Under the 2013 GTB Debenture, Midwestern has charged, by way of way of first charge, all of Midwestern's undertaking and property (both present and future), such that a fixed charge is created on all of Midwestern's undertaking, goodwill, properties and assets (present and future), and in particular, "all stocks, shares and other securities now, or in the future belonging to Midwestern together with all dividends and other". Under the 2019 GTB Debenture, Midwestern has charged, among other charges, by way of fixed charge, among other items, all present and future shares, or rights or assets relating to such shares owned by Midwestern in its Subsidiaries (as defined under section 338 of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004). As such, Midwestern's shares in the Company are subject to the GTB Debenture and enforcement of such Debenture will not be subject to the lock-in. Any receiver appointed under the GTB Debenture has broad powers, including the power to sell and or/dispose of any secured assets.

Pursuant to the terms of Midwestern's lock in agreement, any receiver appointed under the enforcement of the GTB Debenture is entitled to sell or dispose of any of Midwestern's respective interests in the New Ordinary Shares and Preference Shares at any time before the first anniversary of Re-Admission. Enforcement by GTB of the GTB Debenture and subsequent sales of Midwestern's shares in the Company could have a material adverse effect on the share price of the Company, as Midwestern's holding in the Company upon Re-Admission will represent a very substantial amount of the Company's New Ordinary Shares.

Further details of the lock-in and orderly market arrangements are set out in paragraph 10.1 of Part 12 of this Document.

7.11 *Limitations of insurance risk*

The Enlarged Group's operations may result in the Enlarged Group becoming subject to liability for pollution, blow outs, property damage, personal injury or other hazards. Insurance procured by the Enlarged Group has limitations on liability and may not be sufficient to protect the Enlarged Group against the full extent of such liabilities to which it is exposed. In addition, such risks may not in all circumstances be insurable or, in certain circumstances, the Enlarged Group may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. In addition, there is a risk that relevant insurance policies are not adequately renewed. The payment of any such uninsured liabilities would reduce the funds available to the Enlarged Group. The occurrence of a significant event that the Enlarged Group is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on the Enlarged Group's financial position, results of operations or prospects.

In light of such limitations, the FSO is currently insured by Cambiaso Risso Marine S.p.A at 87.5% of asset value and there are currently no insurance policies covering the ACOES.

There are currently no insurance policies covering the ACOES' pipeline, although the Directors are informed that ELI plans to put a policy in place once the pipeline is completed.

7.12 *Currency exchange rate and inflation*

The Enlarged Group operates in Nigeria and it has exposure to currency risk on purchases, sales, cash and cash equivalents that are denominated in currencies other than US dollars, which is the currency of most of its receivables and the currency of most of the cash balances that it maintains. The currencies giving rise to this are principally the euro and British pound sterling. Certain of the Enlarged Group's costs, including labour and employee costs, are also incurred in local currencies. Exchange rates between the US dollar, the euro and the pound sterling have fluctuated significantly in the past and may do so in the future. Consequently, exploration, development, production, administration and other costs may be higher (or lower) in US dollar terms than anticipated by the Enlarged Group. In addition, the financial accounts of the Enlarged Group are denominated in euros, which therefore give further exposure to currency exchange fluctuations and may impact the financial results as being reported to its Shareholders.

Nigeria introduced foreign exchange controls in 2016 to defend the Naira against speculative attacks, and although it may have been seen as a temporary measure and been widely criticised, it is uncertain how long it may be in place, if removed at all.

The Company does not engage in active speculative hedging to minimise exchange rate risk.

7.13 *Estimates in financial statements*

Preparation of consolidated financial statements requires the Enlarged Group to use estimates and assumptions. Accounting for estimates requires the Enlarged Group to use its judgment to determine the amount to be recorded on its financial statements in connection with these estimates. The Enlarged Group's accounting policies require certain estimates and assumptions as to future events and circumstances to be made. In addition, the carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. If the estimates and assumptions are inaccurate, the Enlarged Group could be required to write down the value of certain assets. On an ongoing basis, the Enlarged Group re-evaluates its estimates and assumptions. However, the actual amounts could differ from those based on estimates and assumptions.

8. RISKS RELATING TO THE OIL AND GAS MARKETS

8.1 *Volatility of prices for oil and gas*

The demand for, and price of, oil and gas is highly dependent on a variety of factors, including international supply, the level of demand and international economic trends, currency exchange rate fluctuations, expectations for inflation, speculative activity, weather conditions, price and availability of alternative fuels, actions taken by governments and international cartels, and global economic and political developments. Geographic location and a lack of adequate infrastructure may also result in any oil or gas produced being sold at a discount to world market prices for oil and gas. Furthermore, international oil and gas prices have increased significantly over 2022,

partly in response to recent economic sanctions against Russia, one of the world's largest exporters of oil and gas to global markets, following the invasion of Ukraine. Accordingly, international oil and gas prices have fluctuated widely in recent years and may continue to fluctuate significantly in the future and there can be no guarantee that oil and gas prices will remain at elevated levels in the medium to longer-term.

Eroton's revenue decreased by 87% from US\$293m in FY19 to US\$38m in FY20 due to a combined effect of a decrease in volumes sold and reduction in global oil prices. The global oil price fell from an average of US\$64/bbl in FY19 to US\$42/bbl in FY20. In FY21, average oil price rebounded to US\$71/bbl and has since risen to above US\$100/bbl in 2022. Eroton has taken steps to mitigate the effect of crude oil price volatility on its revenue by entering into a fixed price hedging arrangement with Shell Trading to hedge 80% of the crude oil sold to Shell Trading. In addition, from time to time Eroton may enter into or be required to enter into additional agreements to receive fixed prices on its oil and gas production to offset the risk of revenue losses if commodity prices decline. However, if commodity prices increase beyond the levels set in such agreements, Eroton will not benefit from such increases on the hedged volumes. It should be noted that in the event of declining oil prices, Eroton may not be able to enter into hedging terms on acceptable terms in order to sufficiently protect against downside exposure, and as a result there is a risk that Eroton may not be able to hedge against reduced cash inflows in such a scenario.

8.2 *OPEC*

Nigeria is a member of OPEC and is subject to OPEC regulations and quotas for the control of production of oil. Accordingly, the Enlarged Group is susceptible to a decline in oil production from OML 18 due to production cuts imposed by OPEC. This may therefore have materially adverse effect on the Enlarged Group's business, operations, financial performance and cash flow and future prospects.

8.3 *Risks associated with the impact of future disease pandemics, such as the COVID-19 (coronavirus) outbreak*

Eroton's gross production reduced from 14,894 MMbbls in FY18 to 10,701 MMbbls in FY20 as a result of, amongst other matters, downtime induced by COVID-19. While recovery from the COVID-19 pandemic is under way in many parts of the world, there can be no guarantee that future outbreaks, potentially involving new disease variants, will not arise. Future disease outbreaks could result in the Enlarged Group's oil and gas production and exploration and development projects and assets having to be put on hold, or being operated in a minimal production mode or at reduced capacity or being subject to restrictions due to any outbreak and the associated measures put in place by national governments, including social distancing measures and travel restrictions. This type of scenario would cause delays to the Enlarged Group's projects which would in turn disrupt the Enlarged Group's ability to generate revenues. In addition, this scenario is also likely to cause the Enlarged Group to incur additional costs as machinery and staff may be required to remain idle while projects are on hold due to the government restrictions that may be implemented in response to any such outbreak. Such delays and additional costs would have a material adverse impact on the Enlarged Group's financial condition and operations.

8.4 *Environmental legislation and regulation*

The Enlarged Group's operations, as well as those of its commercial partners (such as Eroton and ELI), are often potentially hazardous, and are subject to laws, regulations and the provisions in licenses relating to the protection of human health and safety and the environment, including those inherent to the oil and gas exploration and production industries. These laws and regulations set various standards for health and environmental quality, provide for penalties and other liabilities for the violation of such standards, and establish, in certain circumstances, obligations to compensate for environmental damage and to restore environmental conditions. Any failure to comply with such requirements may give rise to significant liabilities.

These environmental and safety legislations and regulations, including those in relation to plugging and abandonment of wells, discharge of materials into the environment and otherwise relating to environmental protection, may change in a manner that may require stricter or additional standards than those now in effect, a heightened degree of responsibility for

companies and their directors and employees and more stringent enforcement of existing laws and regulations.

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 the Enlarged Group 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.

Although the Enlarged Group endeavours to comply with all environmental, health and safety laws and regulations at all times, it may, in the future, become involved in claims, lawsuits and administrative proceedings relating to environmental, health or safety matters. In 2020/2021, the internal auditors of Eroton disclosed that there were delayed responses to oil spillage sites and clean ups. Breaches of such laws could also be deemed to be a breach of the conditions upon which the Enlarged Group's licenses were granted. An adverse outcome in any such proceedings or other breach of environmental, health or safety laws could have a significant negative impact on the Enlarged Group's reputation as well as its business, operations, financial performance and cash flow and future prospects and may include the imposition of civil, administrative or criminal liability on the Enlarged Group or its Board and employees.

8.5 *Operational risks*

Substantial operational risks at asset level are involved in the seismic exploration and the drilling for, development of and production from, oil and gas fields, including blow-outs, cratering, explosions, pollution, seepage or leaks, fire, earthquake activity, unusual or unexpected geological conditions and other hazards that may delay or ultimately prevent, the exploration of such fields or may result in cost overruns or substantial losses to the Enlarged Group due to substantial environmental pollution or damage, personal injury or loss of life, clean up responsibilities, regulatory investigation and penalties or suspension of operations. For example, OML 18 has experienced frequent oil spill incidents resulting from corrosion, equipment failure and pipeline failures. Between 2019 and 2020, there were eleven incidents due to operational issues and fifteen spills as a result of equipment failure. Such hazards can also severely damage or destroy equipment, surrounding areas or property of third parties. Damage or loss occurring as a result of such risks may give rise to claims against the Enlarged Group. Although the Enlarged Group has in place insurance that it considers to be appropriate in accordance with industry practice, there may be circumstances where the insurance or that of the operator of a field will not cover or be adequate to cover the consequences of such events or where the Enlarged Group may become liable for pollution or other operational hazards against which it either cannot insure or may have elected not to have insured on account of high premium costs or otherwise. Moreover, there can be no assurance that the Enlarged Group will be able to maintain adequate insurance in the future at rates it considers reasonable.

8.6 *Environmental legislation and regulation*

The Enlarged Group's operations, as well as those of its commercial partners (such as Eroton and ELI), are often potentially hazardous, and are subject to laws, regulations and the provisions in licenses relating to the protection of human health and safety and the environment, including those inherent to the oil and gas exploration and production industries. These laws and regulations set various standards for health and environmental quality, provide for penalties and other liabilities for the violation of such standards, and establish, in certain circumstances, obligations to compensate for environmental damage and to restore environmental conditions. Any failure to comply with such requirements may give rise to significant liabilities.

These environmental and safety legislations and regulations, including those in relation to plugging and abandonment of wells, discharge of materials into the environment and otherwise relating to environmental protection, may change in a manner that may require stricter or additional standards than those now in effect, a heightened degree of responsibility for companies and their directors and employees and more stringent enforcement of existing laws and regulations.

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 the Enlarged

Group 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.

Although the Enlarged Group endeavours to comply with all environmental, health and safety laws and regulations at all times, it may, in the future, become involved in claims, lawsuits and administrative proceedings relating to environmental, health or safety matters. In 2020/2021, the internal auditors of Eroton disclosed that there were delayed responses to oil spillage sites and clean ups. Breaches of such laws could also be deemed to be a breach of the conditions upon which the Enlarged Group's licenses were granted. An adverse outcome in any such proceedings or other breach of environmental, health or safety laws could have a significant negative impact on the Enlarged Group's reputation as well as its business, operations, financial performance and cash flow and future prospects and may include the imposition of civil, administrative or criminal liability on the Enlarged Group or its Board and employees.

8.7 *Reliance on third parties and oversight of local partners*

In conducting its business, the Enlarged Group relies on forming and maintaining strategic relationships with other entities in the oil and gas industry (with the most prominent to the Company being with Eroton, ELI and Shell), such as joint venture parties and farm-in partners, and also certain regulatory and governmental departments. While the Company has no reason to believe otherwise, there can be no assurance that these relationships will be successfully formed and maintained.

In the course of the exploration and development of the Enlarged Group's assets, the Enlarged Group may contract with third parties for commercial evaluation and support, equipment and services. The failure of a third party to properly or timeously perform its obligations or such services not being of the requisite standard could subject the Enlarged Group to additional costs, delays or abandonment of the projects.

In addition, and in the event of successful development of oil and gas reserves, the marketing of the Enlarged Group's production of oil and gas from such reserves will be subject to market fluctuations and the availability of processing and refining facilities and transportation infrastructure, including access to ports, shipping facilities, pipelines and pipeline capacity at economic tariff rates over which the Enlarged Group may have limited or no control. Pipelines may be inadequately maintained and subject to capacity constraints and economic tariff rates may be increased with little or no notice and without taking into account producer concerns. The right to export oil and gas may depend on obtaining licences and quotas, the granting of which may be at the discretion of the relevant regulatory authorities. There may be delays in obtaining such licences and quotas leading to the income receivable by the Enlarged Group being adversely affected, and it is possible that from time-to-time export licences may be refused.

Doing business in Nigeria necessarily involves partnering with local companies and citizens of these countries. This is often required to comply with indigenous content requirements and may also provide a beneficial tax structure for the Company. None of the Company or any current or future joint venture company has day-to-day control over these local companies and individuals and cannot be responsible for their actions. From time to time, it is possible that a local partner (including Eroton or ELI or their principals or affiliates) may be subject to allegations relating to its relationship with government and regulators or to the local partner's business and other conduct. Where allegations about a local partner surface, it may reflect badly on the Company and have a material adverse effect on the Enlarged Group, irrespective of whether the allegations are true or false.

8.8 *Capital expenditure*

The estimated capital expenditure requirements for the Enlarged Group are estimates based on anticipated costs and are made on certain assumptions. If those capital expenditure requirements turn out to be higher than currently anticipated, or the Enlarged Group's available resources or cash flows are not sufficient to cover this capital expenditure requirements, then the Company or any of its partners may need to seek additional funds that it or they may not be able to secure on reasonable commercial terms to satisfy the increased capital expenditure requirements. Furthermore, there is a risk that such additional expenditure may not be approved by the Company's partners with a participating interest in OML 18. If this happens, the Enlarged

Group's business, operations, financial performance, cash flow and future prospects may be materially adversely affected.

In addition, if the Enlarged Group is required to provide further capital in pursuit of additional opportunities, the Company may need to seek further external debt and future equity financing. There is no guarantee that such additional funding, if required, will be available on acceptable terms at the relevant time. Furthermore, any additional debt financing may involve restrictive covenants, which may limit or affect the Company's operating flexibility or ability to distribute dividends under its dividend policy. If additional equity funding is raised, Shareholders may experience a dilution in their percentage holdings in the Enlarged Group.

Moreover, if the Enlarged Group does not meet its work and/or expenditure obligations under any of its production sharing agreements or any existing or future permits and/or licences in which it has a participating interest this may lead to dilution of its interest in, or the loss of, such production sharing agreements, permits or licences.

This risk factor is not intended to qualify the working capital statement set out at paragraph 12 of Part 12 of this Document.

8.9 *Exploration and development*

The future value of the Enlarged Group is largely dependent on the success or otherwise of its activities, which are directed towards the search, evaluation and development of oil and gas reserves in Nigeria. On OML 18 this is focused mainly on workovers on existing wells, and infill drilling, as well as improving export systems.

Exploration for and development of oil and gas resources is speculative and involves a significant degree of risk. Such activities may be delayed or adversely affected by factors outside the control of the Enlarged Group, including adverse climatic or geological conditions, the performance of its various partners or other third parties on whom the Enlarged Group may be or may become reliant and compliance with governmental requirements. In addition, the availability of drilling rigs and other equipment and the cost of this equipment may affect the ability of the Enlarged Group to continue the exploration and development of its assets required to meet its licence obligations. The Enlarged Group may also be exposed to shortages or delays in installing and commissioning facilities and equipment or import or customs delays. Problems may also arise due to the quality or failure of locally obtained equipment or interruptions to services (such as power, water, fuel or transport or processing capacity) or technical support that result in failure to achieve expected target dates for exploration, development or production and/or result in a requirement for greater expenditure. These factors could result in the Enlarged Group's activities being delayed or abandoned and sustained losses could be incurred.

In addition, and while the rewards can be substantial, there is no guarantee that exploration by the Enlarged Group will lead to commercial discovery or, if there is such discovery, that the Enlarged Group will be able to realise such reserves as intended.

Drilling on newly discovered fields as well as re-entry strategies or other development strategies on already discovered fields may involve unprofitable efforts, not only with respect to dry wells, but also with respect to wells, which through yielding some oil or gas, are not sufficiently productive to justify commercial development or cover operating and other costs. Completion of a well does not ensure a profit on the investment or recovery of drilling or the completion of operating costs.

It may not always be possible for the Enlarged Group to participate in the exploitation of successful discoveries made in areas in which the Enlarged Group has an interest. Such exploitation may involve the need to obtain licences or clearances from the relevant authorities, which may require conditions to be satisfied and/or the exercise of discretion by such authorities. It may or may not be possible for such conditions to be satisfied. Furthermore, the decision to proceed to further exploitation may require the participation of other companies whose interests and objectives may not be the same as those of the Enlarged Group. Such further work may also require the Enlarged Group to meet or commit to financing obligations, which it may not have anticipated or may not be able to commit to due to lack of funds or inability to raise funds.

If at any stage, the Enlarged Group is precluded from pursuing its exploration, development or production programmes, or decides not to continue with any of these, this is likely to have an adverse effect of the value of the Enlarged Group's assets and of the Enlarged Ordinary Share Capital.

Any of the above may cause a material adverse effect on the Enlarged Group's business, operations, financial performance, cash flow and future prospects.

8.10 *Estimates*

This Document contains estimates of the Enlarged Group's interests in Nigerian hydrocarbon reserves and resources extracted from a report by PetroVision, the Competent Person, unless stated otherwise. This process requires significant decisions and assumptions in the evaluation of available geological, geophysical, engineering and economic data for each reservoir and is therefore inherently imprecise and a subjective process, and includes factors beyond the Company's control.

The estimates of reserves and resources data contained should not be construed as exact. Reserves estimates contained in this Document are based on production, oil and gas prices, revenues, taxes, development expenditure, operating expenses, ownership, geophysical, geological and engineering data and other information collated by the Company. Actual future production, oil and gas prices, revenues, taxes, development expenditures, operating expenses and quantities of recoverable oil and gas resources will likely vary from those estimated. Any significant variance could materially affect the estimated quantities of potential resources set forth in this Document. In addition, the Enlarged Group or its partners may adjust estimates of resources to reflect production history, results of exploration and development, prevailing oil and gas prices and other factors, many of which are beyond its control.

Forward-looking statements contained herein (including data included in or taken from the report by PetroVision and whether expressed to have been estimated by PetroVision or otherwise) should not be unduly relied upon by Shareholders or prospective investors. Certain categories of reserves and resources (such as Prospective and Contingent Resources) are inherently riskier than certain other categories (such as Proved Reserves). If the assumptions upon which the estimates of the Enlarged Group are based prove to be incorrect, the Enlarged Group may be unable to recover and produce the estimated levels or quality of oil or gas set out in this Document and the Enlarged Group's business, prospects and financial results could be materially and adversely affected.

This risk factor is not intended to qualify the working capital statement set out at paragraph 12 of Part 12 of this Document.

9. **RISKS RELATING TO OML 18 AND NIGERIA**

9.1 *Reliance on the NCTL and importance of the ACOES*

The NCTL is currently used as one of the main methods for the export of oil from OML 18 to the Bonny Terminal. Oil production from Cawthorne Channel, Akaso and Alakiri has historically been transported to Bonny Oil terminal via the NCTL. Delays in the ACOES becoming operational may result in Eroton continuing to minimise production and defer well activities OML 18, or otherwise utilise the NCTL (even though barging has already commenced to the ACOES and NNPC approval has been received for the same).

Gross oil production by OML 18 was reduced by a compound annual growth rate of 15% from 14,894 million barrels in FY18 to 10.701 million barrels in FY20. During FY21, total oil produced by OML 18 was 7.039 million barrels before production losses. The reduction in gross production over the period is mainly driven by the downtime in the NCTL and COVID-19 induced production cuts.

OML 18 has suffered from significant levels of NCTL downtime and pipeline losses over the past five years. The NCTL was down for 42 days in FY18, 87 days in FY19 and 39 days in FY20 largely caused by crude theft, pipeline vandalism or other factors.

From March 2021, even higher crude losses were being recorded on the NCTL (80-90% of injected barrels) which encouraged Eroton to adopt a strategy of minimising production and deferring well activities pending the completion of the ELI owned ACOES. The ACOES project has been designed to reduce the downtime and allocated pipeline losses currently associated with OML 18's reliance on the NCTL.

9.2 *Theft and Sabotage*

Oil companies operating in Nigeria, including Eroton, have in the past suffered significant losses as a result of oil theft (commonly known as "bunkering" in Nigeria). The theft of oil in Nigeria and associated sabotage of pipelines often causes severe damage resulting in a significant loss of production and pollution. These instances are not uncommon and usually force companies to stop production until the affected section of pipeline can be repaired.

In the event that the Enlarged Group, or the infrastructure that is used by the Enlarged Group, the ACOES or the Enlarged Group's or its partners, are, in the future, targeted by criminals carrying out bunkering activities, the associated consequences could have a material adverse effect on the Enlarged Group's business, operations, financial performance and cash flow and future prospects as well as exposure to claims by affected parties and communities. However, the anticipated performance of the ACOES is expected by Eroton to reduce the risk of theft.

9.3 *Limited options for monetising gas discoveries and issues with gas offtake arrangements*

Although, the Government of Nigeria's stated position is to develop gas resources under a 'Gas Masterplan', which is a plan introduced to increase gas use in Nigeria, the lack of availability of qualified and reliable offtakers is a limitation for companies in the Niger Delta region to sell or export gas. At present, any gas produced at OML 18 is currently sold to the Notore Chemical under the Notore Offtake Agreement.

Eroton is susceptible to periodic downtimes and extended shutdowns at Notore Chemical's fertiliser plant. Furthermore, Notore Chemical is currently facing significant operational challenges that may impact its ability to settle its gas supply receivables going forward.

Notore Chemical is significantly in arrears in relation to payments pursuant to Notore Offtake Agreement. The gross receivable in relation to gas payments as at 30 Jun 2021 was US\$40m.

It is the intention of Eroton, the Operator, to enter into further such agreements in line with expected increasing production of gas at the field. The development of any further such assets may, however, be hindered due to the lack of infrastructure to sell or export gas in the Niger Delta region. Accordingly, the opportunities to monetise any further commercial discovery of gas at OML 18 may be more challenging and take a significant amount of time.

9.4 *Payables to government entities and others*

The Enlarged Group may, from time to time, have outstanding payables to government entities, the non-payment of which poses the risk of shut down of its operations for non-payment of such amounts.

As of 30 June 2021, Eroton had significant payables (e.g. withholding taxes, VAT, levies, oil and gas production royalties and gas flare penalties) to government entities in Nigeria on behalf of the whole of OML 18, which totalled over US\$150 million as at that date. Martwestern has potentially accumulated fines in relation to non-filing of tax returns and annual financial statements with Nigerian governmental authorities. As at 31 December 2021, Eroton had significant amounts due to certain vendors.

A shut down of operations would have a material adverse effect on the Enlarged Group's business, operations, financial performance, cash flow and future prospects.

9.5 *Gas flaring*

The PIA provides that a licensee, lessee or marginal field operator that flares or vents natural gas commits an offence and is liable to a fine as prescribed by the NUPRC in regulations. However, a producer is only permitted to flare gas in the case of; an emergency, pursuant to an exemption granted by the NUPRC, or as an acceptable safety practice under established regulations.

The PIA further provides that the fine for gas flaring shall be paid in the same manner and be subject to the same procedure for the payment of royalties to the Government by companies engaged in the production of petroleum and shall not be eligible for cost recovery or be tax deductible.

The Flare Gas (Prevention of Waste and Pollution) Regulations 2018 (“Gas Flare Regulations”) was introduced in 2018 and established a gas flaring payment regime for gas flared within an OML area. However, producers that produce at least 10,000 barrels of oil per day shall be liable to a flare payment of US\$2 per 28.317 standard cubic meters (1,000 standard cubic feet (scf)) of gas flared. Additionally, companies which produce less than 10,000 barrels per day shall be liable to a flare payment of US\$0.5 per 28.317 standard cubic meters (1,000 standard cubic feet (scf)) of gas flared. This is a significant increase from the erstwhile flat penalty of N10 per 1,000 scf of N10 per 1,000 scf of gas flared that has been in force since January 1998.

Gas flaring at OML 18 is routinely carried out by Eroton for its operational needs in accordance with the requirements of the Gas Flaring Regulations. Flared gas accounted for a material portion of gas production at OML 18 between FY19 and FY21. Most notably, the Cawthorne gas processing plant was shut down for extended periods and gas produced from some fields was flared during the review period. If an operator performs gas flaring without the requisite permits, the Gas Flaring Regulations provides for the forfeiture of the license for the field, as well as the withholding of all or part of any of its entitlements to be put towards the cost of completion or implementation of a desirable re-injection scheme, or repair or restoration of any reservoir in the field in accordance with good oil-field practice. Furthermore, while such powers of penalties and forfeiture primarily apply to the person committing the offence, they also extend to those parties who are bound by such person’s actions, which would include for example, the holders of any license interests.

Any such incidence could have a material adverse effect on the Enlarged Group’s business, operations, financial performance, cash flow and future prospects.

9.6 *Infrastructure*

Nigeria, as a country, suffers from persistent problems with power generation, transmission and distribution, a deteriorating and congested road network, congested ports and obsolete rail infrastructure all of which have severely constrained socio-economic development in Nigeria. Infrastructure in Southern Niger Delta, where OML 18 is located, is limited and unreliable, thereby increasing the time it takes to mobilise workforces and deliver supplies or equipment.

The Nigerian power sector suffers from numerous problems, such as limited access to infrastructure, low connection rates, inadequate power generation capacity, lack of capital for investment, insufficient transmission and distribution facilities, high technical losses and vandalism. The unstable pricing, and possible scarcity, of fuel for power generation in Nigeria also increases the operational challenges businesses face, adding to the potential volatility in overhead costs.

Furthermore, the Niger Delta periodically experiences adverse weather conditions and natural disasters, mainly in the form of floods, which further limit the use of available infrastructure, particularly during the rainy season, from March to November, when the likelihood of delays increases. In addition, flooding in the Niger Delta has also led to outbreaks of disease which, coupled with the ongoing security concerns in relation to the region, may affect Eroton’s ability to staff its operations with qualified Nigerian and overseas individuals if such individuals were deterred from relocating to the Niger Delta, or to Nigeria more generally, as a result of health or security concerns.

The lack of reliable infrastructure also limits the Enlarged Group’s ability, and that of its commercial partners, contractors, customers and suppliers, to respond quickly to unforeseen situations, which can lead to delays and production stoppages. The occurrence of any of the above could have a material adverse effect on the Enlarged Group’s business, operations, financial performance, cash flow and future prospects.

9.7 *Reliance on Shell in relation to crude oil*

Eroton has sole offtake arrangements with Shell Western Supply and Trading Limited for the sale of crude oil, details of which are set out in paragraphs 10.23.13 of Part 12 of this Document.

Eroton's activities are dependent upon this and its gas offtake arrangements. Termination or default by the offtaker of such arrangements would have a material adverse effect on Eroton's business, prospects, financial condition and operations.

9.8 *Community issues*

The Enlarged Group faces risks due to its onshore activities in the Niger Delta region of Nigeria, where there has been an historic record of disruption to oil related activities, including violence, theft and vandalism.

Accordingly, community relations, including interruptions and violence, could materially increase the cost and difficulty of operations. Under Eroton's role as Operator, a significant focus has been placed on managing community relations, and for example, local communities are actively engaged in the security operations of the fields to mitigate the risk of community-based hostility. The costs of security operations are deductible for tax purposes. Security operations, including using community-based resources, require significant attention as there is always the greater risk that without the communities' participation in such operation, the communities may disrupt Eroton's operations on OML 18. The adverse effect of this is likely to be material to the Enlarged Group's business, operations, financial performance, cash flow and future prospects.

Such disruption of activities may also result in potential harm to the Enlarged Group's personnel. In the recent past, there have been a number of kidnappings, which were for ransom. Such kidnappings target expatriate and indigenes alike. Aside from the personal consequences for the individuals affected, the kidnappings could significantly interfere with the operations of OML 18 and Eroton's ability to recruit and maintain the employees it needs to implement its growth strategy, particularly if key employees are the subject of any kidnappings. This may therefore have materially adverse effect on the Enlarged Group's business, operations, financial performance and cash flow and future prospects.

9.9 *Terrorism, militant activity and war*

Militant activity is an ongoing major problem for Nigeria's oil and gas industry. While there is a range of militant groups with differing goals, they all contribute to the heightened instability and threat to safety that is endemic across all oil-producing regions in Nigeria. Militant activity tends to be more pervasive for onshore and shallow-water operations due to the relative ease of access.

Given the prominence of Nigeria's oil and gas industry, the threat of attacks from bandit, terrorist and militant groups is likely to remain a risk. Such activity may have a significant impact on the operations of OML 18 and therefore there is a heightened risk of a materially adverse effect on the Enlarged Group's business, operations, financial performance, cash flow and future prospects.

10. RISKS RELATING TO THE ORDINARY SHARES, THE PREFERENCE SHARES AND THE NEW ORDINARY SHARES

10.1 *Substantial shareholders*

The Company has substantial shareholders which will continue to be substantial shareholders upon Re-Admission and ELI Reorganisation Shares Admission: Midwestern, which on Re-Admission is expected to hold approximately 50.82 per cent of the Enlarged Ordinary Share Capital, and Toscafund, which on Re-Admission is expected to hold approximately 41.1 per cent of the Enlarged Ordinary Share Capital. The significant shareholders may be able to exercise significant influence over matters requiring shareholder approval, including the election of Directors and significant corporate transactions. Notwithstanding the existence of the Relationship Agreement, the concentration of ownership may have the effect of delaying or deterring a change in control of the Company, could deprive investors of an opportunity to receive a premium for their Ordinary Shares as part of a sale of the Company and might affect the value

of the Ordinary Shares. Notwithstanding the Midwestern lock in agreement, upon expiry of this lock-in Midwestern may sell all or part of its holdings of Ordinary Shares and any such sale may adversely affect the market price of the Ordinary Shares.

As covered in more detail in 7.7 of this Part 4, pursuant to the terms of Midwestern's lock in agreement, any receiver appointed under the enforcement of the GTB Debenture is entitled to sell or dispose of any of Midwestern's respective interests in the New Ordinary Shares and Preference Shares at any time before the first anniversary of Re-Admission. Enforcement by GTB of the GTB Debenture and subsequent sales of Midwestern's shares in the Company could potentially have a material adverse effect on the share price of the Company, as Midwestern's holding in the Company upon Re-Admission will represent a very substantial amount of the Company's New Ordinary Shares.

10.2 *Dividends*

The dividend policy of the Company is dependent upon its financial condition, cash requirements, future prospects, profits available for distribution after taxes and other factors deemed to be relevant at the time and on the continued health of the markets in which it operates. There can be no guarantee that the Company will be in a position to pay dividends in line with its proposed capital return policy.

Subject to the passing of the Resolutions and completion of the MLPL Reorganisation, from Re-Admission, any dividends declared will first be used to satisfy the preferential dividend payable on the Preference Shares created by the Subdivision and to be issued to the holders of Existing Ordinary Shares immediately prior to Re-Admission. The Preference Shares entitle the holders to receive the Preference Amount which is US\$40,000,000 in aggregate and which shall on the date falling forty-two months after the date of issue of the Preference Shares and on each six-month interval thereafter, be increased by the Shortfall Amount. The Shortfall Amount is 5% of the amount by which the aggregate of all dividends paid to the holders of the Preference Shares is less than the Preference Amount immediately prior to such six-month interval. The payment by the Company of any dividends including the Preference Amount and the Shortfall Amount is subject to the availability of distributable reserves and the declaration of a dividend by the Directors and so there is no certainty that a dividend will be declared.

If a dividend is not declared the value of the Preference Shares will increase by the Shortfall Amount but this may reduce the value of the Ordinary Shares since the Board may not declare a dividend on the Ordinary Shares until the Preference Amount and the Shortfall Amount have been satisfied. Accordingly, there can be no guarantee that the Company will be in a position to pay dividends on its Ordinary Shares or the timescale upon which dividends may be paid.

10.3 *Preference Shares*

As with the Ordinary Shares, notwithstanding that the Preference Shares confer on their holders a preferential right to payment of dividends as described in paragraph 10.2 of this Part 4, above, there can be no certainty that any dividend on the Preference Shares will become payable. In addition, any liquidity in or ability to sell Preference Shares will depend on the availability of a buyer in a private transaction with holders as the Preference Shares will have no listing or trading facility on any stock exchange.

10.4 *Liquidity of the Enlarged Ordinary Share Capital and AIM generally*

An investment in the Ordinary Shares is highly speculative and subject to a high degree of risk. The Existing Ordinary Shares are not dealt on any other recognised investment exchange other than AIM and no application has been made or is being made for the Existing Ordinary Shares or the New Ordinary Shares to be admitted to any such exchange.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger and more established companies. AIM securities are not admitted to the Official List of the FCA. The AIM Rules for Companies are less demanding than those of the Official List of the FCA. Neither the London Stock Exchange nor the FCA or any regulatory authority in Ireland or in any other EU Member State or EEA Treaty adherent state has itself examined or approved the content of this Document.

The value of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Enlarged Group, divergence in financial results from research analysts' expectations, changes in earnings estimates by research analysts, general economic conditions, overall market or sector sentiment, legislative changes in the Enlarged Group's sector, and other events and factors outside the Enlarged Group's control. Stock markets have from time to time experienced severe price and volume fluctuations, a recurrence of which could adversely affect the value of the Ordinary Shares could go up as well as down, and Shareholders may therefore not recover their original investment, especially as the market in the Ordinary Shares may have limited liquidity. Re-Admission to AIM should not be taken as implying that there will be a liquid market for the Ordinary Shares.

10.5 *Investor sentiment*

A number of factors, including concerns about the effects of the use of fossil fuels on climate change and the environment generally, concerns about environmental damage relating to spills of petroleum products during transportation and concerns about indigenous rights, have affected certain investors' sentiments towards investing in the oil and gas industry. As a result of these concerns, some institutional, retail and public investors have announced that they are no longer willing to fund or invest in oil and gas properties or companies or are reducing the amount thereof over time. In addition, certain institutional investors are requesting that publicly-listed oil and gas companies develop and implement more robust social, environmental and governance policies and practices. Developing and implementing such policies and practices can involve significant costs and require a significant time commitment from the Board and management of the Group. Failing to implement the policies and practices as requested by institutional investors may result in such investors reducing their investment in the Group or not investing in the Group at all. Any reduction in the investor base interested or willing to invest in the oil and gas industry and more specifically, the Group, may result in limiting the Group's access to capital, increasing the cost of capital, and decreasing the price and liquidity of the Ordinary Shares.

10.6 *There is currently no UK market for the Ordinary Shares as trading on AIM has been suspended, notwithstanding the Company's intention to be admitted to trading on AIM*

There is currently no UK market for the Ordinary Shares as trading on AIM has been suspended since the Suspension Date. Although the Company's current intention is that its securities should continue to trade on AIM, it cannot assure investors that it will always do so. In addition, an active UK trading market for the Ordinary Shares may not develop or, if developed, may not be maintained. Investors may be unable to sell their Ordinary Shares unless a market can be established and maintained, and if the Company subsequently obtains a further listing on an exchange in addition to, or in lieu of, the AIM market of the London Stock Exchange, the level of liquidity of the Ordinary Shares may decline.

10.7 *Issuance of debt*

From time to time the Company may enter into transactions to acquire assets or the shares of other organisations. These transactions may be financed in whole or in part with debt, which may increase Company's debt levels above industry standards for oil and natural gas companies of similar size. Depending on future exploration and development plans, the Company may require additional equity and/or debt financing that may not be available or, if available, may not be available on favourable terms. The Company's articles do not limit the amount of indebtedness that the Company may incur. The level of the Company's indebtedness from time to time, could impair the Company's ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise.

10.8 *Dilution and future sales of Ordinary Shares by the Company*

The Company may, subject to applicable securities laws, its Articles of Association and stock exchange rules, issue additional Ordinary Shares in the future which may dilute a shareholder's holdings in the Company.

10.9 *Forward-looking information may prove inaccurate*

Investors are cautioned not to place undue reliance on forward-looking information. By its nature, forward looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Additional information on the risks, assumptions and uncertainties are found in this Document under the heading “Forward looking statements”.

10.10 *The ability of Shareholders to bring actions or enforce judgements against the Company or the Directors may be limited*

The ability of a Shareholder outside the Republic of Ireland to bring an action against the Company may be limited under law. The Company is a limited company incorporated in the Republic of Ireland. The rights of holders of Ordinary Shares are governed by Irish law and by the Company's Articles. These rights differ from the rights of shareholders in typical English companies. A Shareholder outside the United Kingdom may not be able to enforce a judgement against the Company or some or all of the Directors and executive officers. Consequently, it may not be possible for a Shareholder outside the Republic of Ireland to effect service of process upon the Company or the Directors and executive officers within the Shareholder's country of residence or to enforce against the Company or the Directors and executive officers within the Shareholder's country of residence or to enforce against the Company or the Directors and executive officers' judgements of courts of securities laws. There can be no assurance that a Shareholder will be able to enforce any judgements in civil and commercial matters or any judgements under the securities laws of countries other than the Republic of Ireland against the Company or the Directors or executive officers who are residents of the UK or countries other than those in which judgement is made. In addition, English or other courts may not impose civil liability on the Company or the Directors or executive officers in any original action based solely on foreign securities laws brought against the Company or the Directors in a court of competent jurisdiction in England or other countries.

10.11 *Company not governed by the UK Takeover Code*

The Company is incorporated in the Republic of Ireland, and, accordingly, transactions in Ordinary Shares in the Company will not be subject to the UK Takeover Code. As a result, Shareholders will not be afforded the protections of the UK Takeover Code. However, the Irish Takeover Rules apply to the Company, further details of which are set out in paragraph 16 of Part 12 of this Document.

PART 5

COUNTRY, INDUSTRY AND REGULATION OVERVIEW OF NIGERIA

The following information has been provided for background purposes to provide further summary details on Nigeria, as a country, its oil and gas market, its legal and regulatory environment as well as a summary of key fiscal and environmental considerations. The information has been extracted from a variety of sources released by public and private organisations. The information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by such sources, no facts have been omitted that would render the reproduced information inaccurate or misleading. Please also see risk factors as set out in Part 4 of this Document.

1. COUNTRY OVERVIEW

1.1 General

Nigeria is situated in West Africa. The country is divided into 36 states and the Federal Capital Territory of Abuja. The capital, Abuja, is located in the centre of the country and is primarily a governmental and administrative city, with Lagos recognised as the commercial capital of the country.

Nigeria has the largest economy in Africa by GDP. Until 2014, Nigeria was also one of fastest growing economies in Africa, boasting an annual growth rate of 6.2% in 2014. However, the Nigerian economy's dependency on oil was thrown into sharp focus in mid-2014, when an oil price shock saw oil prices fall from US\$107 per bbl to US\$55 per bbl in a few months. By 2015, economic growth had slowed sharply to 2.7% from 6.2% annual growth in 2014. The following year, oil production shortages exacerbated the effects of the decline in the oil price and the economy recorded its first recession since 1991, recording a growth of -1.5% for 2016.

In 2017, an improvement in oil price and production volumes helped revive the Nigerian economy, bringing a halt to the recession by recording a positive Q2 growth rate of 0.5% on a year on year basis. The economic recovery continued into 2018 and 2019 with moderate annual growth of 1.9% and 2.2% respectively. Unfortunately, the COVID 19 pandemic helped derail this promising recovery due to a significant fall in crude oil prices on account of falling global demand and restrictions for containing the spread of COVID19. As a result, the overall economy lost US\$15.8 billion, recording a contraction in GDP of -1.98% to 2020 GDP.

The Nigerian economy however has since bounced back, recording a growth rate of 3.4% for 2021, led in the fourth quarter of 2021 by material improvements in agricultural production, trade, information and communications technology and financial services. Notably, the trade sector grew by 5.3% year on year in Q4'of 2021. The Nigerian economy is projected to grow further by 3.0% in 2022.

Nigeria's currency is the Naira, which has been under substantial pressure over the last decade, largely in part due to the effects of a steep decline in the Nigerian Government's foreign currency revenue from oil. Despite a number of measures and various currency restrictions by the Central Bank of Nigeria to help support the Naira, the Naira's official rate has been devalued a number of times, falling from N155/US\$ in November 2014 to N197/US\$ in November 2015 and settling at approximately N305/\$ by the end of 2017. In March 2020, the Central Bank of Nigeria (CBN) again adjusted the official rate from N307/US\$ to N360/US\$, which was later lowered to N380/US\$ in the same year. The official CBN rate now stands at N415/US\$ with currency pressures likely to persist on heightened forex demand and weak supply. According to a recent study the Naira is currently overvalued by approximately 40%.

Nigeria is home to about 215 million people making it Africa's largest market, and the sixth most populous country in the world. With a median age of 18, this young population is growing at a rate of 2.5% per annum and is forecast to reach 392 million people in 2050.

Nigeria's population consists of over 250 ethnic groups, with the Hausa/Fulani, Yoruba and Igbo being the largest ethnic groups. English is the official language of Nigeria and is widely spoken.

Nigeria operates a federal system of government comprised of three tiers: (i) federal government; (ii) state government; and, (iii) local government. At both federal and state levels, there is separation of power among the executive, legislative and judicial arms of government. Nigeria gained independence from the UK in 1960 and became a republic in 1963. Due in part to Nigeria's multi-ethnic and multi-religious population, the country has experienced numerous political changes since its independence. In 1999, after 39 years of independence (28 of which were under military rule characterised by political instability), a peaceful transition to civilian government was completed and democracy was re-introduced with the election in February 1999 of retired General Olusegun Obasanjo as President. The current constitution of Nigeria was adopted in May 1999 and provides for a President and a National Assembly. The President is elected for a four-year term. The National Assembly comprises two chambers: (i) Senate; and, (ii) House of Representatives. Both chambers are made up of elected members who hold four-year terms.

The two major political parties are the People's Democratic Party and the All Progressive Congress. The People's Democratic Party had been in power since 1999 but in 2015, the All Progressive Congress won the elections, taking the majority in both the Senate and the House of Representatives in what was considered to be the most well run elections in Nigeria since the return to democracy. Muhammadu Buhari was elected as President of Nigeria and in 2019, re-elected for a second four-year term. In the last year, President Buhari has succeeded in signing into law the PIA, an oil bill overhaul which has been in the works for almost two decades and aims to provide transparency and encouragement for investment in the Nigerian oil and gas industry.

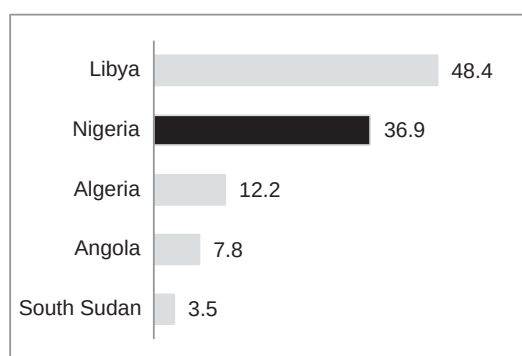
1.2 Overview of oil and gas resources

1.2.1 Reserves and resources

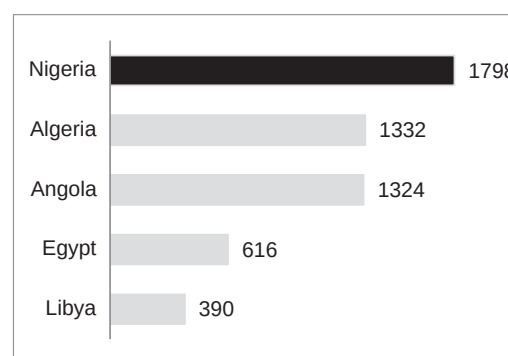
At the end of 2020, Nigeria's proved oil reserves were estimated at approximately 36.9 Bnbbl, the second largest in Africa and tenth largest reserves in the world.

The following diagrams set forth the top five countries in Africa with the largest oil reserves as of 2020 along with their oil production levels as of 2020.

Total Proved Reserves (2020) (Bnbbls)



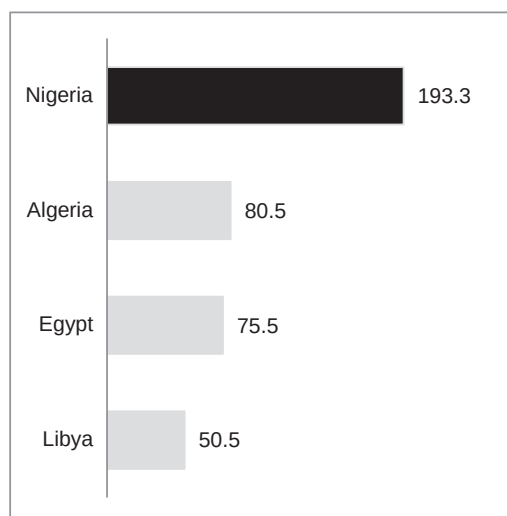
Oil production (2020) (Mbopd)



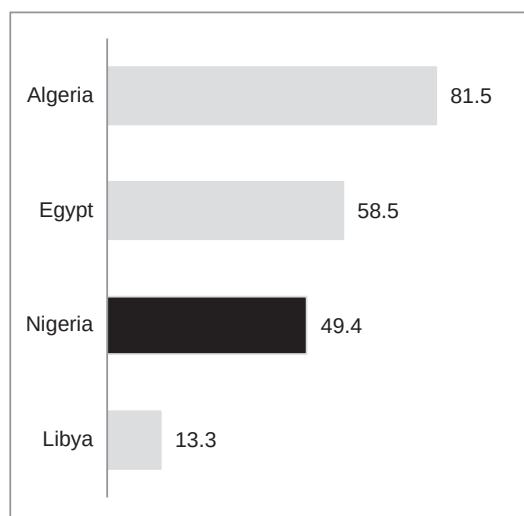
Source: BP Statistical Review of World Energy – 2021

At the end of 2020, Nigeria had 193.3 Tcf of proven gas reserves, the largest gas reserves in Africa, and ninth largest gas reserves in the world. The following diagrams set forth the top four countries in Africa with the largest gas reserves as of 2020 along with their gas production levels as of 2020.

Proved gas reserves (2020) (Tcf)



Total gas production (2020) (Bcm)



Source: BP Statistical Review of World Energy – 2021

1.2.2 Oil production and development

Nigeria is the largest oil producer in Africa. The Nigerian economy itself is heavily dependent on the oil and gas sector, which typically accounts for 86% of total export revenue and 40% of actual government revenue.

Substantially all oil and gas production comes from the Niger Delta region, with additional oil reserves offshore in the Bight of Benin, the Gulf of Guinea and the Bight of Bonny. The core producing areas cover approximately 60% of a total acreage of about 31,105 km². In 2020, total oil production in Nigeria reached 1,798 Mbbl per day. Nigeria's petroleum is classified mostly as "light" and "sweet", as the oil has low levels of sulphur.

Historically, most oil production in Nigeria has come from relatively small individual onshore fields. However, there has been a general trend in the last decade for the oil majors to sell their interests in marginal onshore and shallow water oil fields to mostly Nigerian companies and smaller international oil companies as they focus on deep offshore exploration and production. This is due to a number of factors that have made deep-water exploration more attractive to international oil companies. Deep water fields tend to be larger than onshore or shallow water fields, and they also often have no NNPC direct funding interest, and thereby no associated funding constraints. By virtue of their more remote locations, they are also less prone to security concerns that characterise operations onshore in the Niger Delta region. (Source: US Energy Information Administration, Country Analysis Executive Summary: Nigeria – June 2020).

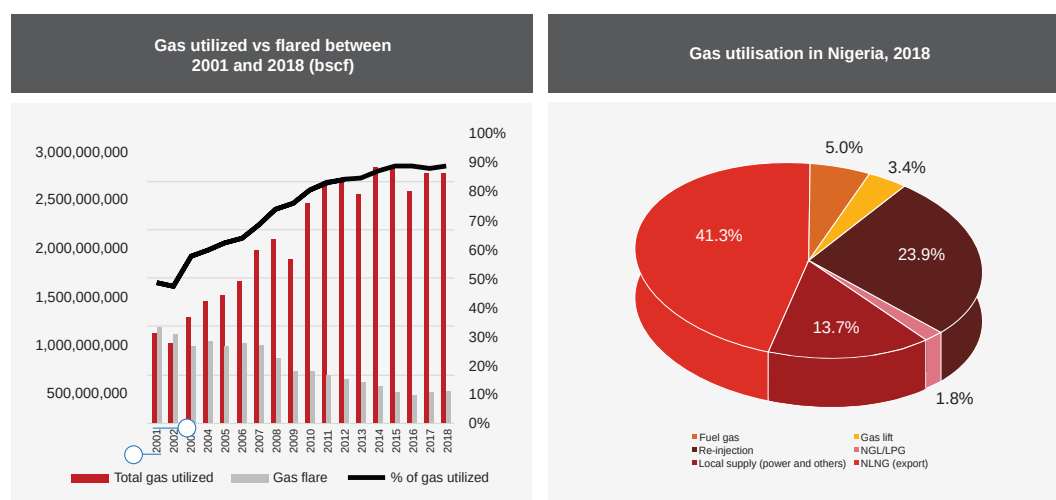
Onshore operations in the Niger Delta region have in the past suffered from militant activity, principally led by Movement for the Emancipation of the Niger Delta MEND. In addition, oil and gas assets in the Niger Delta are subject to frequent acts of sabotage and theft.

Local groups seeking a share of the oil wealth have often attacked oil infrastructure and staff, forcing companies to declare force majeure on oil shipments and other oil production facilities. The oil sector has also suffered from significant disruptions due to oil theft, commonly referred to as "bunkering", which can lead to the temporary shutdown of facilities and pipeline damage, causing loss of production and pollution.

Although the majority of Nigeria's gas reserves are located in the Niger Delta region, and the same security concerns apply, the gas industry is less susceptible to the risks of bunkering due to the characteristics of gas and the difficulty of tapping gas pipelines.

1.2.3 Gas production and development

Nigeria has the largest proven gas reserves in Africa and the ninth largest in the world with over 190 trillion cubic feet of natural gas (as at 2019) and unproven reserves of 200 trillion cubic feet of natural gas. Notwithstanding the abundant gas resources, the production of gas remains challenged with only a small proportion extracted annually. Gas production stood at an average of 2.53 trillion cubic feet in nearly two decades, which is less than 1% of the nation's reserve (Source: Evaluation of Nigeria's Gas Chain, 2020). With the focus on Gas as the transition source of energy and the Federal Government's 2020 Decade of Gas Agenda, the Petroleum Industry Act arrives at a pivotal time to provide the much required governance, regulatory and fiscal framework for the transition.



Source: DPR, PwC analysis

Gas produced in Nigeria is either exported or used domestically for power generation, as feedstock for gas-based industries (such as petrochemicals and fertilizer production), industrial heating, and as fuel for natural gas vehicles. Liquefied Petroleum Gas (LPG) derived from gas processing is also used for cooking and power generation. Through the Nigeria Liquefied Natural Gas (NLNG) Company, Nigeria has been able to export over 13 trillion cubic feet of Liquefied Natural Gas (LNG) between 2001 and 2017. Nigeria ranked fourth place globally in natural gas exports and controlled about 7% of the total global export of natural gas as at 2017.

However, there is a high likelihood that gas production will remain below the Nigerian government's desired targets due to a lack of accelerated investment in vital infrastructure. Specifically, the outbreak of COVID19 which has led to the delay in the completion for the Obiafu-Obrikom-Oben (OB3) gas pipeline, a critical infrastructure that is expected to boost gas supply to thermal power plants, would further dampen the projected delivery of natural gas to power sector and industry (Fitch Solutions, 2020).

The gas industry is imperative in assuring Nigeria's long-term stability and growth. PwC estimates that economic activities stimulated by the domestic utilisation of Nigeria's recoverable proven gas reserves has the potential to generate a Gross Value Add (GVA) of US\$ 18.3 billion yearly to the domestic economy. This is in comparison to generating annual export value of US\$7 billion. Harnessing the country's proven reserves for domestic utilisation can also support 6.5 million fulltime equivalent jobs yearly, much needed in a population where youth unemployment stood at 35% in 2020.

1.2.4 *Competitive environment*

International oil companies have been present in Nigeria since the 1950s, including a number of supermajors such as Shell, Chevron, ExxonMobil, Total and Eni. The international oil companies mainly focus on large scale projects and have gradually shifted focus from onshore oil investments to liquefied natural gas and deep-water offshore exploration and production. The Nigerian National Petroleum Company Limited (“NNPC Limited”) is the national oil company and has a majority share of several joint ventures involving international oil companies. The PIA encourages the newly incorporated NNPC Limited and its joint venture partners to explore the use of incorporated joint venture companies, under the principles enumerated under the Second Schedule of the PIA. It is intended that this nature of partnership will achieve optimal investment returns from both NNPC limited and other equity partners.

Over the last few years, also in conjunction with an increased focus of the Government of Nigeria on indigenisation of the Nigerian oil and gas industry, a number of indigenous players have emerged, growing their asset base through acquisition of assets from international oil companies. In particular, a number of companies have acquired assets from Shell, Total and Eni joint ventures, as well as from others. For example, in March 2015, Eroton acquired a 45% interest in OML 18 as part of these disposal processes.

2. **Legal and regulatory**

2.1 *OPEC*

Nigeria is a member of OPEC and is subject to OPEC regulations and quotas for the control of production of oil.

2.2 *Key upstream regulatory framework*

The provisions of the Constitution of the Federal Republic of Nigeria and the PIA, vests the ownership of all natural resources in the Federal Government of Nigeria for the benefit of the citizens of Nigeria. Thus, the exploration and production of oil and gas are fully regulated by the Federal Government of Nigeria. In addition, each state in which oil and gas business is undertaken has laws on environmental standards, land ownership and land use, which may restrict or prohibit transportation and storage of oil and gas in certain areas.

Notably, the Nigerian oil and gas industry has recently transitioned into a new era following the enactment of the PIA which came into effect on 16 August 2021 (the “**Effective Date**”), introducing a new institutional, regulatory and fiscal framework for the industry.

2.3 *The PIA*

The PIA was finally assented to by President Muhammadu Buhari in August 2021. The PIA provides legal governance, regulatory and fiscal framework for the Nigerian petroleum industry, the development of host communities and other related matters. The scale of the changes introduced by the PIA is widespread and profound, it is a root and branch overhaul of the administrative, regulatory and fiscal regime, as well as the key petroleum institutions.

Prior to the PIA, the regulatory bodies in the oil and gas industry had overlapping and sometimes conflicting responsibilities. The PIA has divided the regulatory, commercial and policy functions in the industry by vesting these in separate entities, with clear and distinct roles for governance. The PIA creates new upstream, midstream and downstream regulators being the Minister, the NUPRC and the NMDPRA, which have replaced the bodies that occupied those respective positions.

The role and powers of the Minister as the policy formulator, custodian, and driver for the industry is now more clearly defined and is no longer discretionary. For example, the Minister will now as a matter of law grant upstream licenses or leases on the recommendation of the NUPRC, and with respect to petroleum refining licenses, on the recommendation of the NMDPRA. In addition, his role as Nigeria’s representative at international organizations on petroleum matters and the negotiation of treaties and other international agreements on petroleum matters on behalf of the Government has now been codified in the PIA.

The PIA also provides the functions of the NUPRC which include enforcing, administering, and implementing laws, regulations and policies relating to upstream petroleum operations and ensuring compliance with applicable national and international petroleum industry policies, standards, and practices for upstream petroleum operations. The NUPRC has also taken up the assets and liabilities formerly held, as well as the powers formerly exercised, by the DPR in respect of the upstream operations in the industry. Additional responsibilities have also been granted to the NUPRC, such as the power to grant petroleum exploration licenses, which was the responsibility of the Minister under the Petroleum Act.

2.4 *Licensing under the PIA*

Under the PIA, the administration of licenses (including approvals and revocation) will be handled by the NUPRC and no longer solely under the purview of the Minister. The NUPRC will recommend the grant, transfer or revocation of interests in PPL and PML to the Minister who is required to within specified timelines grant his approval or disapprove and give reasons for the disapproval. This is a departure from the sole power previously exercised by the Minister under the Petroleum Act.

Upstream operations will now be operated under three new classes of licenses to be granted by the NUPRC namely:

- the Petroleum Exploration Licence (PEL) which gives the licensee the right to exploratory rights on a non-exclusive basis for a single renewable three-year term.
- the Petroleum Prospecting Licence (PPL) which gives licensees the exclusive right to drill exploration and appraisal wells, do corresponding test production and non-exclusive right to carry out petroleum exploration for a maximum of six years for onshore and shallow water acreages and 10 years for deep offshore and frontier acreages.
- the Petroleum Mining Lease (PML) granted to qualified applicants to win and dispose of crude oil, condensates and natural gas for a maximum of 20 years.

2.5 *Scope and application of the PIA*

Although the PIA became fully effective on the Effective Date above, it has limited application to existing licenses and leases pursuant to the grandfathering provisions included in the PIA. With respect to OMLs existing OMLs are not automatically subject to the entire provisions of the PIA: (a) unless an OML holder elects to voluntarily covert from an OML to a PML as created under the PIA by entering into a voluntary conversion contract in line with the provisions of the PIA; or (b) until the termination, expiration or renewal of the OML. As such, the entire provisions of the PIA will only apply to an existing OML voluntarily, based on the election of the lease holders(s), or mandatorily, following the termination, expiration or renewal of the OML.

However, the PIA does not provide the detailed process and documentation required for conversion of an OML to a PML. It is expected that the granular details in relation to the implementation of the conversion process and the subsequent transition to the PIA regime for existing licences and leases will be contained in subsequent regulations and guidelines to be issued, following the full implementation the PIA. However, a lessee under a Conversion Contract will benefit from the fiscal provisions set out in the PIA, where the lessee complies with the provisions of the PIA.

Furthermore, the PIA provides some key provisions that are required to be included in the Conversion Contract as follows:

- Termination of Arbitration and Court Cases: A clause terminating all outstanding arbitration and court cases related to the OML;
- Voiding Stabilisation Provisions and Guarantees: A clause stating that stability provisions or guarantees provided by the NNPC in respect of the OML to be converted shall be null and void; and

- Inapplicability of the Gas Incentives under the PPTA: A clause reflecting that the incentive provisions contained in sections 11 and 12 of the Petroleum Profits Tax Act (“PPTA”) shall not apply.

As discussed above, the PIA has limited application to existing OMLs, such as OML 18. Where OML 18 does not opt to convert to a PML within the Conversion Date, the provisions of the Petroleum Act will continue to apply (to the extent of its consistency with the PIA) in respect of its operations until its expiration. This is however subject to certain exceptions which includes a number of provisions under the PIA that has been interpreted to apply to all license and lease holders including OML 18 regardless of a non-conversion to a PML such as:

- the requirement to obtain certain licenses from the NMDPRA
- the requirement to submit for review, all existing crude handling agreements and any other agreements related to midstream or downstream operations by the regulators
- the requirement to submit for review, all existing gas sales agreement by the regulators
- obligation to establish a Decommissioning and Abandonment Fund
- obligation to establish a Host Community Development Fund and;
- other environmental obligations under the PIA which applies to all license and lease holders in the oil and gas industry.

2.6 *Relinquishment under the PIA*

Notably, the PIA also provides for certain relinquishment obligations for the OML holder in addition to the above specific requirements to be included in the Conversion Contract. The obligations are applicable at the Conversion Date (for voluntary conversion) or at the time of the renewal of an OML (the “Renewal Date” – for mandatory conversion to the PIA regime). On the Conversion Date or Renewal Date, the OML holder is required to select areas or zones within the OML that fall within the following categories:

- areas and zones, which in the opinion of the holder, merit appraisal and for which the holder is prepared to present an appraisal programme as required by the PIA;
- areas and zones in respect of which the holder is prepared to make a declaration of a commercial discovery and submit a field development plan to the NUPRC in line with the provisions of the PIA;
- areas and zones in respect of which the holder is prepared to make a declaration of a significant gas discovery or significant crude oil discovery and submit an application for approval of a retention area as required under the PIA
- areas and zones in respect of which development of a field is underway based on prior approvals after having declared the discovery commercial or if no declaration was made, after making a final investment decision to develop the field; and
- areas and zones in respect of which regular commercial production is occurring.

The PIA further provides that where the total acreage of the areas or zones designated by the holder is less than 40% (forty percent) of the OML area, the holder may select additional areas covered by the OML up to a total of 40% (forty percent) of the OML area.¹³ Where the total acreage selected by the holder is more than 40% (forty percent), the holder will be entitled to keep such larger areas, consisting solely of the selected areas.

2.7 *Taxes*

The PIA introduces a new tax regime for the oil and gas industry. The PPTA and the Deep Offshore and Inland Basin Production Sharing Contract Act has been repealed by the PIA. However, holders of OPLs and OMLs that do not convert to PMLs will continue to be taxed under the current PPTA pending the expiration of their licenses, or 18 (eighteen) months from the effective date of the PIA Act, whichever is earlier.

The PIA introduces a new tax regime. The Hydrocarbon tax for an accounting period shall be 15% of the profit from crude oil for onshore and shallow water (including marginal fields) for PPLs and 30% of the PMLs with respect to onshore and shallow water areas. The Hydrocarbon tax applies to crude oil, condensates and natural gas liquids produced from associated gas operations and excludes offshore operations and gas. CIT will also be chargeable on all companies in accordance with the CITA at the rate of 30%. This means that the highest headline rate of tax for a company in the upstream oil and gas industry will be around 60% compared to the current rate of 85%. The PIA also effectively reduces the tax rate for companies in the deep offshore areas from 50% to about 30%.

Hydrocarbon taxes will not be deductible in computing the profits liable to CIT and vice versa. A system of production allowances will be available to reduce profits liable to hydrocarbon taxes, thus reducing the effective tax rate on smaller fields.

There is also a 2% Tertiary Education Tax (TET) imposed on the assessable profits, therefore unlike the PPTA, the TET will not be tax deductible and 5%. VAT is charged on all supply of goods and services except goods and services expressly exempted by the Value Added Tax Act. Withholding tax on dividends at 10% will also apply.

2.8 *Royalties*

New royalty rates will be based on production and price. For royalties based on production, the applicable rates on chargeable volume in the relevant areas will be as follows for production of crude oil and natural gas respectively:

- onshore areas (monthly production less than 10,000 bpd) – 5% for the first 5,000 bpd and 7.5% for the remaining 5,000 bpd;
- onshore areas – (monthly production above 10,000 bpd) – 15%;
- shallow water – 12.5%;
- deep offshore (greater than 200m water depth) – 7.5%; and
- frontier basins – 7.5%.

In addition to royalties based on production, the royalty per price for crude oil and condensates are as follows:

- Below US\$ 50 per barrel – 0%;
- At US\$ 100 per barrel – 5%; and
- Above US\$ 150 per barrel – 10%.
- Between US\$50 and US\$100 per barrel or US\$100 and US\$150 per barrel, the royalty by price is to be determined based on linear interpolation.

The new royalties based on price will not apply to frontier acreages. Royalties unpaid after 30 days from the due date will be considered a debt to the NUPRC and subject to interest at prevailing CBN rate.

2.9 *Host community*

In addition, the PIA provides that each settler (which means an upstream producer) through the operator is required to make an annual contribution of 3% of its actual operating expenditure of the preceding financial year in the upstream petroleum operations affecting the host communities for which the applicable host community's development trust fund was established. That payment is to be deductible in computing profits liable to hydrocarbon tax and is also capable of being offset as a credit against hydrocarbon tax or CIT due.

2.10 *Local content*

Exploration, production, and distribution of petroleum products in Nigeria is regulated by the PIA and the Petroleum Act to the extent discussed in paragraph 2.12 of this Part 5 of this Document.

The Local Content Act was enacted in April 2010 and provides a framework for increasing Nigerian participation in all sectors of the Nigerian oil and gas industry, including the upstream and support services of the Nigerian energy industry. The Local Content Act prescribes minimum thresholds for Nigerian participation in activities, generally provides for preferential treatment for Nigerian indigenous operators (which has been widely interpreted to mean companies with a minimum of 51% Nigerian equity holdings) in the award of oil blocks and licenses and provides for exclusivity to Nigerian indigenous service companies who demonstrate their capacity to operate in land and swamp terrain. Non-compliance with the provisions of the Local Content Act in the award or execution of a project or contract can result in the cancellation of the project or a fine of up to 5% of the project sum.

2.11 *Marginal fields*

A marginal field typically consists of a capped oil field within an OML that has not been developed by the PML holder because it falls below the materiality and economic thresholds of major oil and gas producers. The policy governing marginal fields arose from the indigenisation policy of the Government of Nigeria that sought to encourage Nigerian companies to participate in the exploration and production of oil and gas. The marginal field regime also sought to curb the rates of abandonment of depleting fields that, while not commercially attractive to major oil and gas producers, would be attractive to smaller indigenous companies. Further to this policy, the Government of Nigeria auctioned some of these marginal fields to smaller players in the industry.

Marginal field owners have since worked to develop the fields for their own account paying taxes, royalties and dealing directly with the governmental authorities. Upon the grant of the marginal field, the marginal field owner enters into a farm-out agreement with the OML holder which may be an international oil company and/or the NNPC and, as part of the agreement, the marginal field owner is required to pay an “overriding royalty” to the original OML holder.

Marginal fields are typically granted for an initial period of 60-months. If production is not attained within the 60-month period, the government typically withdraws the award of the marginal field and the farm-out agreement lapses. However, if production is attained within the 60-month period, the farm-out agreement is renewed for the remaining life of the field and the farm-out agreement remains valid irrespective of any expiry, withdrawal, surrender/relinquishment of the OML. The government has in the past provided extensions to grants of marginal fields. For example, the government extended the life of the marginal fields it granted in 2003, although none of the fields had attained production within 60-months of their award. In the event of bankruptcy or insolvency of the marginal field owner, the farm-out agreement will terminate and the marginal field will be returned to the marginal field pool of the OML holder. The government will then reallocate the marginal field to another indigenous company.

2.12 *Marginal Fields under the PIA regime*

The PIA consequently provides that no new marginal fields will be declared under the PIA and further provides the following transitional framework for existing marginal fields:

1. **Producing Marginal Fields** – These fields will be allowed to continue operations based on the applicable royalty rates and farmout agreement entered into with the Farmor of the marginal field, subject to the requirement that such fields convert to a PML within eighteen (18) months of the effective date of the PIA, i.e., 15 February 2023. A Farmee may therefore choose to convert its marginal field to a PML at any time after the effective date of the Act or wait till the end of the eighteen (18) month transition period, at which point the field will be automatically converted to a PML. The new fiscal framework in the PIA will be become applicable to such fields as from the date of conversion to a PML.
2. **Non – Producing Marginal Fields Declared Pre 1 January 2021** – These fields which were declared marginal fields prior to 1 January 2021, will be automatically converted to PPLs as from the effective date of the PIA, with the new fiscal terms and relevant provisions of the PIA consequently applicable to the fields as from that date.

3. Non – Producing Marginal Fields as at the PIA Effective Date that are Retained by OML Holders – The PIA allows an OML holder to hold on to a category of marginal fields outside those discussed above for a transition period of three (3) years from the effective date of the Act. Such non-producing marginal fields must have been lying fallow without activity for seven (7) years after its discovery and not been taken over by the government as at the effective date of the PIA. The OML holder is nonetheless bound to take any of the following actions within the 3-year transition period:
 - a. present a field development plan (FDP) for the field to the NUPRC for approval, or
 - b. farmout the field with the consent of the NUPRC and subject to terms prescribed by the NUPRC, such as the Farmee's provision of an FDP within a defined timeline, or
 - c. relinquish the marginal field to the government.

Same as is applicable for a Farmee's failure to present an FDP within the timeline defined by the NUPRC, we expect that failure of the OML holder to do any of the foregoing within the three (3) year transition period will result in automatic relinquishment of the marginal field to the government.

2.13 *Gas regulations*

Petroleum is defined in the PIA to include "gas" hence the provisions of the PIA which relate to exploration and production of petroleum generally also apply to the exploration and production of gas.

Based on the PIA, the NUPRC and the NMDPRA are responsible for the regulation of natural gas operations in Nigeria depending on whether it is an upstream, midstream or downstream activity.

The Authority will be responsible for determining the appropriate tariff methodology for processing of natural gas, transportation and transmission of natural gas, transportation of crude oil, bulk storage of crude oil and quality monitoring for the service provided. The NMDPRA is expected to determine the domestic gas demand requirement and the crude oil required for domestic supply obligation to satisfy economic and strategic domestic demands. The NUPRC shall have the right to take free of charge natural gas that is destined for flaring at the flare stack.

A royalty rate of 5% will apply for natural gas and natural gas liquids production. This is reduced to 2.5% where the natural gas is produced and utilised in Nigeria. For royalty purposes, condensates will be treated as crude oil and natural gas liquids as natural gas. 0.5% of the wholesale price of petroleum products sold in Nigeria is to fund the NMDPRA.

Tax incentives for midstream petroleum operations, downstream gas and large-scale industries include ten year tax holidays for investments in gas pipelines.

2.14 *Gas Master Plan*

The Government of Nigeria is promoting a Gas Master Plan to address the under-development of the Nigerian gas sector, with particular emphasis on domestic gas consumption, to diversify Nigeria's economy by reducing its dependence on oil, and to improve electric power generation and supply.

The Gas Master Plan comprises: (i) the Gas Pricing Policy, which provides a framework for the minimum price that any purchaser of gas can be charged; (ii) the Domestic Gas Supply Obligation, which is aimed at assuring availability of gas for domestic consumption in order to stimulate economic growth; and, (iii) the Gas Infrastructure Blueprint, which provides for the establishment of a network of gas hubs which would ultimately reduce the cost of supplying gas from Nigeria.

2.15 *National Gas Supply and Pricing Regulations*

A part of the Gas Master Plan, the National Domestic Gas Supply and Pricing Regulations were issued in March 2008 by the Minister of State for Energy (Gas). The National Domestic Gas Supply and Pricing Regulations provides for the imposition of domestic gas supply obligations on oil and gas companies and requires them to submit gas production and supply plans consistent with their domestic gas supply obligations.

The National Domestic Gas Supply and Pricing Regulations also provides for the role of a domestic gas aggregator to act as an intermediary between suppliers and purchasers of gas in the domestic market and to ensure the supply of gas to strategic sectors based on aggregated prices in line with the Gas Master Plan. Non-compliance with the domestic gas supply obligation may expose a company to fees for volumes of gas not supplied, in addition to prohibiting a company from exporting gas.

2.16 *Oil and gas pipelines*

The principal legislation governing the transportation of oil and gas by pipeline is the Oil Pipelines Act (Chapter O7, Laws of the Federation of Nigeria, 2004). It provides for licenses to be granted for the establishment and maintenance of pipelines from oil and gas fields, oil and gas refineries/processing plants and distribution depots and “all other matters connected therewith,” including the payment of compensation where rights or interests in land are adversely affected by the exercise of the rights conferred by licenses. The MPR Minister first grants permits for a survey of the route of the proposed pipeline and, ultimately, a license to construct, maintain and operate an oil and gas pipeline.

3. **Environmental regulations**

The PIA provides for the submission of an Environmental Management Plan by upstream and midstream operators within 1 year of the effective date or 6 months of the grant of licence or lease. This ties into the policy thrust of the government regarding environmental protection and management practices. The use of chemicals for upstream operations requires approval by the NUPRC.

Operators will be required to pay into the Environmental Remediation Fund (“EMF”), all financial contributions, tailored to their sizes of operations and environmental risk levels. The purpose of the EMF is to rehabilitate or manage negative environmental impacts on the host communities and can be applied by the NUPRC or NMDPRA where the operator is unable or fails to undertake same.

3.1 *Environmental Impact Assessment Act*

The Environmental Impact Assessment Act (“**EIA Act**”) is the principal legislation that sets out the general principles, procedure and methods for the prior consideration of environmental impact assessment on certain public or private projects. It generally prohibits the undertaking and/or the authorization of any project (as defined in the EIA Act) without prior consideration at an early stage, of its environmental effects. Where the extent, nature or location of the proposed project or activity is such that it is likely to significantly affect the environment, the EIA Act requires that an environmental impact assessment be undertaken. A project as defined under the EIA Act means any physical work or activity that a party proposes to construct, operate, modify, decommission, abandon or otherwise carry out. The schedule to the EIA Act lists certain projects in respect of which an EIA is mandatory which includes petroleum exploration and production activities.

Programmes and plans relating to an approved project are required to form part of the assessment and a licensee or lessee must comply with it during the execution of the project. Every company involved in the production of oil and gas in Nigeria is mandated under the EIA Act to provide a report based on the assessment of the environmental impact of its activities. Based on the report, the company may be allowed or disallowed from continuing with its scheduled activities. A certificate is usually issued as evidence of compliance with the provisions of the EIA Act.

No Federal, State or Local Government or any of their agencies may exercise its power or perform any duty or functions that would permit any project to be carried out in whole or in part until the Federal Ministry of the Environment has first approved the EIA for such a project.

3.2 *Environmental Guidelines and Standards for the Petroleum Industry in Nigeria*

The Environmental Guidelines and Standards for the Petroleum Industry in Nigeria (2002) (the “Guidelines”) were compiled by the DPR, which was the main regulatory arm of the petroleum industry in Nigeria. The Guidelines, which are still effective, mandate all license holders or operators in the petroleum industry to adopt a systematic and integrated environmental

management plan. They control the quality and quantity of industrial effluents associated with oil drilling activities/operations to ensure that such discharges do not cause any hazard to human health and living organisms. The Guidelines require that a mandatory environmental permit be obtained prior to the commencement of seismic and drilling operations in Nigeria. An application for an environmental permit must be accompanied by an EIA report.

Under the PIA, the NUPRC and the NMDPRA, as the case may be, are responsible for the enforcement of environmental policies, regulations and laws against industry operators.

PART 6

BOARD AND CORPORATE GOVERNANCE

1. Board

The Board is responsible for the determination of the Company's strategy and have overall responsibility for the Company's activities.

The Board will not change as a consequence of Re-Admission and will therefore consist of the following individuals:

Mr Mutiu Sunmonu, *Non-Executive Chairman* (aged 66)

Mr Sunmonu has led the Company as Non-Executive Chairman since the purchase of our indirect economic interest in OML 18 in September 2016. Mr Sunmonu is a former managing director of Shell Petroleum Development Company and was country chairman of Shell companies in Nigeria from 2008 to February 2015. He led Shell's multi-billion dollar operations in Nigeria employing over 4,000 direct staff with revenue contribution to the Nigerian Government of approximately US\$70 billion dollars during 2009-2013. He has worked in the industry for over 36 years in Nigeria, the UK and the Netherlands. His strategic vision, proven track record and deep knowledge of Nigeria, brings valuable Nigerian operating experience and relationships to San Leon Energy plc. He holds a BSc in Mathematics and Computer Science. He is a member of the Institute of Directors.

Mr Oisín Fanning, *Chief Executive Officer* (aged 63)

Mr Fanning has almost 30 years' experience in structured finance, stockbroking and corporate finance, with 22 years specialising in the oil and gas industry. Formerly CEO of Astley & Pearce Ltd., MMI Stockbrokers, and Smart Telecom plc, Oisín was closely involved with the restructuring of Dana Petroleum plc in the early 1990s, and was heavily involved with broking of Tullow Oil plc shares early in its growth phase.

Mr Joel Price, *Chief Operating Officer* (aged 50)

Mr Price joined San Leon in January 2013 as a result of the Company's acquisition of Aurelian Oil & Gas Plc. He is a petroleum engineer with over 25 years' experience, with a rare combination of also having a geological background. He has a broad and deep experience across operations, field optimisation, reservoir engineering, business development and technical leadership in a variety of countries and has worked with large independent, private and smaller listed exploration and production operators, including Hess and Delta Hydrocarbons.

He holds a BA (Hons) in Natural Sciences (Geology) from Cambridge University, an MEng Petroleum Engineering from Heriot-Watt University and an MBA with Distinction from Durham University. He is a member of the Society of Petroleum Engineers (SPE) and a member of the Association of International Energy Negotiators (AIEN).

Julian Tedder, *Chief Financial Officer* (aged 52)

Julian was appointed as Chief Financial Officer and Executive Director of the Company in December 2021. Julian is a qualified chartered accountant with over 20 years of senior management experience, both at operational and group level within the international oil and gas sector. He previously served as Chief Financial Officer of IGas Energy plc for five years, where he led the capital restructuring of the group in 2016 and subsequent refinancing in 2019. Prior to that he was General Manager, Finance at Tullow Oil Plc for 12 years, where he was a key part of the leadership team that grew the business with several significant M&A transactions as well as successful exploration and development delivery.

John Brown, *Non-Executive Director* (aged 58)

Mr Brown has more than 20 years of international experience in the oil and gas and related industries, including 10 years in West Africa. He is a Chartered Accountant (ICAS) and has acted as Chief Financial Officer or Group Finance Director for numerous UK listed companies within the oil and gas sector including Gulf Marine Services plc, Bowleven plc and Pittencrieff Resources plc.

Adekolapo Ademola, Non-Executive Director (aged 55)

Mr Ademola is a marketing and business strategy specialist with over 30 years' experience. A Business Management graduate from the University of Jos, Nigeria with further training in the USA and UK. With extensive consulting experience across multiple industry sectors added to his over 17 years of involvement in the Nigerian Oil and Gas sector; Mr Ademola brings valuable regional knowledge, expertise and relationships to San Leon Energy plc. Mr Ademola is also the CEO and Executive Director of ELI. Mr Ademola has a 44% ownership interest in Bilton and is a director of Bilton. Mr Ademola is a representative of Midwestern on San Leon's Board and is also a director of Midwestern. Accordingly, Adekolapo Ademola is not considered to be independent in relation to the Proposals.

In addition, the Company has agreed with Midwestern that it will seek to identify and appoint an additional independent non-executive director in the 12 months following Re-Admission.

2. Corporate governance

The Board is committed to maintaining high standards of corporate governance to ensure the Company is run effectively. In accordance with Rule 26 of the AIM Rules for Companies, the Company confirms that it has adopted the QCA Code. We aim to conduct our business in an open, honest and ethical manner. The Board is accountable to shareholders for good corporate governance and has adopted the procedures set out below in this regard.

The Company has agreed with Midwestern that it will seek to identify and appoint an additional independent non-executive director in the 12 months following the publication of this Document. Aside from this, the Board does not expect for the Proposals to have a material impact on the Company's corporate governance and the Proposals are not expected to result in future changes in the Board and the Composition of its committees. Midwestern has the right to appoint a director to the Board under the Relationship Agreement. Details of the Relationship Agreement between Midwestern, Allenby Capital and the Company that is designed to ensure that the Group's business shall be managed for the benefit of the Shareholders as a whole and independently from Midwestern can be found in section 15 of Part 1 and paragraph 10.2 of Part 12 of this Document.

The QCA Code is based on ten principles that focus on the pursuit of medium to long term value for shareholders. The QCA has stated what it considers to be appropriate arrangements for growing companies and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures. The Board has considered how we apply each principle to the extent that the Board judges these to be appropriate in view of the Company's size, strategy, resources and stage of development, and below we provide an explanation of the approach taken in relation to each.

This report explains in broad terms how the Company applies the main principles of the QCA Code. The Board has identified one principal where we are not in full compliance with the guidelines of the QCA Code. This deviation is to Principle 5 – Maintain the Board as a well-functioning, balanced team led by the Chair – and relates to the participation of Non-Executive Directors in the Company's share option scheme and the impact on their independence. Further details are contained in the respective section below.

The Board

The Board is responsible for setting the overall strategy of the business, reviewing management performance and ensuring the Group has sufficient financial and human resources to meet its objectives. It directs the Group's activities in an effective manner through Board meetings and monitors performance through timely and relevant reporting procedures.

The Board plays a central role in developing and maintaining the Company's culture and values by setting the 'tone from the top', defining the behaviours expected by the Board and ensuring that ethical standards are upheld. Thus, the Board aims for the right balance between entrepreneurial leadership and prudent and effective risk management, which are vital to maintaining a sustainable business and creating value for shareholders.

The QCA Code requires that the boards of AIM companies have an appropriate balance between Executive and Non-Executive Directors and should have at least two Independent Non-Executive Directors.

As at the date of this statement, the Board comprises of the non-executive Chairman, three Executive Directors and two further Non-Executive Directors. The Independent Non-Executive Directors are Mutiu Sunmonu (appointed 21 September 2016) and John Brown (appointed 7 May 2021). They are considered independent of management and any business or other relationships which would interfere with the exercise of their independent judgement. On 7 April 2020, Mr Adekolapo Ademola was appointed to the Board as a Non-Independent Non-Executive Director on behalf of Midwestern, a company of which he is also a director. Mr Ademola is also CEO and Executive Director of ELI. In addition the Company has agreed with Midwestern that it will seek to identify and appoint an additional independent non-executive director in the 12 months following the publication of this Document.

The following paragraphs set out the Company's compliance with the ten principles of the QCA Code.

Principle 1 – Establish a strategy and business model which promote long-term value for shareholders

The Company's purpose, business model and strategy are set out in Part 1 of this Document. The Company's overall strategic objective is to secure and develop high-potential oil and gas related asset opportunities in West Africa and produce a near-term operating cash flow, yielding value to shareholders in the medium to long-term. The Company plans to grow by carefully selecting new opportunities, particularly in Nigeria where it can achieve this through our technical expertise, operational capabilities and industry contacts, secured by the close links it forges with governments and the local communities. The Company has built its industry reputation as a capable operator in various European and African countries and its key asset remains the indirect economic interest in OML 18 – which the Board considers to be a world class asset onshore Nigeria. Other Nigerian assets include an equity interest in ELI; the Company which owns the ACOES, which is intended to provide a dedicated oil export route from OML 18. The Company has an indirect interest in OML 11 by virtue of its equity investment in Decklar, reinforcing the Board's commitment to offering the Company's shareholders upside exposure to other opportunities in West Africa in addition to OML 18. The Company continues to seek to monetise or otherwise dispose of its non-core assets in keeping with that strategy.

Key challenges and risks around executing this strategy and associated mitigants are detailed on page 33 of the 2021 Annual Report and Accounts which is available to view on the Company's website by clicking [here](#) as well as Part 4 of this Document. These are namely:

- financial risk around loan note repayments;
- partnership risk;
- further Pandemics; and
- commodity price risk

Risk assessment and evaluation is an essential part of the Company's planning and an important aspect of the Company's internal control system. The Company strives to develop strong working relationships with its partners and suppliers in its various operating locations to manage and mitigate the operational risks.

The Company is committed to operating a sustainable business and plans to incorporate Environmental, Social and Governance aspects to all future opportunities reviewed.

Capital distribution policy

As part of the Company's strategy to generate value for shareholders, within the Admission Document published in August 2016, the Company set out a shareholder distribution policy. The ability for the Company to make such distributions is dependent upon the availability of cash to distribute. In January 2020 it was announced that the buyback programme had completed with the repurchase of 5,709,101 shares at an average price of 27.5 pence per share, with a value of US\$2.0 million (£1.6 million). On 27 April 2020 the Company announced a special dividend of £27.0 million (US\$33.3 million), or 6 pence per ordinary share, with a payment date in May 2020.

Subject to the passing of the Resolutions and completion of the MLPL Reorganisation, from Re-Admission, any dividends declared will first be used to satisfy the preferential dividend payable on the Preference Shares created by the Subdivision and to be issued to the holders of Existing Ordinary Shares immediately prior to Re-Admission. The Preference Shares entitle the holders to receive the Preference Amount which is US\$40,000,000 in aggregate and which shall on the date falling forty-two months after the date of issue of the Preference Shares and on each six month anniversary thereafter, be increased by the Shortfall Amount. The Shortfall Amount is 5% of the amount by which the aggregate of all dividends paid to the holders of the Preference Shares is less than the Preference Amount immediately prior to such six month anniversary. The payment by the Company of any dividends including the Preference Amount and the Shortfall Amount is subject to there being distributable reserves and the declaration of a dividend by the Directors and so there is no certainty that a dividend will be declared.

Principle 2 – Seek to understand and meet shareholder needs and expectations

The Company's Chief Executive Officer and other Executive Directors are responsible for shareholder liaison. They hold regular meetings with major shareholders and analysts to discuss the Company's strategy and performance and maintain a dialogue between the Company and its investors. Private investor events and investor roadshows are organised by the Company's brokers and public relations consultants, where the Chief Executive Officer and at times other Executive Directors meet with current (and potential future) institutional and retail shareholders and brokers to update them on the Company's progress. During lockdown and with COVID-19 restrictions many meetings held were via video-conferencing during 2020 and 2021.

The entire Board receives feedback following these meetings and any issues raised are discussed. Any significant reports from analysts are also circulated to the Board. By keeping open and transparent dialogue with shareholders the Directors can consider matters and discuss with shareholders in a positive and constructive way.

In recognition of the need to maintain open and transparent dialogue in order to better understand the needs and expectations of all shareholders, the Non-Executive Chairman and Independent Non-Executive Director are available to meet with shareholders if required.

The Annual General Meeting (AGM) is the main forum for dialogue between the Board and the shareholders. All Directors aim to attend the AGM. The Non-Executive Chairman, Mutiu Sunmonu, leads the AGM and takes questions from the floor. The Chairs of the Audit and Risk, Remuneration, Nomination and Health and Safety Committees are on-hand to answer questions that may arise at the meeting. The 2021 AGM was held via teleconference due to COVID-19 travel restrictions on 30 September 2021. All Directors were in attendance with Committee Chairs available to answer any questions via email ahead of the meeting, regarding the activities of each of the Board Committees. At the AGM, all resolutions were passed.

Notwithstanding the most recent AGM results, the Board is keen to ensure that the voting decisions of shareholders are reviewed and monitored, and where practicable the Company intends to continue to engage with shareholders who do not vote in favour of resolutions at AGMs.

The Company's annual report and notice of AGM will be sent to all shareholders and will be available for download from the Company's website. The results of the AGM will be announced through a regulatory information service.

All Directors receive regular industry and peer updates, to enable them to keep current on issues relevant to the Company and its shareholders. Contact details for investor relations are included on the Company's website.

Principle 3 – Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Company's ability to achieve its long-term success is dependent on good relations across a wide range of stakeholders both internally (employees) and externally (partners, suppliers, regulatory authorities, local governments and communities in which we operate). The Board will maintain an ongoing and collaborative dialogue with such stakeholders and take all feedback into consideration as part of the decision-making process and day-to-day running of the business. Furthermore, the

Company's local employees and management are able to communicate with stakeholder groups such as local and regional government officials, central government departments, community groups and local suppliers to keep them updated on project activities and plans.

The Company's employees are one of the most important stakeholder groups and the Board recognises the need for two-way communication with the workforce. The small size of the Company means that the Directors and senior managers are accessible to all employees to provide and receive feedback. Staff attend committee meetings as required enabling two-way communication. The Executive Directors hold regular executive team meetings of which key messages are then relayed to their respective teams. To retain our highly skilled workforce and keep their satisfaction high, the Company offers competitive remuneration, discretionary employee share option awards and health and critical illness cover. The Company seeks to ensure that all employees are treated fairly and with dignity. The Company has a zero-tolerance policy towards any form of discrimination or harassment.

The Company recognises its responsibilities to the environment and community in the areas in which it operates. The Company places a high priority on operating to high standards of integrity and ethics. The Company recognises that its activities may have impact on the environment and therefore aims to minimise that impact by operating in a socially responsible manner, engaging with local, regional and national stakeholders where we are operator. Since the Company is not currently the operator of OML 18 and will not be the operator of OML 18 following completion of the Proposals, it does not and will not directly control these matters on OML 18.

The Company seeks to behave as a responsible employer and make positive contributions to the local economies in which it has an interest. Engagement with the local communities in which it operates and conducting social work has helped them understand what we are doing. Please refer to the Sustainability Section of the ESG report on page 39 of the 2021 Annual Report and Accounts which is available to view on the Company's website for details on the initiatives and local community engagement made by the Company directly. Further details of the Company's commitment to environmental, social and governance matters are detailed in the "ESG" section of the Company's website.

The Board is aware of its duty to act in good faith in the interests of the Company and complies with the obligations under section 228 of the Companies Act 2014. All the Company's stakeholders have access to contact information for communication with the Company. Any feedback will be respectfully acknowledged by the Company and appropriately dealt with.

The Board believes that its investment in the wider stakeholder network will assist the Company's management in achieving its long-term goals by creating an environment of trust and communication which will have positive implications for the long-term success of the Company.

The Board believes holding the Company's responsibilities in high regard to be a requirement for building its business and being considered an operator or partner of choice.

Principle 4 – Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board acknowledges its overall responsibility for ensuring that the Company has a robust framework of risk management and an appropriate system of internal control. However, any system can only provide reasonable, not absolute, assurance against material misstatement or loss and is designed to manage (but cannot eliminate) the risk of failure to achieve business objectives.

A risk management policy and procedure has been adopted which provides a procedure for the management of the Company's risk. As part of the risk management procedure, the Company has further developed its detailed risk register which identifies business continuity risks, corporate governance risks, security risks, financial risks, reputational risks and health, safety and environment protection risks. Reporting is required from each Executive Director and consists of quarterly reports assessing material changes within the risk profiles.

The Chief Financial Officer is in charge of collating the risk reports and presenting them to the Audit and Risk Committee quarterly. The Audit and Risk Committee reports on its activities and make recommendations to the Board as appropriate – the details of which will be included in the annual report and accounts.

Principle 5 – Maintain the Board as a well-functioning, balanced team led by the Chair

The Board is responsible for setting the overall strategy of the business, reviewing management performance and ensuring the Company has sufficient financial and human resources to meet its objectives. It directs the Company's activities in an effective manner through regular Board meetings and monitors performance through timely and relevant reporting procedures.

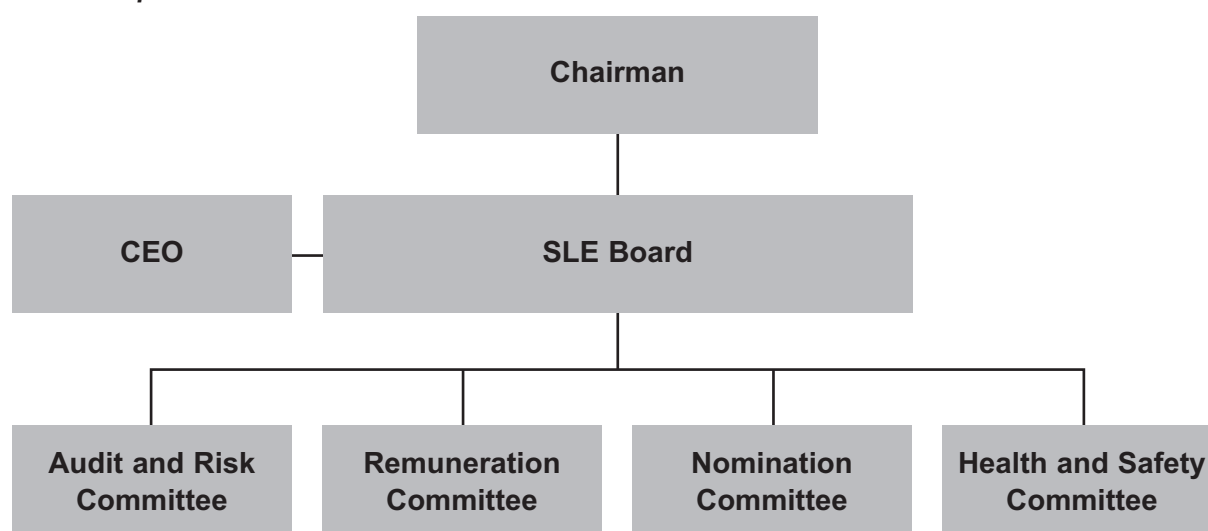
The Board is specifically responsible for:

- approval of budgetary and business plans;
- approval of significant investments and capital expenditure;
- approval of annual and half-year results and interim management statements, accounting policies and the appointment and remuneration of the external auditors;
- approval of interim, and recommendation of final, dividends and buybacks;
- changes to the Group's capital structure and the issue of any securities;
- agreeing the Group's risk appetite, establishing and maintaining a system of internal control, governance and approval authorities;
- executive performance and succession planning;
- determining standards of ethics and policy in relation to health, safety, environment, social and community responsibilities; and
- disclosure to the market and shareholders.

The Board comprises the Non-Executive Chairman, three Executive Directors and two Non-Executive Directors. The Chairman, Mutiu Sunmonu, is responsible for the leadership of the Board, ensuring its effectiveness and setting its agenda. He is not involved in the day-to-day operation of the Company. The Chairman is responsible for the Company's approach to corporate governance and the application of the principles of the QCA Code. The Company's Independent Directors are Mutiu Sunmonu and John Brown (appointed 7 May 2021) who are independent of management and any business or other relationships which would interfere with the exercise of their independent judgement. As recommended by the QCA Code guidance, going forward, the independent Non-Executive Directors will not participate in performance-related remuneration schemes. In addition the Company has agreed with Midwestern that it will seek to identify and appoint an additional independent non-executive director in the 12 months following the date of this Document.

The Chairman considers that the Company has a balanced and diverse Board with the requisite skills and market expertise to build a successful, sustainable Nigerian-focused oil and gas business. The Company recruited John Brown in May 2021 as an Independent Non-Executive Director and Chair of the Audit and Risk Committee. Accordingly, the Company is satisfied that the current Board is sufficiently resourced to effectively discharge its governance obligations on behalf of all its shareholders and other stakeholders in the Company.

Leadership structure



To ensure that the Directors can properly carry out their roles and to facilitate proper assessment of the matters requiring the Directors consideration, they are provided with relevant information and financial details prior to all Board meetings. All Directors have access to the advice and services of Company advisors to allow them to ensure that the Board complies with applicable rules and procedures.

The Board meets at least six times a year to discuss and decide the Company's business and strategic decisions and additional Board calls are held as required. In addition, there is a high degree of contact between the Directors outside of Board meetings to ensure all Directors are aware of the Company's business. If necessary, the Non-Executive Directors may take independent advice at the expense of the Company.

Each Board member commits sufficient time to fulfil their duties and obligations to the Board and the Company. They attend Board meetings and join ad hoc Board calls and offer availability for consultation when needed. The contractual arrangements between the Directors and the Company specify the minimum time commitments which are considered sufficient for the proper discharge of their duties. Each Non-Executive Director is expected to attend not less than six board meetings in each calendar year as well as the Annual General Meeting and any Extraordinary General Meetings of the Company. However, in exceptional circumstances all Board members understand the need to commit additional time. The Executive Director roles are all full-time roles.

Board meetings attendance in 2021

	Maximum possible attendance	Meetings attended
Mutiu Sunmonu	11	9
Oisín Fanning	11	11
Joel Price	11	11
Lisa Mitchell ²	10	10
Alan Campbell ⁴	5	5
Adekolapo Ademola	11	11
Julian Tedder ¹	0	0
John Brown ³	6	6

¹ Appointed 1 December 2021

² Resigned 29 October 2021

³ Appointed 7 May 2021

⁴ Resigned 7 May 2021

The Board Committees

The Board has established four separate committees: Remuneration Committee, Audit and Risk Committee, Nomination Committee, Health and Safety Committee.

Remuneration Committee

The Remuneration Committee consists of the Chairman, Mutiu Sunmonu, who chairs the committee and one Non-Executive Director, John Brown, who joined the committee following his appointment on 7th May 2021. The Remuneration Committee monitors the performance of the Company's Executive Directors and makes recommendations to the Board on the remuneration packages for the executives. The remuneration and terms and conditions of appointment of the Non-Executive Directors are set by the Board as a whole.

Remuneration committee meetings and attendance in 2021:

	Number of meetings	Number of meetings attended
Mutiu Sunmonu (Chair)	0	0
John Brown>	0	0

> Appointed 7 May 2021

There were no Remuneration Committee meetings in 2021 as the previous chair of the Committee resigned in December 2020 and the Committee was not quorate until the appointment of John Brown in May 2021. The Committee has already met in 2022 to discuss the remuneration policy of the Directors and an appropriate reward and incentivisation structure.

Audit and Risk Committee

The Audit and Risk Committee consists of the Chairman, Mutiu Sunmonu, and John Brown, Independent Non-Executive Director who is Chair of the Audit and Risk Committee (appointed to the committee on 7 May 2021). From 7 December 2020 to 6 May 2021 Mr Sunmonu assumed the Chair role until the appointment of Mr Brown.

The duties of the Audit and Risk Committee include the review of the accounting principles, policies and practices adopted in preparing the financial statements, internal control and risk management processes and the review of the Company's financial results. The Audit and Risk Committee considers the need for an internal audit function, reviews the risk management policies and procedures and is responsible for ensuring that adequate insurance cover is in place for identifiable risks. During the year the Audit and Risk Committee considered the need for internal audit and based on the size and scale of the Group's activities, combined with curtailment of activities due to COVID19, that the outsourced internal audit reviews be put on hold.

However, following the further investments in ELI and the proposed Decklar investment during in 2020, the Committee recommended that the internal audit plan for 2020 should be rescheduled for 2021, which was actioned.

During November 2020 this decision was reviewed and an external firm was re-engaged and carried out four reviews during 2021. For more details, please refer to the Audit and Risk Committee report on page 25 of the 2021 Annual Report and Accounts which is available to view on the Company's website.

The Audit and Risk Committee also considers how to maintain an appropriate relationship with the Company's auditors. The Audit and Risk Committee approves any fees in respect of non-audit services provided by external auditors to safeguard the external auditor's independence and objectivity.

Audit committee meetings and attendance in 2021

	Number of meetings	Number of meetings attended
Mutiu Sunmonu ~	4	4
John Brown (Chair) >	4	4

> Appointed 7 May 2021

~ Assumed Chair role from 7 December 2020 to 6 May 2021

Nomination Committee

The Nomination Committee consists of the Chair, Mutiu Sunmonu, who chairs the committee, John Brown (appointed to the committee on 7 May 2021), Adekolapo Ademola (appointed to the committee

on 25 May 2021) and the Chief Executive Officer, Oisín Fanning. The Nomination Committee is responsible for reviewing the structure, size and composition of the Board and making recommendations to the Board regarding any changes required.

It is responsible for locating appropriate senior candidates and conducting initial interviews and submitting recommendations on any appointment to the Board. There were three meetings held during the year where the committee led the process for new Board appointments and making recommendations to the Board.

The Board accepts that it is unusual for the Company's Chief Executive Officer to be part of this Committee. However, Mr Fanning has almost 30 years' experience in structured finance, stockbroking and corporate finance, with 12 years specialising in the oil and gas industry and as such has many useful and relevant contacts. He recognises the importance of finding and developing talented people to help the Company achieve its objectives and without his direct input, the Committee would be denied his relevant opinion on suitable candidates to join the Board.

Nomination committee meetings and attendance in 2021

	Number of meetings	Number of meetings attended
Mutiu Sunmonu (Chair)	3	3
Oisín Fanning	3	3
Adekolapo Ademola~	2	2
John Brown >	2	2

~ Appointed 7 April 2020 and invited to attend the Nomination Committee. Appointed to the Nomination Committee on 25 May 2021

> Appointed 7 May 2021

Health and Safety Committee

The Health and Safety Committee consists of the Chairman, Mutiu Sunmonu and the Chief Operating Officer, Joel Price. The Health and Safety Committee is responsible for evaluating risks in Company operations including property, personnel, security and environmental risks and ensuring that appropriate procedures are in place for mitigating risk.

Environment, Social and Governance is an area of increasing importance. This is an area in which San Leon is committed to meeting high standards of ESG practices across all aspects of the business. The Company is committed to the countries in which it operates and is dedicated to promoting sustainable growth as well as providing support to local communities in Nigeria. The ESG Committee did not meet in 2021 due to the changes to the Board composition during the year, but will meet in 2022 on at least two occasions to develop the Committee's Terms of Reference and fully establish the Group's ESG strategy and targets for the years to come.

Key focus areas in 2021

- Review and approve new Terms of Reference for the Health and Safety Committee; and
- Reviewed the Company's ongoing response to the COVID-19 pandemic and ensured that the health and safety of the Group's employees and consultants was appropriate.

Health and Safety committee meetings and attendance in 2021

	Number of meetings	Number of meetings attended
Mutiu Sunmonu (Chair)	1	1
Joel Price	1	1

Departures from the Code

Non-Executive Directors' participation in Option Schemes

The Company has previously encouraged Non-Executive Directors to participate in The Company's option schemes as the Board believed that independence is a matter of independence of mind,

judgement and integrity and that Mutiu Sunmonu, John Brown and Adekolapo Ademola are independent of management. This was reviewed by the Board at the start of 2022 and going forward Non-Executive Directors are no longer eligible to be awarded options under the new scheme. The options held by Non-Executive Directors already in existence will remain in place and can be exercised or will lapse in accordance with their terms and the scheme rules. The Company is now compliant with the QCA code in this respect.

Principle 6 – Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Board members bring extensive and diverse experience encompassing operational, financial, African, European, AIM and regulatory, commercial expertise and large and developing company experience. Further details of the skills and experience of the Directors are summarised in their biographies set out earlier in this Part 6 of this Document.

The Chairman believes that the Board should always have a suitable mix of skills and competencies covering all essential disciplines bringing a balanced and diverse perspective that is beneficial both operationally and strategically. The Directors consider that the Board is not dominated by one individual and all Directors have the ability to challenge proposals put forward to the meeting, democratically. While the Board has not yet adopted any formal policy on gender balance, ethnicity or age group, it is committed to fair and equal opportunity and fostering diversity subject to ensuring appointees are appropriately qualified and experienced for their roles.

The Executive Directors bring significant listed company, oil and gas operations and financial, commercial and transactions experience. The Non-Executive Directors bring significant African oil and gas, investor, AIM and main board and financial expertise to the Board.

The nature of the Company's business requires the Directors to keep their skillset up to date. The Directors are kept informed on relevant regulatory compliance and statutory matters through briefings by external advisers and all Executive and Non-Executive Directors have access to the Company's external advisers. The Non-Executive Directors, at times, provide internal advisory services (please see Related Parties Note 29 in the 2021 Annual Report and Accounts). The Company retains the services of independent advisors including financial, legal, and investor relations advisers that are available to the Board and who provide support and guidance to the Board and complement the Company's internal expertise. The Directors have also received a briefing from the Company's Nominated Adviser in respect of continued compliance with, *inter alia*, the AIM Rules and the Company's solicitors in respect of continued compliance with, *inter alia*, the Market Abuse Regulation (MAR).

The Company Secretary and advisors assist the Chair in preparing for board meetings including dissemination of appropriate information.

The Directors receive regular briefing papers on the operational and financial performance of the Company from the executive and senior management.

All Company Non-Executive Directors also hold Director (Non-Executive or Executive) roles in other companies, helping to ensure broad and current experience. Further training is available at the Company's expense.

Summary background and diversity of the Board (as at the date of this Document)

Director	Background			Diversity	
	Oil & gas/ energy	Finance/ commercial	Investor	Female	Non-UK/Irish
Mutiu Sunmonu	√	√	√	–	√
Oisín Fanning	√	√	√	–	–
Joel Price	√	√	–	–	–
Adekolapo Ademola	√	√	√	–	√
John Brown [#]	√	√	√	–	–
Julian Tedder~	√	√	√	–	–

[#] Appointed 7 May 2021

~ Appointed 1 December 2021.

Principle 7 – Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Board considers that during the majority of 2021 the combination of Non-Executive and Executive Directors was of sufficient competence and experience to support the strategy and development of the Company. In 2021, the Company recruited John Brown, as an Independent Non-Executive Director to Chair the Audit and Risk Committee in order to further strengthen and replace resignations during the year.

The Chairman and Nomination Committee will continue to review and monitor the strength and objectivity of the Board and seek improvement. Please see the Nomination Committee report page on page 30 of the 2021 Annual Report for activities performed during the year.

Succession planning

Succession planning is currently undertaken on an informal basis by the CEO in consultation with the Board. The Board is satisfied that this is appropriate for this stage in the Company's development and will continue to review its succession planning.

Formal evaluation of Board and Directors

There was no formal evaluation process performed during 2021.

The Board has improved focus on strategic imperatives including the fostering of best practice in all areas of governance and ensuring that the Executive team and Non-Executive Directors closely collaborate on the development of strategy and ensuring its execution. The Board continues to review and strives to enhance all areas of governance. The Board continues with its commitment in attaining compliance with the QCA code. The Board considers that the corporate governance policies it has currently in place for Board performance reviews is commensurate with the size and development stage of the Company.

Principle 8 – Promote a corporate culture that is based on ethical values and behaviours

The Company's ethics

The Company is committed to upholding high ethical standards and principles, both in letter and in spirit, throughout all of our operations. The Company aspires to, and encourages its staff to, operate in a socially responsible manner, acting professionally at all times.

The Company is committed to a strong ethical and values-driven culture encompassing high standards of quality, honesty, openness and accountability, and understands that any issues counter to this culture could have an extremely negative impact on the business. The Company, its management, employees, contractors and partners have the responsibility of applying the highest standard of ethical business practices in all their relationships with shareholders, suppliers, and the general public. Further details in this regard are outlined in the Company's website.

Creating a fair and inclusive culture

The Company promotes an inclusive, transparent and respectful culture. The Company believes that its people are its greatest asset. Led by the values of responsibility, excellence and continuous improvement, integrity and trustworthiness, cooperation and engagement, empathy and fairness they apply their skills and expertise every day to ensure the Company operates both responsibly and successfully. A culture based upon sound ethical values and behaviours is an asset and source of competitive advantage. Key to this is recruiting and retaining key senior personnel.

The Company is an equal opportunity employer and seeks to hire, endorse and retain highly skilled people based on merit, competence, performance, and business needs. The Company is committed to employment policies which follow best practice, based on equal opportunities for all employees, irrespective of ethnic origin, religion, political opinion, gender, marital status, disability, age or sexual orientation.

The Company communicates its corporate culture through staff presentations and inductions. To embody and promote sound ethical principles, the Board has endorsed the following key policies:

- Share-dealing Code;
- Anti-Bribery and Corruption Policy;
- Whistle Blowing Policy; and
- Health and Safety and Environmental Protection Policies.

Share-dealing Code

The Company has adopted a share-dealing code for Directors and applicable employees of the Company to ensure compliance with the provisions of the AIM Rules for Companies (including relating to the restrictions on dealings during closed periods in accordance with MAR and with Rule 21 of the AIM Rules for Companies). The Directors consider that this share dealing code is appropriate for a company whose shares are admitted to trading on AIM. The Company takes all reasonable steps to ensure compliance with the share-dealing code by the Directors and applicable employees with the terms of the share-dealing code and the relevant provisions of the AIM Rules for Companies (including Rule 21).

Health and Safety and Environmental Policy

The Company's objectives include observing the highest level of health and safety standards, developing our staff to their highest potential and being a good corporate citizen in our chosen countries of operations.

The Company is committed to providing a safe working environment for its employees and anyone doing work on the Company's behalf. The Health and Safety Committee reviews and makes recommendations concerning risk, health and safety issues. The HS&E performance indicators and the safety of its employees are principal elements of its business and are fundamental to the Company's culture and engagement with its stakeholders. HS&E is covered at Board meetings during discussion on operations.

Whistleblowing Policy

The Company has a Whistleblowing Policy in place to assist employees, suppliers, contractors and others with the reporting of any malpractice or illegal act or omission by others. The policy is reviewed at least once every year or more often if necessary and is communicated to all employees. It was last reviewed in December 2020 as part of the Audit and Risk Committee responsibilities and the Company is committed to reviewing the policy in 2022.

Anti-Bribery and Corruption Policy

The Company's Anti-Bribery and Corruption Policy ("ABC") formalises the Company's zero-tolerance approach to bribery and corruption. The Company expects all employees, suppliers, contractors and consultants to conduct their day-to-day business activities in a fair, honest and ethical manner, and to be aware of and refer to the Anti-Bribery & Corruption Policy in all of their business activities worldwide and to conduct all business in compliance with it. The Company seeks to enforce effective systems to counter bribery, such as secondary authorisations for payments.

The Policy was last reviewed in December 2020 as part of the Audit and Risk Committee responsibilities and the Company is committed to reviewing the policy in 2022.

Principle 9 – Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Board of Directors recognises the importance of applying the highest standards of corporate governance to enable effective and efficient decision making, and to give a structural aid for Directors to discharge their duty to promote the success of the company for the benefit of its shareholders.

The Board reserves for itself a range of key decisions to ensure that it retains proper direction and control of the Company whilst delegating authority to individual Directors who are responsible for the

day-to-day management of the business. The Board retains ultimate accountability for good governance and is responsible for monitoring the activities of the executive team.

The following matters are reserved for the Board:

- all matters which exceed the authority delegated to the Group executives;
- mergers and acquisitions transactions;
- strategy, budgets and business plans;
- audit, financial and other reporting;
- changes in the capital structure of the company and the issue of shares or other securities by the company;
- policies and guidelines;
- internal controls and governance;
- appointment or removal of Directors and the Company Secretary;
- establishment of sub-boards and committees;
- appointment, re-appointment or removal of the auditors and any other corporate advisers;
- management development, remuneration and employee benefits; and
- returns to shareholders.

The Company conducts a review of the Company's governance framework each year and takes into account audit recommendations. The appropriateness of the Company's governance structures will continue to be reviewed in light of further developments of accepted best practice and the development of the Company. (Refer to the Audit and Risk Committee report for a description of the committee and the 2020 reviews on page 25 of the 2021 Annual Report and Accounts which is available to view on the Company's website).

Principle 10 – Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

San Leon Energy is committed to open communication with all its stakeholders. The Company believes it is important to explain business development and financial results to its stakeholders and to ensure that suitable arrangements are in place so that the issues and concerns of major stakeholders are heard and understood.

The Board has been supported by an Audit and Risk Committee, Remuneration Committee, Nomination Committee and Health and Safety Committee (an ESG Committee was formally constituted in December 2020); details of their activities during 2021 can be found in each of their reports on pages 25 to 31 of the 2020 Annual Report and Accounts which is available to view on the Company's website.

The Company communicates with all stakeholders through its website, Regulatory News Service ("RNS") announcements, Annual Report and Accounts, half yearly announcements, AGMs and private meetings.

Copies of the Annual Report and Financial Statements are issued to all shareholders who have requested them and copies are available on the Group's investor website www.sanleonenergy.com. The Group's interim results are also made available on the Company's website. The Group makes full use of its investor website to provide information to shareholders and other interested parties.

The Chief Executive Officer and other Executive Directors are responsible for communicating with major shareholders and other shareholders who wish to be part of a dialogue. The Board is briefed by the CEO regarding these discussions at each board meeting as required. Feedback by way of market updates, brokerage and communication reports, analyst and proxy agents is presented on an ad hoc basis as received.

The Company has also entered into the Relationship Agreement and the lock-in arrangements (as described in paragraph 16 of Part 1 and paragraph 10.2 of Part 12 of this Document) with, *inter alia*, Midwestern.

The Chairs of the Audit and Risk, Remuneration, Nomination, and Health and Safety Committees are also available to answer questions at the AGM.

The Board discloses the result of general meetings by way of announcement and discloses the proxy voting numbers to those attending the meetings. In order to improve transparency, the Board has committed to announcing proxy voting results in future and disclosing them on the Company's website. In the event that a significant portion of voters have voted against a resolution, an explanation of what actions it intends to take to understand the reasons behind the vote will be included.

The Company's website in compliance with the AIM Rules and will be updated on a regular basis with information regarding the Company's activities and performance, including financial information.

Discretionary share plan

The current Share Schemes comprise two schemes being: (i) the share-based payment scheme for executives and senior employees of the Group in place prior to 31 December 2012 (the "share based payment scheme"); and, (ii) a formal unapproved share option plan (the "formal option plan") adopted in 2013. The Company has also adopted a new discretionary share plan called the San Leon Energy Long Term Incentive Plan (the "**LTIP**") and a plan for making awards to certain consultants to the Company (the "**Consultant Plan**"). Awards under the LTIP and the Consultant Plan may be satisfied by new Shares, Shares purchased in the market or by the transfer of treasury Shares.

Further details of the Company's Share Schemes and incentive arrangements and the proposed options to be granted on or around the date of this Document are set out in paragraph 6.2 of Part 12 of this Document.

PART 7

COMPETENT PERSON'S REPORT

Set out below is the CPR as prepared by PetroVision dated 7 July 2022.



The Directors
San Leon Energy Plc
43 Grosvenor Street
London W1K 3HL

The Directors
Allenby Capital Limited
5 St. Helen's Place
London EC3A 6AB

7th July 2022

OML 18 (Niger Delta, Nigeria): Competent Person's Report (CPR)

PetroVision Energy Services ("PetroVision") is acting as San Leon Energy Plc's ("SLE" or the "Company") Competent Person as defined by the rules of the London Stock Exchange, governing the admission of securities to AIM (the "AIM Rules") and the 'Guidance Note For Mining, Oil and Gas Companies' issued by the AIM team of the London Stock Exchange in June 2009 as updated 21 July 2019 ("AIM Guidance Note") in relation to SLE's proposed transaction to consolidate Midwestern Oil and Gas Company Limited's ("Midwestern") shareholdings in the Company and Midwestern Leon Petroleum Limited ("MLPL") into a single shareholding in the Company, which is defined in this Document as the "MLPL Reorgansation" and the transactions defined in this Document as the "ELI Reorganisation" and the "Further ELI Investments" which constitute a 'reverse takeover' under the AIM Rules (the "RTO").

As instructed, PetroVision has prepared an independent Competent Person's Report in respect of the Company's assets in connection with the proposed Re-Admission of the Company's ordinary shares and application for admission to trading on AIM of the London Stock Exchange plc ("London Stock Exchange") of the entire issued share capital of the Company ("Re-Admission") and the issue of this Document, being an AIM admission document prepared in accordance with the AIM Rules and the AIM Guidance Note. This CPR is written on the basis that the RTO completes.

For the purposes of this CPR, any references made to SLE will also include any subsidiary companies in the SLE Group of companies.

PetroVision was requested to provide an independent evaluation of the In-Place Hydrocarbons and recoverable volumes in accordance with the Petroleum Resources Management System (PRMS) (2007 and 2011) prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE) and reviewed and jointly sponsored by the World Petroleum Council (WPC), the American Association of Petroleum Geologists (AAPG) and the Society of Petroleum Evaluation Engineers (SPEE). The results of this work have been presented in accordance with the requirements of the AIM Rules, in particular as described in the guidelines on the scope and content of a Competent Person's Report (CPR) as set out in the AIM Guidance Note for Mining and Oil & Gas Companies for the purpose of publication in an AIM Admission Document.

The evaluation, analysis, interpretation and assessments in this CPR have been performed based on technical data on OML 18 supplied by Eroton Exploration & Production Company Limited (the "Operator").

In accordance with SLE's instructions, in relation to the nine (9) discovered fields in OML 18, PetroVision has assessed the oil and gas initially in-place (STOIIP/GIIP) for each of the fields based on interpretation of available 3D seismic and well data and, field development plans, future capital expenditure estimates and other Operator's data, evaluated the in place volumes and resulting reserves and contingent resources volumes in hydrocarbon bearing reservoir sands. PetroVision also undertook an economic evaluation of these fields.

In addition, PetroVision also evaluated the prospective resources volumes associated with thirty-nine (39) exploration/appraisal targets identified by the Operator in OML 18.

The services provided by PetroVision have been performed by a professional integrated team comprising of geoscientists, petroleum engineers and a petroleum economist with relevant professional qualifications, experience and current memberships of recognised industry technical bodies (see individual qualifications). PetroVision is not reliant on a sole practitioner. The services provided by PetroVision have been the subject of an internal review.

QUALIFICATIONS

PetroVision is an independent consultancy specialising in petroleum reservoir evaluation. PetroVision is independent of SLE, its directors, senior management and advisers and is remunerated by way of a fee that is not linked to the Admission or value of SLE. PetroVision will receive a fee for the preparation of the CPR in accordance with normal professional consulting practices. PetroVision is not composed of a sole practitioner.

Dr Lekan Aluko: Dr Aluko has over 20 years' experience in upstream oil and gas activities. Main areas of work include Asset evaluation and Management; Technical Due Diligence, Competent Person Reports; Reservoir performance analysis and simulation; Field Development Planning; Secondary & Enhanced Oil Recovery Projects (EOR); Reserves Assessment; Well test analysis; Log Interpretation; Portfolio Optimisation and Evaluation of Gas Monetisation Options. He has worked on multiple oil, gas, condensate and heavy oil fields covering both onshore and offshore developments in over 20 countries and has successfully project lead over 50 oil and gas related projects. Dr Aluko holds MSc degrees in Petroleum Engineering and Electrical Engineering (Distinction) from Imperial College London and University of Glasgow respectively and a Petroleum Engineering Ph.D. from Imperial College London. Dr Aluko is currently a member and was from 2010 to 2012 on the board of, the Society of Petroleum Engineers, London Section. Dr Aluko has provided consultancy services and training to numerous oil and gas companies and financial institutions such as Chevron, BP, ConocoPhillips, ENI, SFF, PetroSA, Afreximbank, Standard Bank etc. with excellent feedback. During the period of 2011 to 2013, he provided technical expert analysis to BP in its Deepwater Gulf of Mexico (Macondo) case with the US government by using Deconvolution and Well Test Analysis (WTA) to evaluate the produced (spill) oil volumes. His regional coverage includes North, South, East & West Africa; North Sea; Europe; Gulf of Mexico; Asia and Americas.

Dr Moshood Sanni: Moshood has over 15 years industry and research experience, including upstream and downstream areas of the oil and gas industry. Key skills and experience include: asset evaluation; reservoir characterisation, modelling and reservoir simulation; secondary & enhanced oil recovery projects (EOR); well test design and analysis; wireline formation testing and interpretation; formation pressure analysis, core data analysis, shale gas and tight gas reservoirs ; well performance analysis and production optimization; reserve estimation, petroleum economics; process engineering; phase behaviour of hydrocarbon systems; integrated production modelling; application development and testing. Moshood has extensive knowledge of the industry's tools: reservoir, well & fluid modelling, dynamic modelling and economic modelling software. Moshood has delivered training at various levels with excellent feedback rating.

Uchenna Eze (Engr): Uchenna has over 11 years' experience in the oil and gas industry (Upstream). Uchenna holds an MSc degree in Petroleum Engineering from Imperial College London and a bachelor's degree (1st Class Honours) in Petroleum Engineering from Federal University of Technology Owerri, Nigeria. Key skills and experience include but not limited to: Asset evaluation, Reservoir performance analysis and simulation, field development planning and optimisation studies, and well productivity modelling & optimisation. Uchenna is currently affiliated with the Society of Petroleum Engineers, London chapter; Nigerian Society of Engineers (NSE) and The Council for the Regulation of Engineering in Nigeria (COREN). Over the past few years Uchenna has primarily been involved in reservoir engineering & resource assessment studies, Asset Evaluation, Field Development Studies, and Competent Person Reports.

Rita Jolly: Rita is an experienced petroleum economist and commercial advisor with over 30 years in the oil industry. Rita specialises in international fiscal regime financial modelling and has modelled over seventy fiscal regimes in several countries and covering all continents and her wider skill set includes: expert in financial modelling, economic evaluation and risk analysis, valuation skills at both macro and micro level, knowledge of the fiscal regimes of numerous countries, application of the commercial, economic and financial drivers of the oil and gas industry. Rita has advised a wide range of clients having completed economic evaluations and advisory projects associated with acquisitions, development economics, exploration economics and competent person's reports on projects located across a wide range of international locations. Rita is a Member of the Petroleum Exploration Society

of Great Britain (PSGB). Rita has also developed and launched a market leading petroleum economic software (OGLE) and has developed and conducted training courses in petroleum economics.

PetroVision was founded in 2007. The CPR was prepared by senior PetroVision staff with a combined 100+ years' experience in the estimation, assessment and evaluation of Oil and Gas resources and reserves. The preparation of the CPR has been supervised by Dr Lekan Aluko who has 25 years of experience in the estimation, assessment and evaluation of Oil and Gas resources and reserves.

Furthermore, Dr Lekan Aluko is a member in good standing of the Society of Petroleum Engineers (SPE) and previously a board member of the SPE London section.

BASIS OF OPINION

PetroVision has reviewed the information contained within the Admission Document which relates to information extracted from the CPR (specifically in Part 1) and can confirm that to the best of Petrovision's knowledge that the information presented is accurate, balanced and complete and not inconsistent with the CPR.

PetroVision has reviewed Part 1 in the Admission Document and confirms that the information extracted directly from the CPR presents a balanced view, appropriately summarised and is not misleading. The results presented herein reflect our informed judgement based on accepted standards of professional evaluations, but is subject to generally recognised uncertainties associated with the interpretation of geological, geophysical and engineering data. PetroVision has given, and not withdrawn, its written consent to the inclusion of the CPR in the form set out in the Admission Document, with reference to its name being included in the form and context in which they appear and has authorised those parts of the Admission Document which comprises its CPR for the purpose of the Admission Document. PetroVision confirms that to the best of its knowledge the information contained in the CPR is accordance with the facts and makes no omission likely to affect its import.

The Services have been conducted within our understanding of petroleum legislation and taxation that currently apply to these assets. However, PetroVision is not in a position to verify to the property title or financial interest relationships related to OML 18. In preparing this CPR, PetroVision has used reasonable skill and reasonable care to be expected of a consultant carrying out an independent evaluation and assessment.

PetroVision's estimates of in place, reserves and resources volumes and value are based on the technical analysis, interpretation and evaluations of data sets provided by the Operator comprising operational information, geological, geophysical, petrophysical, well logs, production and other data along with various technical reports. We have reviewed the information provided and modified assumptions where we considered this to be appropriate in our independent assessments.

A site visit was not carried out by PetroVision or deemed necessary for the purposes of preparing this report and this CPR relies on the site and facilities information provided by the Operator.

The CPR represents PetroVision's best professional judgement and should not be considered a guarantee or prediction of results. It should be understood that any evaluation, particularly one involving subsurface uncertainties, future developments and exploration, can be subject to significant variations over short periods of time as new information becomes available. PetroVision cannot and does not guarantee the accuracy, correctness or outcomes.

Standard geological and engineering techniques accepted by the petroleum industry were used in estimating the volumes. These techniques rely on geo-scientific interpretation and judgement; hence the resources included in this evaluation are estimates only and should not be construed to be exact quantities.

It should be recognised that such estimates of in-place and recoverable volumes may increase or decrease in future if more data becomes available and/or there are changes to the technical interpretation. As far as PetroVision is aware, there are no special factors that would affect the operation of the assets, and which would require additional information for their proper appraisal.

PetroVision confirms that there has been no material change of circumstances or available information since the CPR was compiled or from the Effective Date to the date of this report and we are not aware

of any significant matters arising from our evaluation that are not covered by the CPR which might be of a material nature with respect to the proposed Admission. We also confirm that where any information contained in the CPR has been sourced from a third party, such information has been accurately reproduced and, so far as we are aware and are able to ascertain from the information published by that third party, and no facts have been omitted which would render the reproduced information inaccurate or misleading.

This CPR relates specifically to OML18 oil and gas fields and related infrastructure. The CPR is conditional upon various factors and assumptions that are described herein. The CPR, of which this letter forms part, must therefore be read in its entirety.

The effective date of this CPR is January 2022 (the "Effective Date").

PetroVision acknowledges that this CPR may be included in its entirety, or portions of this CPR summarised, in documents prepared by SLE and its advisers in connection with commercial or financial activities and that such documents, together with this CPR, may be filed with any stock exchange and other regulatory body and may be published electronically on websites accessible by the public, including SLE's website.

Yours sincerely,



PetroVision Energy Services Limited

Dr Lekan Aluko
Technical Director
7th July 2022



OML 18

Competent Persons Report (CPR)

Prepared For

SAN LEON ENERGY PLC AND ALLENBY CAPITAL LIMITED

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July 2022

			
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Draft Reports are issued to clients for comment for up to 30 days. Reports will be considered 'final' if no comments are received by the end of the 30-day period.			
Disclaimer This CPR represents the professionally informed view of PetroVision's technical staff, hereinafter referred to as "the Consultant", based upon the analysis and interpretation of data supplied at the time of the study by the client representative. The Consultant has not verified nor does it guarantee the accuracy, completeness, or consistency of such data. The Consultant has made every effort to ensure that the interpretations, conclusions and recommendations in this CPR are accurate and reliable in accordance with good industry practices and its own quality management procedures. However, there are significant uncertainties inherent in the interpretation of engineering and geoscience data. Therefore, our interpretations, conclusions and recommendations necessarily represent informed professional judgment only. The Consultant makes no representation or warranty, express or implied, as to (i) the quality or quantity of oil and gas reserves ultimately recovered; and/or (ii) the state, condition or fitness for purpose of any of the physical assets of the client. This disclaimer does not affect the Consultant's responsibility for this document to persons other than the client as part of the AIM Admission Document.			

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1 EXECUTIVE SUMMARY

PetroVision Energy Services ("PetroVision") has produced this Competent Person's Report ("CPR"), covering the oil and gas fields within the OML 18 Block (Niger Delta, Nigeria) and the proposed Alternative Crude Oil Evacuation System (ACOES), at the request of San Leon Energy Plc ("San Leon", "SLE" or "the Company"). This CPR has been prepared based on latest (available) field development plans completed on behalf of Eroton Exploration & Production Company Limited ("Eroton"), who became the legal operator of OML 18 in March 2015. However, Eroton continues to update and optimise their development plans for OML 18 which can be incorporated in future CPRs when completed, verified and approved by the regulatory bodies. Table 1-1 shows a summary of the OML 18 Asset.

Table 1-1: Summary table of OML 18 asset

Asset	Operator	Interest (%)	Status	Licence expiry date	Licence area	Comments
OML 18, Nigeria	Eroton	22.5*	Production / Development	21 October 2038	1,035 km ²	- Five fields (Cawthorne, Akaso, Alakiri, Krakama, and Awoba¹) are currently on production. - Three fields (Orubiri, Buguma Creek and Asaritoru) are available for production but planned for development. - Only one field (Bille) out of 9 fields in OML 18 has remained undeveloped.

* Represents SLE's working interest in OML 18 following completion of the RTO. SLE will have an initial indirect economic interest of 44.1% in OML 18 following completion of the RTO.

SLE has proposed to consolidate Midwestern Oil and Gas Company Limited's ("Midwestern") shareholdings in the Company and Midwestern Leon Petroleum Limited ("MLPL") into a single shareholding in the Company, which is defined in this Document as the "MLPL Reorganisation" and the transactions defined in this Document as the "ELI Reorganisation" and the "Further ELI Investments" which constitute a 'reverse takeover' under the AIM Rules (the "RTO"). This CPR is written on the basis that the RTO completes.

1.1 San Leon's License Interests

SLE's economic interest is held through Midwestern Leon Petroleum Limited ("MLPL"), a Mauritian incorporated special purpose vehicle, established for the purpose of holding their OML 18 interests. Upon completion of the RTO, SLE will own a 22.5% net working interest and an initial 44.1% net economic interest in OML 18 (see Figure 1-2) until the following hurdles are met:

1. The amounts paid² on behalf of Bilton by Martwestern in the original purchase price of \$1.1 billion for the acquisition of OML 18 in March 2015 are paid back with interest through cash flow distributions from Eroton.
2. Once hurdle 1 has been met (forecasted by PetroVision to be achievable by Q2 2033, Q3 2031 and Q1 2030 for 1P, 2P and 3P reserves respectively), further production hurdles will need to be met.
 - a. At the realisation of 20 million barrels of gross OML 18 production (produced post hurdle 1), Bilton's economic interest in Eroton's profits increases from 10% to 20% with a commensurate reduction in SLE's economic interest.
 - b. Further cumulative production hurdles will increase Bilton's net economic interest in Eroton until cumulative gross OML 18 production (after hurdle 1 has been passed) reaches 40 million barrels at which point Bilton and SLE's economic interests in Eroton shall reflect their working interest (50% and 50% respectively). The 40 million barrels hurdle is estimated by PetroVision to be achieved at Q1 2034, Q1 2032 and Q3 2030 for 1P, 2P and 3P reserves respectively.

¹ Awoba field is operated by Newcross E&P, with 50% production allocation to OML 18 concession.

² Price paid for the 45% interest in OML 18 in March 2015 where Martwestern holds an indirect working interest of approximately 10% through its share ownership of Martwestern Energy Limited that in turn owns 50% of the shares in Eroton.



Figure 1-1: Illustration of SLE's net working interest (pre & post RTO)



Figure 1-2: Illustration of SLE's initial economic interest (pre & post RTO)

Brief descriptions of the entities enlisted in Figure 1-1 and Figure 1-2 above can be found in APPENDIX V: DESCRIPTION OF OML 18 ENTITIES.

1.2 Asset Performance Review

The OML 18 block lies within the Eastern swamp region of the southern part of the Niger Delta in Rivers state, Nigeria and covers an area of 1,035 km². The current licence will expire on 21 October 2038. It cuts across the entire Cawthorne Channel and Alakiri districts and a section of Awoba on the boundary between OML 18 and OML 24. Nine (9) fields have been discovered to date being: Akaso, Alakiri, Asaritoru, Awoba, Bille, Buguma Creek, Cawthorne Channel, Krakama, and Orubiri.

The Awoba field straddles the OML 18 licence boundary with OML 24, operated by Newcross Exploration and Production Limited ("Newcross"). Whilst Newcross operate Awoba, 50% of the field's costs and production are allocated to OML 18 based on a 'pre-unitization' agreement³ which was signed on 17th December 2018 between the Nigeria National Petroleum Corporation (the "NNPC"), Eroton and Newcross.

Original In-place volumes (2P) in the OML 18 assets are estimated at approximately 3,804 million stb (oil and condensate) and 9,836 Bscf of gas, which includes both associated gas ("AG": gas which is produced with oil) and

³Reference: Awoba Field Pre-Unitization Agreement 08.01.19 (Signed).pdf

non-associated gas (“NAG”: produced from dedicated gas wells). To date, 155⁴ wells have been drilled on the OML 18 block (excluding the ‘water wet’ wells drilled in Buguma South, Bakana and Minama).

Figure 1-3 shows the historical oil, gas, and water production for OML 18. Peak production levels of over 100,000 stb/d and 200 MMscf/d were achieved in the early 1970s and early 1990s, respectively. Cumulative production from the OML 18 fields (including the 50% interest in Awoba) was approximately 1,099 MMstb (including Alakiri condensate) and 1,994 Bscf of gas, as of 31st December 2021. Table 1-2 shows a summary of the OML 18 production history by field up to end of 2021. Average production (gross on licence) recorded in December 2021 for the OML 18 asset (including 50% of Awoba) is about 15,750 bopd (42% water cut), and about 56 MMscf/day gas.

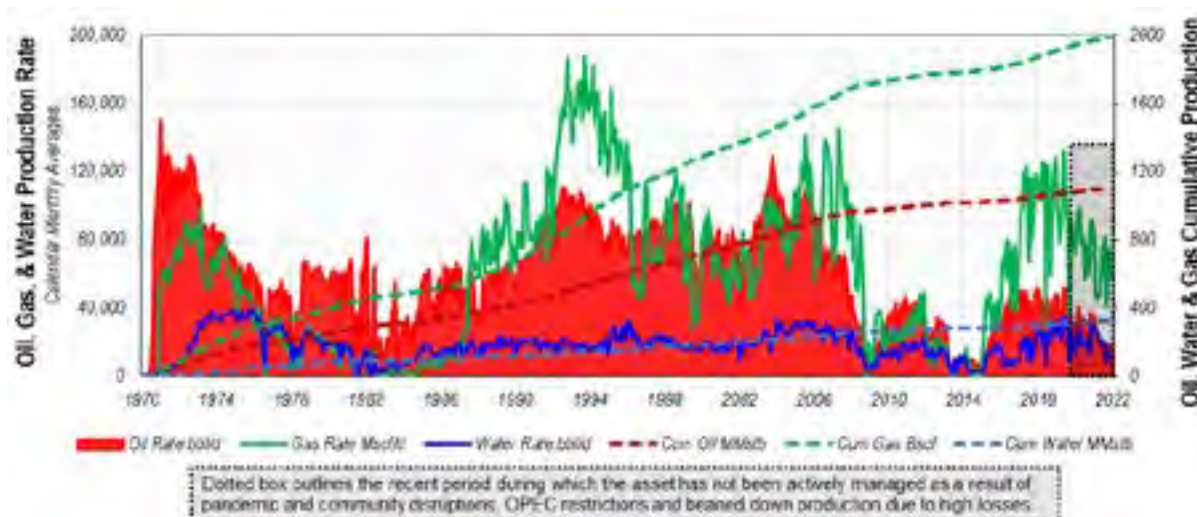


Figure 1-3: OML 18 production history – gross on licence (including 50% Awoba)

Table 1-2: OML 18 field production status & production summary (gross on licence)

Field	Discovered	First Production	Current Status / Last Production	Number of Wells Drilled	Produced Oil (MMstb)	Produced Gas (Bscf)	Operator
	Year				31-Dec-2021		
Cawthorne Channel	1963	1970	Producing	52	667.0	992.9	Eroton
Akaso	1979	1980	Producing	17 ⁵	134.1	186.5	Eroton
Alakiri	1959	1970	Producing	37	112.7	588.6	Eroton
Awoba (50%) ⁶	1981	1992	Producing	9 / 4 ⁷	81.2	104.8	Newcross
Krakama	1958	1972	Producing	16	48.4	34.9	Eroton
Orubiri	1971	1973	Producing	12	33.3	35.6	Eroton
Buguma Creek	1960	1972	Dec-2000	10	18.8	47.0	Eroton
Asaritoru	1990	1992	Aug-2000	1	3.4	3.8	Eroton
Bille	1971	-	-	1	-	-	Eroton
TOTAL				155 / 150	1,099	1,994	

The last period of fully active field management of OML 18 was during Q1 2020. The aforementioned period was prior to constraints resulting from the global COVID-19 pandemic, OPEC restrictions, preparation for the Alternative Crude Oil Evacuation System (“ACOES”) and budgetary challenges particularly in the face of escalating pipeline losses on the Nembe Creek Trunk Line (the “NCTL”). As a result of these operational limitations, by January 2021 total asset production had declined to circa 34,000 bopd (pre losses). From March 2021, even higher crude losses were being recorded on the NCTL (80-90% of injected barrels) which encouraged Eroton to adopt a strategy of minimising production and deferring well activities pending the completion of the Energy Link Infrastructure (ELI)-owned ACOES. The ACOES is expected to remove the reliance on the NCTL for export and significantly reduce OML 18’s losses. This field management strategy resulted in an artificial drop in gross production to circa 16 kbopd (pre-losses) by December 2021. This CPR has considered this drop in production to be an inaccurate reflection of the full potential of the asset on which to benchmark future performance forecasts, particularly with the potential

⁴ Including the three recently drilled Akaso wells from December 2018 – February 2020.

⁵ Includes recently drilled Akaso-15, Akaso-16, and Akaso-17 (not tied-in yet).

⁶ Awoba straddles OML 18 and OML 24. 50% of the Awoba production is allocated to OML 18 as shown in the table. The production figures are based on production reports from the Operator and the previous operator and do not account for any potential unreported production losses e.g., due to theft.

⁷ Nine (9) wells have been drilled in Awoba but only 4 of them are within the OML 18 block area.

additional production from Akaso-17 well⁸. This CPR has therefore benchmarked the performance forecasts for the developed reservoirs against the most recent period through which the fields were fully operational and under active field management.

Figure 1-4 shows the average oil production from OML 18 from 2014, before Eroton's purchase of the asset in March 2015, through to September 2021. It clearly shows the improved performance from the time of acquisition up to Q1 2020, a period during which the asset was being actively managed, in full production and prior to disruptions due to community payment delays, OPEC restrictions, ELI preparations and the recent minimal production mode⁹ (Q2 2020 onwards). An illustrative decline curve analysis (DCA), referenced to the period of active asset management indicates that without the current minimal production strategy the asset, in a no-further activity ("NFA") scenario, should be producing at least 30 kbopd, as of January 2022. Petrovision considers this the true representative reservoir/field performance level from which to benchmark the forecasts. Modelling a gradual production ramp up for OML 18 base production, from about 16 kbopd in Q1 2022 to circa 27 kbopd by Q1 2023, more appropriately reflects the full potential of the asset's baseline production, as estimated by the DCA curve.

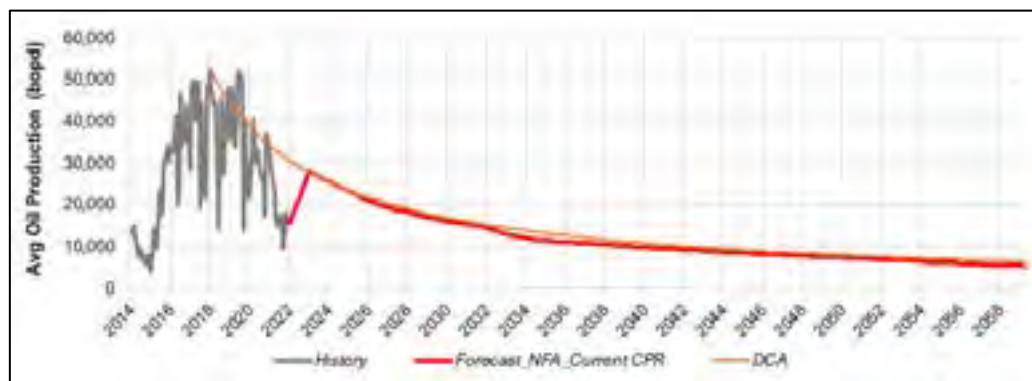


Figure 1-4: Recent asset performance trend (2014 to date)

1.3 Facilities & Crude Evacuation

OML 18 currently has five flow stations (i.e., CAWC-1, CAWC-2, CAWC-3, ALAK¹⁰ and KRAK), one central gas gathering plant and one non-associated gas ("NAG") plant. Oil produced from Cawthorne Channel, Akaso and Alakiri has historically been transported to the Bonny Oil terminal via the NCTL. Produced gas is currently exported from Cawthorne Channel and Alakiri to the Notore fertilizer plant.

OML 18 facilities operating costs are currently estimated at \$58.5 million/yr (fixed OPEX), 1.28 \$/bbl (variable OPEX), \$29.3 million/yr (general & administrative – G&A), and liquids evacuation tariffs of \$3.55/bbl via NCTL and \$3.95/bbl through ACOES.

The current handling capacity of the existing OML 18 facilities is 180,000 bpd (liquid); CAWC-1, 2, & 3 (120,000 bpd), Alakiri (30,000 bpd) and Krakama (30,000 bpd). The non-operated Awoba facility has a further 40,000 bpd capacity. De-bottlenecking of the facilities, to capture additional volume, will be performed as part of the planned in-field dehydration facility to be located at CAWC-2 and -3 flow stations (the additional CAPEX for this scope of work has been incorporated in the economic evaluation).

The current gas processing capacity of the existing OML 18 facilities is 275 MMscf/d; CAWC Associated Gas (AG) Plant (150 MMscf/d), Alakiri Non-Associated Gas (NAG) Plant (120 MMscf/d) and Krakama AG plant (5 MMscf/d). The non-operated Awoba field has an AG handling capacity of 55 MMscf/d. The proposed gas development plan in this CPR includes the undeveloped NAG reserves in Awoba, Buguma Creek and Bille and requires expansion of the gas processing facilities. The operator has a plan in place to upgrade the total gas processing from 275 MMscf/d to about 500 MMscf/d by 2024, the additional CAPEX for which has been incorporated in the economic evaluation.

As Eroton awaits final commissioning of the ACOES pipeline system and given the very low production reconciliation factors (RFs) from Q2 2021 to date, Eroton commenced the implementation of an interim evacuation programme utilising a barge mounted production facility with storage of both water and crude, with crude export to

⁸ Successfully drilled between Q4 2019/ Q1 2020, with an extensive oil column, and ready to be tied-in for production (currently estimated for Q2-2022).

⁹ Strategy adopted by Eroton to curtail the impact of high crude pipeline losses on NCTL in 2021.

¹⁰ All, except Alakiri, have associated gas export facilities.

the Akaso FSO operated by ELI. Process testing¹¹ of the barging facilities was completed in September 2021 and about 18,000 bbls of export quality crude was successfully injected into the storage barges.

As of the timing of this CPR, the OML 18 pilot project has successfully been completed to the mother vessel and the marine spread is being deployed, after which oil is expected to be received via barging to the FSO. JV alignment has been achieved and commercial negotiations completed. Eroton now expects to complete the approval process and commence transshipment at Cawthorne flowstation in Q3 2022, while a third barge is expected to become fully operational at Alakiri and Krakama flowstations by the start of Q4 2022.

1.4 Asset Development Overview

The main activities associated with the future development of OML 18 fields include well workovers, interventions, new drilling, artificial lift and secondary recovery via water injection (with the added benefit of the planned infield dehydration). Three (3) forecast sensitivities have been evaluated: Proved (1P), Proved & Probable (2P), and Proved, Probable & Possible (3P).

Table 1-3 summarises the distribution of the proposed OML 18 development wells, and their associated capital cost, by field. A combined total of one hundred and three (103) notional new wells have been proposed by Eroton, the Operator, for full development of the OML 18 fields, including NAG reservoirs. The Operator's proposed development program envisages a capital expenditure budget of about \$2.9 billion over the next 10 years (for both the 1P and 2P cases), largely funded from cash flow. Mobilisation of the Hydraulic Workover Unit (HWU) is currently estimated for Q4-2022 with the arrival of three drilling rigs anticipated in Q3-2023, Q3-2024 and Q3-2025 (for NAG). An additional¹² twelve (12) new wells have been estimated for the 3P case with an associated cost of about \$300 million.

Table 1-3: Summary of OML 18 development well CAPEX

Field	New Wells		Rigless Workovers		HWU-Based Workovers		Additional New Wells - 3P case only	
	Well Count	Cost (million)	Well Count	Cost (million)	Well Count	Cost (million)	Well Count	Cost (million)
Cawthorne Channel	15	\$448	16	\$23	10	\$30		
Alakiri	27	\$736	6	\$13	8	\$24	4	\$100
Akaso	7	\$175	10	\$11	2	\$6	3	\$75
Awoba	16	\$400						
Krakama	14	\$350	3	\$8	2	\$6		
Orubiri	6	\$150	4	\$8	2	\$6	2	\$50
Buguma Creek	15	\$380	3	\$8	2	\$6	3	\$75
Asaritoru	1	\$25			1	\$3		
Bille	2	\$50						
Total	103	\$2,714	42	\$70	27	\$81	12	\$300

The total facilities development CAPEX required for the OML 18 asset is estimated at approximately \$549 million (Table 1-4) and includes the gas capacity expansion to 500 MMscf/d, to accommodate additional gas volumes from the Non-Associated Gas (NAG) wells, and in-field dehydration, to reduce water handling and transport requirements.

Table 1-4: OML 18 facilities CAPEX

Planned Activities		2022	2023	2024	2025	2026	2027	2028	2029	Total CAPEX
		\$million								
OIL	01. In-Field Dehydration		7.0	14.0	14.0	14.0	14.0	7.0		70.0
	02. IFD Inter-Connecting Lines		24.8	18.0	3.3	10.5	3.5			60.0
	03. Upgrades and debots						3.5	7.0	3.5	14.0
	04. Gaslift		2.5	6.0	6.5	4.0	2.0	1.0		22.0
	05. Flowlines		2.5	5.0	5.0	5.0	2.5			20.0
	06. Flare System Upgrades		1.0	1.5	0.5					3.0
	07. Export Pump Upgrades		3.8	11.3	7.6					22.7
	08. Buguma FOD						7.5	6.3	1.3	15.0
GAS	09. AG Flare Out	5.8	22.3	17.8	8.3					54.0
	10. Alakiri NAG Refurbishment	2.5	7.5							10.0
	11. Gas Capacity Expansion			20.0	43.0	68.0	82.5	37.5		251.0
NOGI	12. NOGI + Inf Upgrades		1.6	2.7	1.7	0.7	0.2	0.1		7.1
Yearly Totals (\$ million)		8.3	72.9	96.3	89.8	102.2	115.7	58.8	4.8	548.8

¹¹ Testing to confirm water separation quality and due diligence on installed equipment.

¹² Additional wells, and perhaps an additional rig, may be required to achieve the 3P recoveries within similar time frame to other cases evaluated.

The oil development plan presented in this CPR is anticipated to see oil production ramp up from the current approximately 16,000 stb/d to circa 100,000 stb/d (gross on license and pre downtime and losses) by 2026 in the mid case (2P) scenario (Figure 1-5). The gas development is anticipated to take OML 18 gas production levels up to 500 MMscf/d (gross on license and pre downtime and losses by 2032 (Figure 1-6).

Based on the development activities outlined in this CPR, the forecasted 2P oil and gas technical recoveries (TR), which do not incorporate an economic cut-off, are approximately 660 million stb and 3,453 Bscf, respectively. This translates to 2P ultimate recovery (EUR) from the OML 18 asset (including 50% of Awoba) of approximately 1,759 MMstb oil (including condensate) and approximately 5,447 Bscf of gas. Table 1-5 shows a breakdown of these remaining (technical) recoveries by well activities.

Table 1-5: OML 18 in-place volumes and technical recovery forecasts (mid case)

OML 18 Asset Including 50% Awoba	Units	Gross on License						SLE Net Attributable Reserves ¹³
		Originally in Place	Production to Date (31-Dec-2021)	Forecasted Technical Recoveries (2P) ¹⁴				
				Active Wells	Workovers	New Drilling	Total	
A. Oil	MMstb	3,570.6	1,088.7	201.2	162.5	263.1	626.8	160.8
B. Gas (AG)	Bscf	7,583.2	1,700.0	239.1	551.8	1458.5	2249.4	602.3
C. Gas (NAG)	Bscf	2,253.0	293.8	46.5	253.7	903.4	1203.6	322.2
D. Condensate	MMstb	233.6	10.1	0.5	5.2	27.2	32.9	8.5
E. Liquids (A+D)	MMstb	3,804.2	1,098.8	201.7	167.77	290.3	659.8	169.3

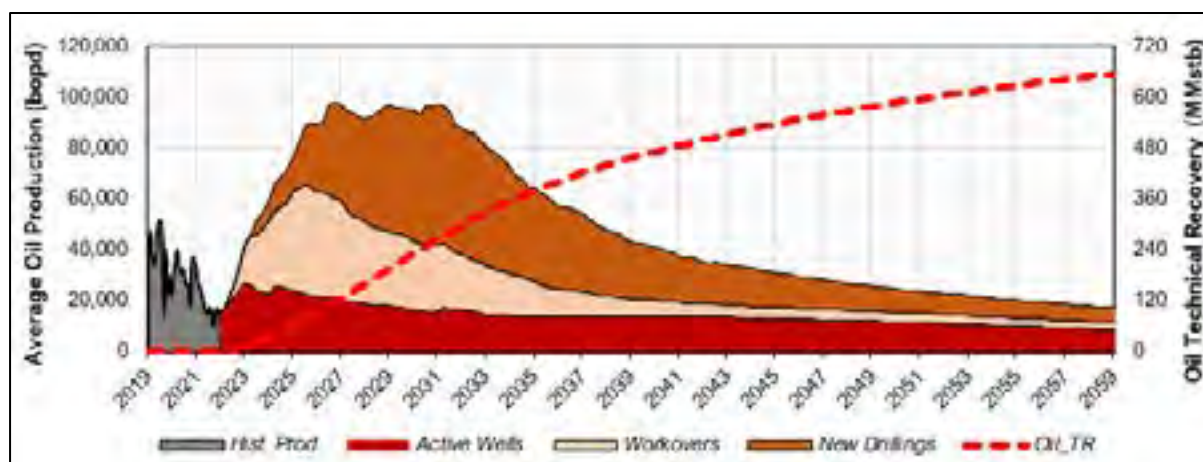


Figure 1-5: OML 18 oil+condensate production forecast – proved plus probable (pre downtime and pipeline losses)

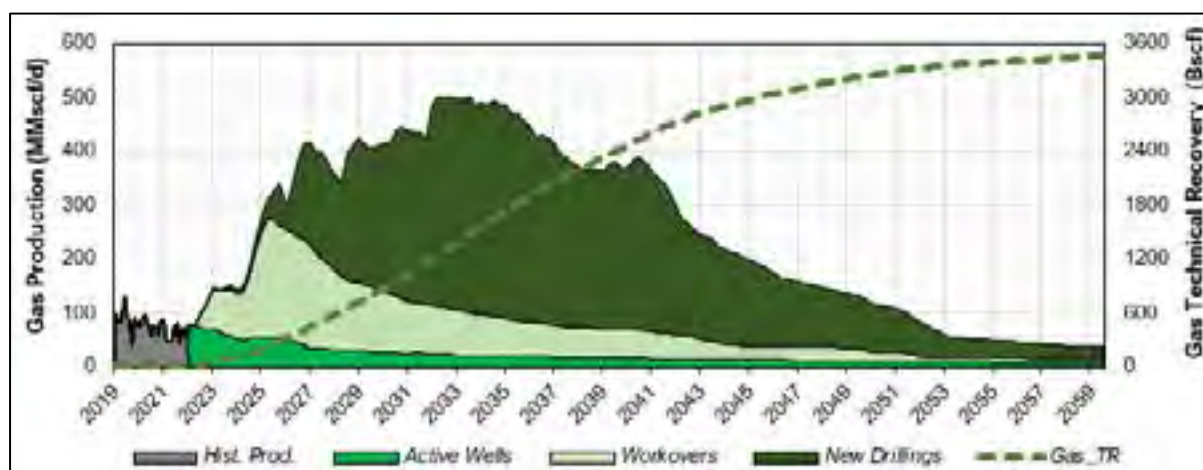


Figure 1-6: OML 18 gas production forecast – proved plus probable (pre downtime and pipeline losses)

¹³ SLE net attributable numbers are post downtime / crude loss deductions and economic cut-offs. Based on SLE's 22.5% net working interest and an initial indirect economic interest of 44.1% in OML 18 following completion of the RTO before the hurdles are met.

¹⁴ Technical recovery numbers are before downtime/crude loss deductions and economic cut-offs.

1.5 Reserves and Resources

Table 1-6 summarises OML 18 economic¹⁵ reserves per field. The economic reserves are presented both as gross on license and indirect net economic interest attributable to San Leon (i.e., before deduction for royalty). The net attributable reserves were allocated to SLE by field on an annualised pro-rated production basis.

Table 1-6: OML 18 economic reserves

Fields	Status	Gross				SLE net attributable ¹⁶			Operator
		Proved	Proved & Probable	Proved, Probable & Possible	Proved	Proved & Probable	Proved, Probable & Possible		
Oil & Liquids Reserves (million bbls)									
Cawthorne	Producing	163.3	233.1	295.7	49.8	64.8	76.8	Eroton	
Akaso	Producing	27.6	58.2	92.0	7.8	17.1	25.6	Eroton	
Alakiri	Producing	47.8	75.2	127.1	16.1	21.8	32.7	Eroton	
Krakama	Producing	61.8	87.8	114.5	19.5	24.1	29.1	Eroton	
Orubiri	Not producing - Available	25.2	37.1	58.6	8.4	11.1	15.5	Eroton	
Buguma Creek	Not producing - Available	33.3	48.3	67.3	11.3	13.7	17.2	Eroton	
Asaritoru	Not producing - Available	6.6	8.3	10.8	2.2	2.6	3.2	Eroton	
Awoba (50%)	Producing	38.0	53.4	83.9	11.7	14.0	20.1	Newcross	
Bille	Planned for development							Eroton	
Total for Oil & Liquids		403.5	601.4	849.7	126.9	169.3	220.1		
Gas Reserves (Billion scf)									
Cawthorne	Producing	283.7	431.8	634.3	91.4	122.9	164.5	Eroton	
Akaso	Producing	115.2	273.1	458.0	35.8	81.9	127.0	Eroton	
Alakiri	Producing	484.5	674.2	1,190.0	160.4	202.1	314.0	Eroton	
Krakama	Producing	285.3	354.4	468.0	89.9	97.3	116.4	Eroton	
Orubiri	Not producing - Available	99.4	156.1	260.6	35.6	47.8	67.7	Eroton	
Buguma Creek	Not producing - Available	603.0	913.7	1,378.8	181.9	225.1	323.3	Eroton	
Asaritoru	Not producing - Available	6.3	7.9	10.3	2.2	2.5	3.1	Eroton	
Awoba (50%)	Producing	268.9	453.8	914.2	78.6	112.8	210.7	Newcross	
Bille	Planned for development	126.4	140.6	159.9	30.6	32.1	36.0	Eroton	
Total for Gas		2,272.7	3,405.6	5,474.2	706.3	924.5	1,362.9		

Source: PetroVision Energy Services Ltd

The results show significant recoverable (technical) oil and gas volumes remaining in OML 18 and the existing well stock confirms good deliverability, high pressures and generally favourable reservoir properties.

¹⁵ Economic reserves are the forecasted technical recoveries less deductions for production losses/downtime, economic limits, and utility / fuel (for gas).

¹⁶ Post-completion of the envisaged transaction, based upon initial 44.1% economic interest in OML 18 until the hurdles are met.

1.5.1 Contingent Resources

Table 1-7 summarises the estimated contingent (unrisked) oil and gas recoverable resources, post field development plan (FDP) studies. These are generally constituted by reservoirs with insufficient information to appropriately characterise and quantity (well logs and/or fluid sampling data). The contingent resources also include the recoverable volumes beyond the forecast cut-off date (Jan-2060).

Table 1-7: OML 18 oil & gas contingent resources

Table 1-1: OML 20 on & gas contingent resources										
Field	Predominant status of Contingent Resource	Gross			SLE Net attributable			Estimated Risk Factor	Operator	
		Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate			
Oil & Liquids Contingent Resources – Unrisked (million bbls)										
Cawthorne Channel	Largely development not viable	9.5	12.2	14.0	2.1	2.7	3.2	0.7	Eroton	
Akaso	Largely development pending	9.6	11.8	13.4	2.2	2.7	3.0	0.7	Eroton	
Alakiri	Largely development not viable	6.2	8.8	11.6	1.4	2.0	2.6	0.7	Eroton	
Krakama	Largely development not viable	0.7	1.3	1.5	0.2	0.3	0.3	0.7	Eroton	
Orubiri	Largely development not viable	0.6	0.8	1.2	0.1	0.2	0.3	0.7	Eroton	
Total for Oil & Liquids		26.6	34.9	41.7	6.0	7.9	9.4			
Gas Contingent Resources - Unrisked (Billion scf)										
Cawthorne Channel	Largely development not viable	20.7	29.1	39.7	4.7	6.5	8.9	0.7	Eroton	
Alakiri	Largely development not viable	184.7	209.7	254.5	41.6	47.2	57.3	0.7	Eroton	
Krakama	Largely development not viable	1.0	1.4	1.3	0.2	0.3	0.3	0.7	Eroton	
Orubiri	Largely development not viable	0.9	2.3	3.0	0.2	0.5	0.7	0.7	Eroton	
Total for Gas		207.3	242.5	298.5	46.6	54.6	67.2			

Source: PetroVision Energy Services Ltd

Current contingent resources for Akaso are based on proved recoverable volumes from water injection (secondary recovery) which was originally classified as proved reserves category, but now removed following the non-approval of the Akaso water injection scheme by the regulatory body. However, Eroton is continually engaging with the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) to demonstrate the benefits of water injection in the Akaso field.

1.5.2 Prospective & Lead Resources

The Operator has also identified thirty-nine (39) exploration / appraisal targets, comprising one (1) discovery, thirty-six (36) prospects and two (2) leads within and/or near 16 fields on the OML 18 block that were evaluated by PetroVision as part of this CPR. The estimated gross prospective oil and gas resources¹⁷ for OML 18 are shown in Table 1-8 and Table 1-9.

Table 1-8: OML 18 prospective oil / liquids resources

Near-field	Total No of Exploration / Appraisal Targets	Status	Gross			SLE Net attributable			Risk Factor	Operator
			Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate		
Oil & Liquids Prospective Resources - Unrisked (million bbls)										
Cawthorne Channel	6	Prospect	22.0	92.0	268.4	5.0	20.7	60.4	0.4	Eroton
Akaso	3	Prospect	11.6	68.6	147.0	2.6	15.4	33.1	0.3	Eroton
Alakiri	6	Prospect	16.9	110.6	465.8	3.8	24.9	104.8	0.6	Eroton
Krakama	3	Prospect	23.8	112.9	366.2	5.4	25.4	82.4	0.2	Eroton
Orubiri	4	Prospect	9.6	31.5	145.0	2.2	7.1	32.6	0.3	Eroton
Asaritoru	3	Prospect	4.4	33.6	117.6	1.0	7.6	26.5	0.4	Eroton
Bakana	3	Prospect	2.5	8.6	23.4	0.6	1.9	5.3	0.2	Eroton
Buguma East **	1	Prospect	2.5	14.9	49.9	0.6	3.4	11.2	0.3	Eroton
Minama East	1	Prospect	3.1	21.3	95.1	0.7	4.8	21.4	0.3	Eroton
Tema	1	Appraisal ¹⁸	4.4	8.2	14.2	1.0	1.8	3.2	1.0	Eroton
Awoba **	2	Prospect	0.0	1.0	7.0	0.0	0.2	1.6	0.2	Newcross
Bille	2	Prospect	22.9	51.0	106.4	5.2	11.5	23.9	0.2	Eroton
Calabar River South	1	Lead	34.4	70.6	143.0	7.7	15.9	32.2	0.0	Eroton
Calabar River SE	1	Lead	40.3	62.5	94.2	9.1	14.1	21.2	0.1	Eroton
Idama**	1	Prospect	1.5	5.9	15.9	0.3	1.3	3.6	0.3	Eroton
Isia	1	Prospect	2.4	16.5	65	0.5	3.7	14.6	0.3	Eroton
Total for Oil / Liquids	39		202.3	709.7	2,124.1	45.5	159.7	477.9		

Source: PetroVision Energy Services Ltd

** OML 18 area only

¹⁷ The low, best, and high cases were determined probabilistically using range of uncertainties for each volumetric parameter, such as GRVs, petrophysical properties, and PVT properties.

¹⁸ Tema is a discovery, hence no risk associated with discovery. The field is subject to further appraisals.

Table 1-9: OML 18 prospective gas resources

Near-field	Total No of Exploration / Appraisal Targets	Status	Gross			SLE Net attributable			Risk Factor	Operator
			Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate		
Gas Prospective Resources - Unrisked (Billion scf)										
Cawthorne Channel	6	Prospect	89.3	371.0	1,069.8	20.1	83.5	240.7	0.4	Eroton
Akaso	3	Prospect	45.1	263.1	544.7	10.1	59.2	122.6	0.3	Eroton
Alakiri	6	Prospect	60.6	382.9	1,547.3	13.6	86.2	348.1	0.6	Eroton
Krakama	3	Prospect	85.2	401.9	1,280.6	19.2	90.4	288.1	0.2	Eroton
Orubiri	4	Prospect	32.5	106.1	505.4	7.3	23.9	113.7	0.3	Eroton
Asaritoru	3	Prospect	16.4	127.9	451.7	3.7	28.8	101.6	0.4	Eroton
Bakana	3	Prospect	7.4	26.1	70.1	1.7	5.9	15.8	0.2	Eroton
Buguma East **	1	Prospect	7.9	47.4	154.6	1.8	10.7	34.8	0.3	Eroton
Minama East	1	Prospect	10.2	78.2	369.7	2.3	17.6	83.2	0.3	Eroton
Tema **	1	Discovery	75	116.6	176.7	16.9	26.2	39.8	1.0	Eroton
Awoba **	2	Prospect	0.2	4.0	25.3	0.0	0.9	5.7	0.2	Newcross
Bille	2	Prospect	86.0	181.9	360.9	19.4	40.9	81.2	0.2	Eroton
Calabar River South	1	Lead	124.1	241.5	474.8	27.9	54.3	106.8	0.0	Eroton
Calabar River SE	1	Lead	142.7	209.3	299.0	32.1	47.1	67.3	0.1	Eroton
Idama**	1	Prospect	5.9	21.7	57.4	1.3	4.9	12.9	0.3	Eroton
Isia	1	Prospect	7.3	52.7	207.4	1.6	11.9	46.7	0.3	Eroton
Total for Gas	39		795.8	2,632.3	7,595.4	179.1	592.3	1,709.0		
Source: PetroVision Energy Services Ltd										
** OML 18 area only ++ Tema is a discovery, hence no risk associated with discovery										

Furthermore, as a significant portion of the contingent and prospective resources defined are quite tangible, they will never be far from infrastructure and many of the potential targets could easily be appraised as part of the development drilling programme. Exploration targets could be tagged on to development wells either by deepening certain wells or optimising trajectories to tag exploration/appraisal blocks/zones etc. This optimisation will be factored into the Operator's development plan/drilling schedule with the objective of moving some of the prospective resources into reserves without the requirement for dedicated exploration CAPEX.

1.6 Economic Evaluation

PetroVision developed a detailed economic model that estimated the net present value ("NPV"¹⁹) based on discounted cash flow of future net revenues at a discount rate of 10% ("NPV₁₀") going forward, as of 1st January 2022, to determine the value of the indirect net economic interest attributable to San Leon. The economic model includes the effect of Eroton's debt funding, expected downtime and significantly reduced pipeline losses described in Section 5.3. The net attributable cash flow to SLE was allocated to SLE by field on an annualised pro-rated production basis.

NPV₁₀ values were calculated using base price assumptions for two cases (see Table 1-10):

- Pre-finance**, an NPV₁₀ after tax value is calculated based on cashflow to SLE excluding the effects of paying Reserves Based Lending ("RBL") costs and Withholding Tax ("WHT"), which gives the NPV₁₀ of cash flow from SLE's interests (post RTO) without financing deductions
- Post-finance**, an NPV₁₀ after tax value is provided which includes the effects of RBL and WHT, which provides a view on the NPV₁₀ of cash flows receivable by SLE at the MLPL level.

Table 1-10: NPV₁₀ after tax net cashflow (SLE entitlement only - post RTO)

Fields	NPV ₁₀ After Tax Net Cashflow (\$ million) @ Base Oil Price		
	Proved (1P)	Proved & Probable (2P)	Proved, Probable & Possible (3P)
Cawthorne Channel	401	435	472
Akaso	139	224	298
Alakiri	283	325	407
Krakama	171	172	183
Orubiri	83	92	104
Buguma Creek	168	166	163
Asaritoru	17	19	23
Awoba (50% share)	96	101	124
Bille	8	9	10
TOTAL Pre-Finance	1,366	1,543	1,784
TOTAL Post-Finance	917	1,093	1,334

Figure 1-7 presents the estimated post RTO net cash flow profile after tax to San Leon at MLPL level during the period 2022 to 2031 (after deducting RBL payments and WHT and is therefore post-finance) based on the indirect net economic interest attributable to SLE and the 2P profile and base case pricing.

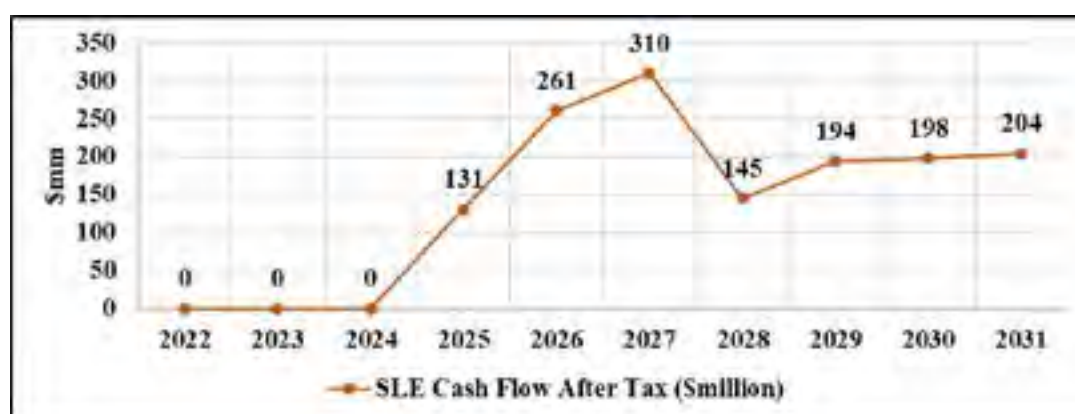


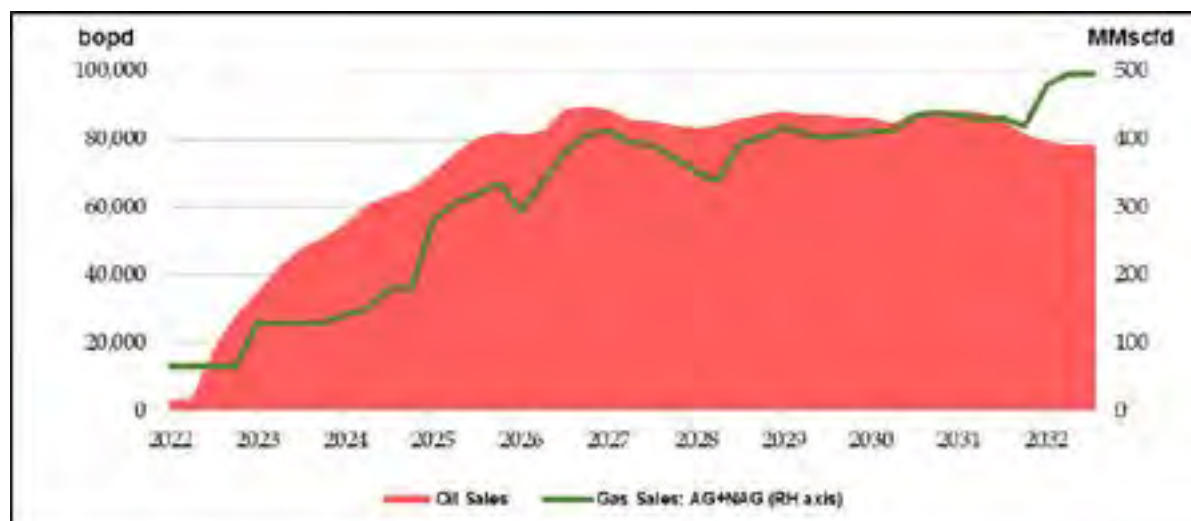
Figure 1-7: SLE cash flow profile

Table 1-11 summarises the estimated post RTO annual cash flow to San Leon at MLPL level (based on indirect net economic interest attributable to SLE 2P profile and base case pricing). It excludes income from any other source, such as provision of technical services to Eroton by San Leon, or any income under the Master Services Agreement. Figure 1-8 shows the 2P sales profiles (Oil+Condensate) and gas, respectively, after downtime and losses.

¹⁹ The model runs on OML 18 and NPVs were allocated by field based on technical production.

Table 1-11: Post RTO annual cash flow 2P - net economic interest attributable to SLE (post downtime and losses)

		TOTAL	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032*
Production (Gross on Licence)													
Average Daily Oil/Condensate Production	Mbopd		14	44	61	77	86	86	85	87	87	86	
Unhedged Oil Price	\$/bbl		75	71	69	70	71	73	74	76	77	79	
Oil/Condensate Sales Volumes	MMbbl	601	5	16	22	28	31	31	31	32	32	31	341
Gas Sales Volumes	Bscf	3,406	24	47	60	113	129	143	136	149	155	156	2,292
Net economic interest attributable to SLE													
Cash Flow to SLE	\$million	3,066	0	0	0	131	261	310	145	194	198	204	1623
SLE NPV ₁₀	\$million	1,093											

**Figure 1-8: 2P Sales (oil+condensate) and sales gas post downtime and losses, OML 18 (Including 50% Awoba)**

In addition to San Leon's indirect net economic interest on OML 18 block, SLE also has an exclusive right (subject to conditions) to provide certain drilling-related oil field services to OML 18 under a Master Services Agreement. The Operator's proposed development program envisages a capital expenditure budget over the next 10 years more than \$2.9 billion, largely funded from cash flow. San Leon has a separate contract in place to provide management and technical services to Eroton.

Mr Adekolapo Ademola, a non-executive director of San Leon Energy, has a 44% ownership interest in Bilton Energy Limited ("Bilton") and is a director of Bilton. Bilton currently has: (i) a 13.5% indirect equity interest in OML 18; (ii) a 0.54% indirect initial economic interest in OML 18; and (iii) a further 1.8% interest in the OML 18 licence that is held by its 100% owned subsidiary Bilton OML 18 Limited. Following the transfers of stakes in OML 18 pursuant to the Sahara OML 18 Transaction and the Bilton OML 18 Transaction, as described on page 69 of this CPR, Bilton will have: (i) a 22.5% indirect equity interest in OML 18; and (ii) a 0.9% indirect initial economic interest in OML 18. Save as disclosed above, no one at PetroVision (the Competent Person), or any director of San Leon Energy nor any promoter has any current or past financial interest in OML 18 or ELI or the ACOES.

2 INTRODUCTION

2.1 Asset Overview

The OML 18 asset is located within the Eastern swamp region of the southern part of the Niger Delta, in Rivers state, Nigeria and covers an area of 1,035 km². It cuts across the entire Cawthorne Channel and Alakiri districts and a section of Awoba, on the boundary between OML 18 and OML 24. Nine (9) fields have been discovered to date; namely Akaso, Alakiri Asaritoru, Awoba, Bille, Buguma Creek, Cawthorne Channel, Krakama, and Orubiri.

Table 2-1: Summary table of OML asset

Asset	Operator	Interest (%) ²⁰	Status	Licence expiry date	Licence area	Comments
OML 18, Nigeria	Eroton	22.5	Production / Development	21-October-2038	1,035 km ²	- Only one field (Bille) out of 9 fields in OML 18 has remained undeveloped to date. - Five fields (Cawthorne, Akaso, Alakiri, Krakama, and Awoba²¹) are currently on production. - Four fields (Orubiri, Buguma Creek, Asaritoru, Bille) are planned for further development.

OML 18 currently has 4 Flow stations (all except Alakiri Flow station has associated gas export facilities), 1 central gas gathering plant and 1 non-associated gas plant. Oil production from the Cawthorne, Akaso and Alakiri fields are transported to Bonny Oil terminal via the Nembe Creek Trunk line (NCTL).

There are three gas pipelines linked to OML 18 infrastructure. The first gas pipeline is the 14-inch line from Alakiri to Notore. This line has capacity of 150 MMscf/d and is actively used to deliver the gas supply to the Notore Fertilizer Plant (Train 1). Produced Gas is currently exported from Cawthorne and Alakiri to the Notore fertilizer plant. The second NGC 14-inch pipeline links the Alakiri location to the NGC gas hub at Obigbo with another 150 MMscf/d of throughput capacity. The third existing pipeline is the link from Cawthorne to Nigeria LNG ("NLNG"). This pipeline was operated by the SPDC Joint Venture to deliver gas to the NLNG project at Bonny.

Figure 2-1 shows the location of OML 18 with respect to Port Harcourt (Rivers State), Bonny Terminal, and the proposed location of the ELI Akaso floating storage and offloading (FSO ²²) vessel.

²⁰ Represents SLE's working interest in OML 18 following completion of the RTO. SLE will have an initial indirect economic interest of 44.1% in OML 18 following completion of the RTO.

²¹ Awoba field is operated by Newcross E&P, with 50% production allocation to OML 18 concession.

²² The ELI Akaso FSO has a nameplate capacity of 2 million barrels.

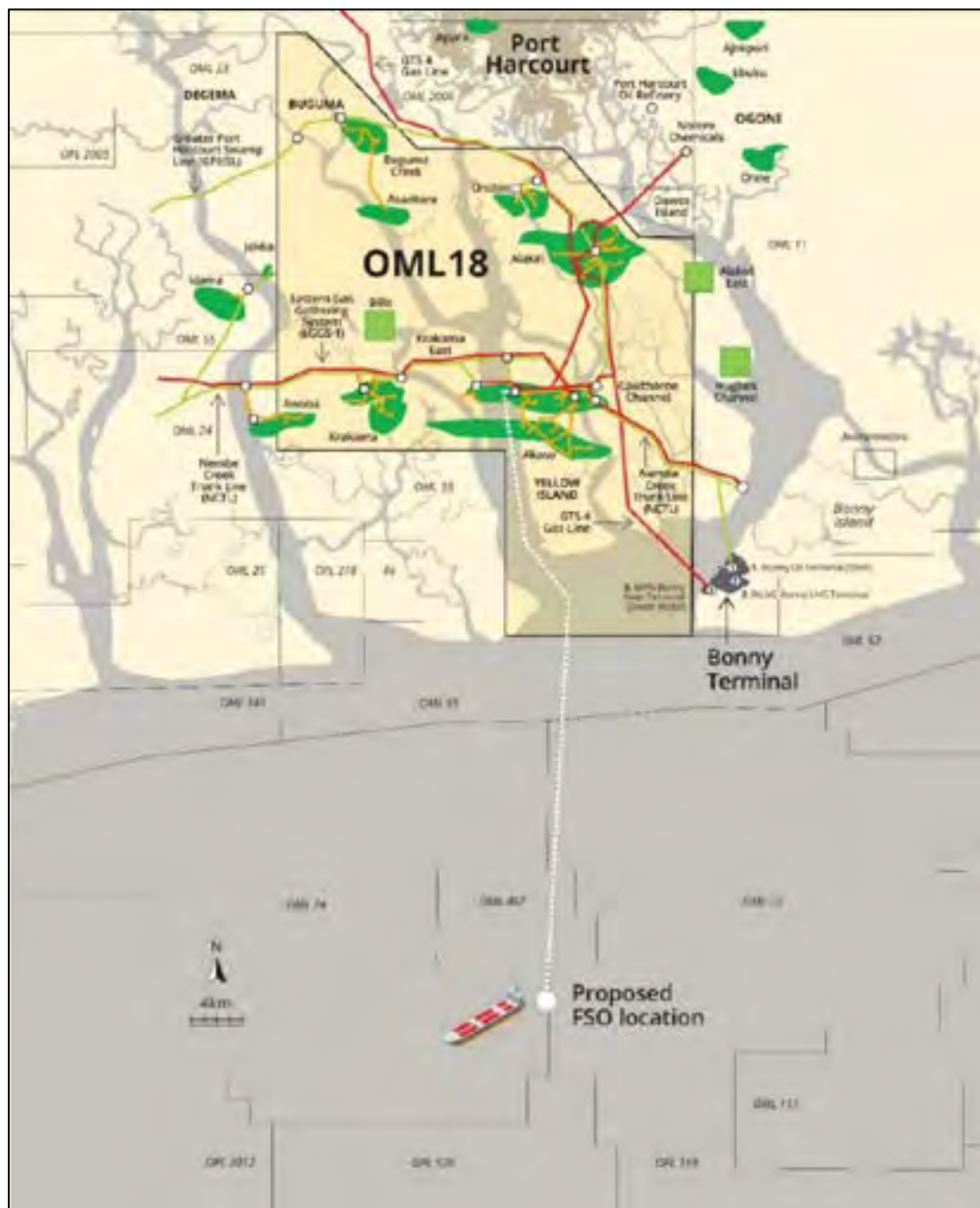


Figure 2-1: Location map showing the OML 18 block showing nearby towns, fields and infrastructure

Currently, the produced oil and water from all OML 18 fields is evacuated via the NCTL pipeline, albeit Awoba production is exported via Newcross EP's OML 24 facilities. Eroton have prioritised the Alternative Crude Oil Evacuation system (ACOES) which now forms a key component in their future development of the block. The ACOES project includes a 12" 47 km pipeline through New Calabar River (17 km) and then 30 km out into the open sea to the ELI Akaso floating storage and offloading (FSO) vessel (see Figure 2-2) which has a name plate capacity of 2 million barrels.



Figure 2-2: ELI Akaso floating storage and offloading (FSO) vessel

The ACOES is expected to reduce the recent downtime (predominantly a result of NCTL downtime) and reduce high crude pipeline losses from a 2021 average of 73% (peaks of 80-90%) to around 5%. Figure 3-2 shows the downtime and crude loss over the past five years on the Nembe Creek Trunk Line (NCTL). High crude pipeline losses have been reported for 2021 with up to 90% in Q1/Q2 2021 and averaged at about 97% loss in Q4 2021.



Figure 2-3: 5-year average NCTL downtime & crude losses (2017 to 2021)

ELI intends for its pipeline infrastructure eventually to earn fees from third parties for transporting and storing crude oil from the surrounding oil and gas fields in the Eastern Niger Delta. This is considered by the Board to be feasible as the pipeline is planned to be positioned adjacent to several other oil mining leases (OMLs). In addition, the floating storage and offloading vessel has been designed with capacity in excess of what may be required for OML 18. In this regard, the ACOES pipeline is ultimately intended to play a key role in resolving the local issues with oil production losses. The ACOES is also anticipated to reduce gas flaring charges.

In addition to the ACOES, Eroton (Operator) is currently planning for an in-field dehydration (IFD) system to remove water from crude oil thereby reducing liquid handling costs through the ACOES by eliminating water tariffs. The IFD system is under contract for \$14 million/year over five years and currently projected for completion in Q3 2022.

2.2 Regional Geology

The Niger Delta is a typical tidally influenced, wave dominated delta located on the Atlantic coast of Africa (Doust and Omatsola, 1990 & Corredor et al., 2005). It consists of a progradational sequence of clastic sediments deposited on the passive margin as well as oceanic crust (Corredor et al., 2005 & Shaw et al., 2005).

The Geological setting of OML 18 is in the eastern part of the Cenozoic Niger Delta where sediments of early Miocene age were deposited. 3D seismic interpretation shows three megastructural trends (Northern, Central and Southern). The Northern trend fields include Alakiri, Buguma Creek, Orubiri and Asaritoru. The Central trend fields include Krakama, Cawthorne Channel and Awoba. 3D seismic coverage of the Southern trend is poor and although there is yet to be a discovery, very good future appraisal prospects have already been identified on the existing data and will be a future area of focus.

2.2.1 Stratigraphy

Three strongly diachronous formations are defined in the Niger delta (Whiteman, 1982; Owoyemi & Willis 2006; Ajakaiye & Bally, 2002). They are believed to represent the progradation of a continental delta sequence with progradation seawards by about 350 km since the Eocene period (Jubril et al., 1998). The stratigraphic sequence encountered in the wells comprises a basal marine shale (Akata Formation), a paralic shale siltstone and sand (Agbada Formation) and a fluvial sand and siltstone formation (Benin Formation). These genetic units have been described by Knox and Omatsola (1989) as an overall regressive mega-sequence broken up into a series of offlap cycles.

2.2.1.1 Benin Formation (Eocene – Recent) 54.8 - 0.01 Ma

The Benin Formation is a package of late Eocene to Holocene era continental deposits that are up to 2,000 m thick (Turtle et al., 2005). It extends from the west across the whole of the Niger Delta area and southward beyond the present coastland. It is over 90% sandstone, with shale intercalations, and is coarse grained, gravely, locally fine grained, poorly sorted, sub-angular to well-rounded and contains lignite streaks and wood fragments. It is interpreted as a continental deposit of probable upper deltaic depositional origin (Turtle et al., 2005).

2.2.1.2 Agbada Formation (Eocene – Recent) 54.8 – 0.01 Ma

The underlying Agbada Formation is an alternating sequence of sandstones and shales (Turtle et al., 2005). The Upper part is predominantly sand with minor shale intercalations while the thicker, lower interval is shale dominated with minor sandstones. Its age ranges from Eocene in the north to Pliocene/Pleistocene in the south and Recent at the present-day delta surface (Turtle et al., 2005).

The Agbada Formation is the major petroleum-bearing unit in the Niger Delta and accumulated in delta-front, delta-topset, and fluvio-deltaic environments. Channel and basin-floor fan deposits within the Agbada Formation form the primary reservoirs in the offshore Niger Delta.

2.2.1.3 Akata Formation (Palaeocene – Present Day) 65.0 – 0.0 Ma

The Akata Formation is a thick shale sequence containing source rock intervals as well as some localised turbidite sands (potential reservoirs in deep-water environments). On seismic sections, the Akata Formation is generally devoid of internal reflections except for a strong, high-amplitude event locally present toward the middle of the Formation.

2.2.2 Petroleum System

The Tertiary Niger Delta (Akata-Agbada) Petroleum System extends across Nigeria across into Cameroon, Equatorial Guinea and Sao Tome and Principe. It is estimated to contain as much as 34.5 billion barrels of recoverable oil and 187 trillion cubic feet of natural gas (Tuttle et al. 1999). The basin is characterised by small individual hydrocarbon bearing sands trapped within oil-rich shale strata.

Oil fields in the Niger Delta are not necessarily large but are plentiful, with over 500 fields discovered (481 oil and 93 natural gas fields). The average success rate for exploration wells is as high as 45% (Saugy & Eyer, 2003) but there are many small reservoirs which remain largely unexplored.

The total production of the Akata-Agbada system is about 2 million barrels per day and have potential to produce 4 million barrels per day without restrictions (e.g., OPEC, insecurities, etc). Future discovered oil, estimated by the US Geology Survey, is as much as 40 billion barrels, ranking the province as the twelfth largest in the world.

2.2.2.1 Source Rocks

The laterally extensive Akata shale, beneath the Agbada Formation, is more than capable of generating sufficient oil to charge the world-class reservoirs of the Niger Delta. Based on organic-matter content and type, Evamy et al.,

(1978) proposed that both the marine shale (Akata Formation) and the shale interbedded with paralic sandstone (lower Agbada Formation) were the source rocks for the Niger delta oils. The Agbada Formation has intervals that contain organic-carbon contents sufficient to also be considered good source rocks (average of 1.4 to 1.6% TOC; Ekweozor and Okoye, 1980; Nwachukwu and Chukwura, 1986).

2.2.2.2 *Reservoirs of the Niger Delta*

Hydrocarbons in the Niger delta are largely produced from reservoirs in the various discrete sandstone (sometimes unconsolidated) intervals of the Agbada Formation which range in individual thickness from less than 1 m to greater than 45 m. These Eocene to Pliocene aged sandstones is often stacked forming gross hydrocarbon bearing intervals several tens to hundreds of metres thick. The lateral variation in reservoir thickness is strongly controlled by syn-depositional growth faults which created accommodation space in the downthrown block proximal to the fault.

2.2.2.3 *Seal & Traps in the Niger Delta*

Most known traps are structural but there are also recent discoveries in stratigraphic traps. The structural traps developed during syndepositional deformation of the Agbada paralic sequence (Evamy et al., 1978; Stacher, 1995). Structural complexity increases from the northern onshore (earlier formed depobelts) to the southern offshore (later formed depobelts) in response to increasing instability of the under-compacted, overpressure shale. Doust and Omatsola (1990) describe a variety of structural trapping elements, including those associated with simple rollover structures; clay filled channels, structures with multiple growth faults, structures with antithetic faults, and collapsed crest structures. On the flanks of the delta, stratigraphic traps are likely as important as structural traps. In this region, pockets of sandstone occur between diapiric structures. Towards the delta toe, this alternating sequence of sandstone and shale gradually grades to essentially shale.

The primary seals in the Niger Delta are the interbedded shales of the Agbada Formation. Although sometimes quite thin, they are capable of isolating individual sandstones often resulting in different fluid properties and pressure regimes. This vertical segregation can be extremely significant and impart a major control on oil, gas and water contacts and reservoir sweep. The shales are also affected by structural movements where they can create abundant clay smear or result in juxtaposition of reservoir and non-reservoir intervals sufficient to create prominent traps. On the flanks of the delta, major erosional events of early to middle Miocene age formed canyons that are now clay-filled. These clays form the top seals for some important offshore fields (Doust and Omatsola, 1990).

2.2.2.4 *Petroleum Generation and Migration Pathways*

The top of the present-day oil window in the Niger delta is at the 240 °F (115 °C) isotherm (Turtle et al., 2005). In the north-western portion of the delta, the oil window (active source-rock interval) lies in the upper Akata Formation and the lower Agbada Formation. To the southeast, the top of the oil window is stratigraphically below the upper Akata/lower Agbada sequence (Evamy et al., 1978). The generation and migration processes occurred sequentially in each depobelt and only after the entire belt was structurally deformed, implying that deformation in the Northern Belt would have been completed in the Late Eocene period (Turtle et al., 2005). The Akata/Agbada formational boundary in this region is currently at a depth of about 4,300 m, with the upper Akata Formation in the wet gas/condensate generating zone (vitrinite reflectance value >1.2; Tissot and Welte, 1984). The lowermost part of the Agbada Formation here entered the oil window in the Late Oligocene period (Turtle et al., 2005). Hunt (1990) relates episodic expulsion of petroleum from abnormally pressured, mature source rocks to fracturing and resealing of the top seal of the over-pressured interval. This type of cyclic expulsion is certainly plausible in the Niger delta basin where the Akata Formation is over-pressured. Beta and Oti (1995) predict a bias towards lighter hydrocarbons (gas and condensate) from the over-pressured shale because of downslope dilution of organic matter as well as differentiation associated with expulsion from over-pressured sources. Petroleum generation within the delta began in the Eocene era and continues today. Generation occurred from the north to south as progressively younger depobelts entered the oil window (Turtle et al., 2005).

2.3 Data Availability

2.3.1 3D Seismic Data

Three full stack seismic cubes and one far partial stack were available within the OML 18 study area. The primary cube used for horizon interpretation was *SPDC_OML 18-ALAK2010-VA_10_PreSDM_Full_T_Rzp_ALAK*. It is a merged dataset that covers all the producing fields in OML 18 (see Figure 2-4) and shows no misties between the interpretations across different fields. The large extent of the cube made it possible to navigate faults and interpret adjacent sides of key structures. Although high in horizon continuity, relative to other cubes, there was some smearing of the signal across faults with fault shadows being observed. The fault signature was much better preserved in another cube *SPDC_OML 18-ALAK2010-1991_11_PSDM_O000_T_NOFLT_3D_CAWTHR* (see Figure 2-5) and so this was used to validate and further enhance the fault interpretation in structurally complex areas.

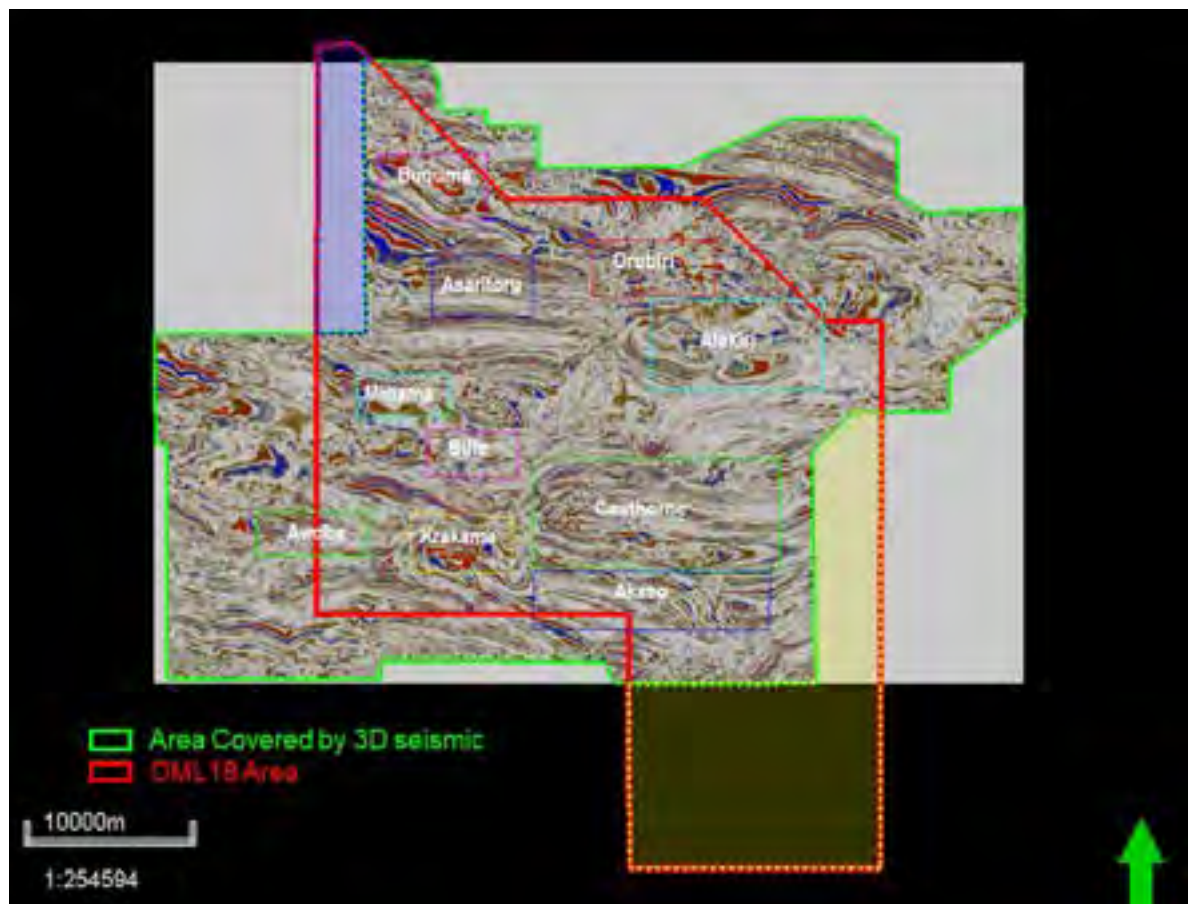


Figure 2-4: OML 18 merged 3D seismic data coverage

OML 18 seismic data generally shows a continuous decay of higher frequencies with depth resulting from natural absorption, however initial screening suggested significant preservation of higher frequencies in the deeper part of the section. During wavelet testing it was realised that there is a considerable amount of phase shift in the wavelets with depth, evident from the phase and amplitude spectrum comparison between shallow and deeper wavelet extractions (Figure 2-6). In the case of the *KRAKAMA-013* well, the wavelet phase changes from 176° (shallow extraction) to 43° (deep extraction) and the power spectrum also widens with depth. It could therefore be deduced that the wavelet is not stable in this seismic volume and that amplitude-variation-with-offset (AVO) response is possibly not preserved. A similar behaviour is observed in offset fields however it does not adversely affect this phase of work as seismic attributes did not form the basis for rock property distribution.

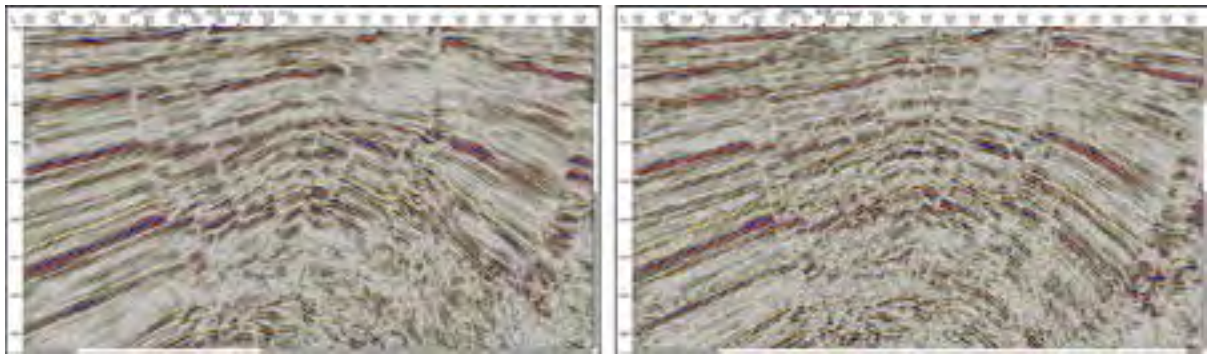


Figure 2-5: Seismic line showing data quality for (A) the merged seismic cube and (B) Alak 2010 3D

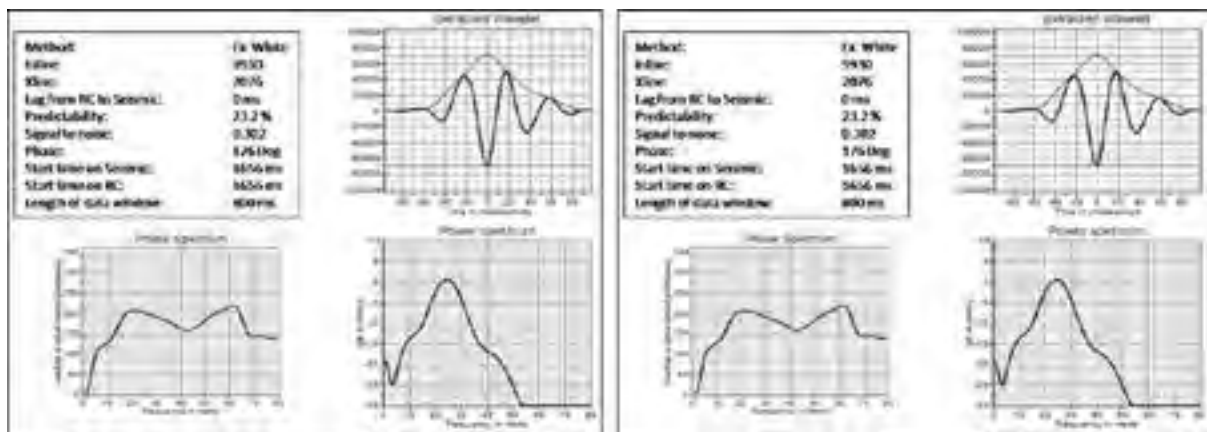


Figure 2-6: KRAK-13 wavelet extraction (A) from shallower level and (B) from a deeper level. Wavelet is close to zero phase.

2.3.2 Well Data

There are total of 155 wells drilled across 9 fields in the in OML 18 block, these are summarised in Table 2-2 below.

Table 2-2: Table showing wells drilled in OML 18

Field	Number of Drilled Wells	No of wells with logs
AKASO	17	17
ALAKIRI	37	37
ASARITORU	1	1
BILLE	1	1
BUGUMA CREEK	10	10
CAWTHORNE CHANNEL	52	52
KRAKAMA	16	16
ORUBIRI	12	11
AWOBA* (Total / OML 18)	9 / 4	9
TOTAL / OML 18	155 / 150	154

3 EVALUATION METHODOLOGY

This section highlights the evaluation methodology and assumptions adopted in the current CPR.

3.1 Comparison with Previous CPR

Key differences to the SLE's last published OML 18 CPR (ref: August 2016) include, but are not limited to, the following:

- seismic re-interpretation of all nine OML 18 fields resulting, in some cases, in updates to the reservoir structure/architecture and a revision of in-place volume estimates.
- greater availability of data - some data were not readily available during the drafting of the 2016 CPR but are now included in the current interpretations (this is a key reason for the re-categorisation of significant volumes of the 2016 contingent resources as undeveloped reserves).
- subsurface evaluation and production forecasts in the 2016 CPR were performed using material balance and Decline Curve Analysis (DCA) models. This CPR makes use of static and dynamic reservoir simulations, history matched for the developed reservoirs.
- further optimisation of the field development plan (FDP) development schedules, in line with Eroton's ongoing activities and mid-term development strategies.

3.2 Seismic Re-interpretation

Further to the evaluation study conducted in 2016, on which the August 2016 CPR was based, additional works have been carried out on all OML 18 fields. These works involved the re-interpretation of 3D seismic data, detailed structural analysis/modelling and field development studies. More horizons have been mapped and interpreted in the current study than were used in the August 2016 CPR. Adequate procedures have been taken where data are missing for well-to-seismic ties and depth conversion. Furthermore, the availability of additional information, gathered during the drilling of Akaso-15 in 2019, has led to more detailed enhancements to the geological models for the Akaso reservoirs. Collectively, the additional works led to a revision of volumes in most of the fields, as shown in Table 3-1. The current CPR is based on the most recent reservoir and structural interpretations of all nine (9) OML 18 fields.

Table 3-1: Comparison of in-place volumes between current CPR and 2016 CPR (gross on license)

S/N	FIELD	Oil + Cond in Place (2P)		Total GIIP (2P)	
		Aug-2016 CPR	Current CPR	Aug-2016 CPR	Current CPR
		<i>MMstb</i>		<i>Bscf</i>	
1	Cawthorne Channel	1,638.0	1,641	2,820.2	2,576.0
2	Alakiri	532.5	567.0	2,341.0	2,630.0
3	Akaso	474.2	437.0	1,480.5	805.0
4	Awoba (50%)	254.1	346.2	501.0	923.0
5	Krakama	259.3	343.2	1,262.6	682.0
6	Orubiri	100.9	167.6	230.4	521.0
7	Buguma Creek	201.0	273.8	1,072.3	1,462.0
8	Asaritoru	13.5	27.4	15.6	46.0
9	Bille	15.0	-	223.2	189.0
Total		3,489	3,804	9,947	9,834

3.3 Formation Evaluation

Post August 2016 CPR, more comprehensive petrophysical interpretations have been carried out across all the reservoir intervals, within each fault block, of every field in OML18. The aim has been to determine fluid types, hydrocarbon contacts and better characterise reservoir properties such as porosity, net pay and water saturation. This involved estimates of water resistivity (R_w) using Pickett plots, both by reservoir and by well, in order to enhance our understanding of water saturation estimation within the different reservoir pools. Another level of detail added was the use of reservoir/block/field specific cuts offs for Vshale and water saturation as opposed to a single, generic cut-off value.

Core data (routine, special and sidewall) were incorporated to validate porosities determined from petrophysical analysis and confirm the interpreted lithologies. The results were strongly comparable and result in greater confidence in the current porosity estimates, particularly within reservoirs where core data were unavailable. Core

data were also used to estimate rock quality index (RQI), provide reservoir facies descriptions and determine absolute/relative permeabilities for use in the reservoir simulations.

Fluid distribution plots were also generated for all sands within all fields in order to better understand; reservoir compartmentalisation, Oil Water Contact (OWC) movement and secondary gas cap formation over time across the different fields (an example from the Cawthorne Channel field G sand complex series is presented in Figure 3-1). Production and Repeat Formation Tester (RFT) data have also been incorporated to better understand different reservoir behaviours for example in the case of the Akaso D2000C sand, where only Oil Down Tos (ODT) were observed, RFT data were used to estimate a possible OWC. These fluid distribution plots also helped identify potential errors in the deviation surveys of specific wells, such as the case for certain wells in the Alakiri and Akaso fields (the specific wells were excluded during the determination of fluid contacts and zonal petrophysical properties).

Following the completion of the previous published CPR (2016), additional well log data were received covering hydrocarbon bearing reservoirs that had previously been missing data, thus providing greater coverage and a more robust dataset from which to determine the range of rock properties and understand their variation. All available data are used in this CPR but for reservoirs where the logs are still unavailable, SPDC fluid contacts have been used, examples include Awoba (E sands, majority of the F sands and some K sands), Buguma Creek (F7000), Krakama (U3000R) and Orubiri (C7000E and D4000W).

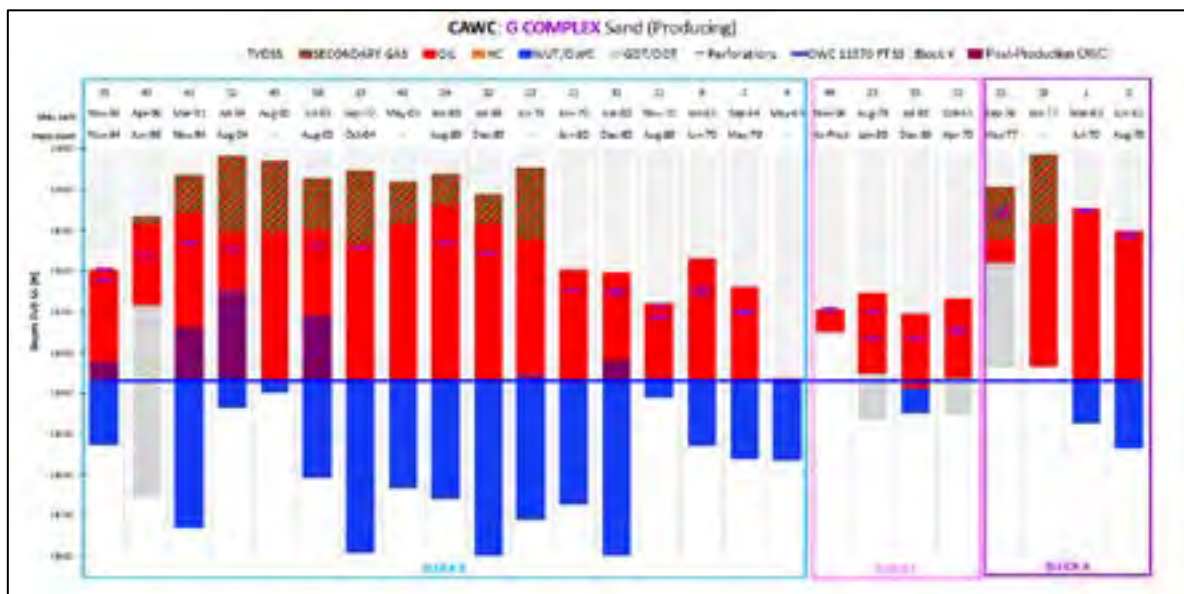


Figure 3-1: Cawthorne Channel – integrated fluid distribution plot (G Complex)

3.4 Production Forecast

Production forecasts in the previous CPR (2016) were exclusively based on decline curve analysis (DCA) for the oil and material balance for gas/condensate. Since that time, field development plan (FDP) studies, utilising subsurface geological models, dynamic reservoir characterisations and production history matching (except Bille, as this is an undeveloped field), have been completed for all nine OML 18 fields.

The current CPR forecasts are based on the numerical simulation model results but also account for shifts/delays in asset development activities (drilling & workovers). The following approach/assumptions were used to generate the production forecasts herein:

- 2P – based on projection of pre-2020 performance trend (decline curve analysis) without the 'artificial' drop caused by the minimal production mode.
- 1P – same number of wells as in the 2P case but with an assumption of being connected to reduced volumes (compared to the 2P). The approach assumes that some low-risk wells would still be capable of reaching similar peaks to the 2P scenario but with steeper production declines.
- 3P – assumes additional notional wells for some fields (total of 12) required to drain additional volumes within similar timescales to those assumed in the 2P case.

Table 3-2 shows a comparison of the forecasted technical recoveries between the August 2016 CPR and the current CPR (following all the re-evaluations and update of assumptions). The total produced oil volume (N_p) and produced gas volume (G_p), between the two CPR dates, are also shown. The technical recoveries for both CPRs are referenced to a January 2060 cut-off date.

Table 3-2: Comparison of recovery forecasts between current CPR and 2016 CPR (gross on license)

S/N	FIELD	Oil + Cond Technical Recovery (2P)		N _p ²³	Gas Technical Recovery (2P)		G _p ²⁴
		Aug-2016	Current CPR		Aug-2016	Current CPR	
		MMstb			Bscf		
1	Cawthorne Channel	207.0	252.3	28.2	790.4	436.0	39.9
2	Alakiri	108.0	83.5	9.1	985.7	689.1	91.0
3	Akaso	88.0	64.2	18.0	729.5	277.0	25.9
4	Awoba (50%)	31.0	58.7	5.3	281.9	458.0	6.9
5	Krakama	57.0	97.0	3.5	695.8	356.7	3.2
6	Orubiri	14.0	41.2	0.6	16.7	157.0	0.3
7	Buguma Creek	64.0	53.6		547.8	929.5	
8	Asaritoru	1.0	9.2		8.2	7.9	
9	Bille ²⁵	6.0			157.0	141.7	
Total		576	660	64.7	4,213	3,453	167.2

Table 3-3 shows the comparison of economic reserves for OML 18 (gross on licence) for the 1P (Proved), 2P (Proved + Probable) and 3P (Proved + Probable + Possible) cases.

Table 3-3: Comparison of reserves (including 50% Awoba)

Cases	OML 18 Total Economic Reserves (Gross on Licence)			
	Oil + Condensate (MMbbls)		Gas (Bscf)	
	Aug-2016 CPR	Current CPR	Aug-2016 CPR	Current CPR
Proved	360	405	2,922	2,258
Proved + Probable	534	603	4,015	3,391
Proved + Probable + Possible	720	852	4,882	5,470

The actual difference between the two CPRs will include the difference in remaining reserves plus the produced volume between the effective CPR dates (64.7 MMbbl). Hence, in the proven plus probable (2P) case, the actual increase in economic oil plus condensate recovery is about 133.7 MMbbl.

3.5 Contingent Resource Estimate

There has been a revision to the 2016 estimate of contingent recoverable volumes (resources) due to resource re-classification and the revised interpretations discussed previously. A significant portion of the re-classification (i.e., from contingent resources to undeveloped reserves) is due to the availability of additional historic data or new information.

Table 3-4 shows a comparison of the contingent resources in the current CPR with those in the 2016 CPR. One of the significant revisions is the B3000 contingent resources in Cawthorne Channel. It has currently been excluded due to re-interpretation of the seismic data, formation tops and petrophysical logs. The new interpretation indicates a net pay interval at the well (CAWC-027) of about 10 ft with uncertainty in hydrocarbon fluid type, indicating the B3000 contingent resource volumes are expected to be significantly lower than previously published. Pending more available data and further study, an upward revision to B3000 volume estimates could become considered for inclusion. Another significant revision is that of Awoba's contingent gas resources which resulted from previously unavailable well log data coming to light during the 2018 Awoba field development study.

²³ Produced oil+condensate volumes from 1st August 2016 to 31st December 2021.

²⁴ Produced gas volumes from 1st August 2016 to 31st December 2021.

²⁵ There is currently no gas PVT data for Bille, which was previously assumed a wet gas (i.e., with some condensate yield). Current CPR has considered the discovered reservoir in Bille as dry gas (hence negligible condensate yield).

Table 3-4: Comparison of OML 18 contingent resources – gross on license (including 50% Awoba)

S/N	OML 18 Assets	Oil + Condensate (MMstb)		Gas (Bscf)	
		Aug-2016 CPR	Current CPR	Aug-2016 CPR	Current CPR
1	Cawthorne Channel	159	12.2	301.5	29.1
2	Alakiri	21.2	8.8	275.1	209.7
3	Akaso	0.7	11.8	976.2	
4	Awoba (50%)	3.7		6.9	
5	Krakama	2.5	1.3	10.8	1.4
6	Orubiri	12.5	0.8	70.9	2.3
7	Buguma Creek	2.1		4.3	
8	Asaritoru	1.4		2.6	
9	Bille				
Total		203	34.9	1,648	242.5

3.6 Production Losses & Downtime Assumptions

Figure 3-2 shows the downtime and crude loss over the past five years (up to September 2021). For the current CPR, an average downtime of 13% has been assumed on the NCTL and 5% for the barging and Alternative Crude Oil Evacuation System (ACOES).

**Figure 3-2: Yearly-average NCTL downtime & crude losses (from 2017 to 2021)**

High crude pipeline losses on the NCTL have been reported for 2021. During Q1/Q2 2021 when crude pipeline loss of up to 90% was reported. In Q3 2021, the pipeline loss averaged at 97%. For pipeline loss forecasts, the overall 2021 average of 79% has been assumed for when evacuation is via the NCTL and 5% for evacuation via barging and ACOES.

4 FIELD PERFORMANCE & DEVELOPMENT FORECASTS

This section contains high level summaries of the technical assessment of all nine (9) fields in OML 18 and covers; brief introduction, production performance history, field development plan forecasts and technical recovery estimates (pre downtime and pipeline loss deductions).

4.1 Cawthorne Channel

Cawthorne Channel is the largest field in OML 18 and is located about 25 km Southwest of Port Harcourt within the Soku-Ekulama – Awoba-Krakama Megastructural trend. The first 3D seismic data covering the entire Cawthorne Channel field, along with parts of Akaso, was acquired in 1988 and the quality of the data is generally good. A second time-lapsed, high quality 3D seismic data (with 4D component) covering the whole of Cawthorne Channel, Akaso and Krakama was acquired in July 2003.

The reservoir data and modelling works indicate a significant variation in fluid properties: with hydrocarbon intervals from 7,300 - 12,600 ftss; Gas Oil Ratio (GOR) range of 370 - 1,850 scf/stb; oil gravities of 20 - 42° API²⁶ and oil viscosities of 0.23 - 4.8 centipoise (cp)

A subsurface (numerical simulation), surface and economic assessment has been carried out for the Cawthorne Channel field and forms the basis of the field development plan. Based on the latest sub-surface assessment, the deterministic oil and gas²⁷ in-place volumes are estimated to be 1,641 MMstb (includes 4 MMstb of condensate) and about 2,576 Bscf respectively.

4.1.1 Production Performance History

The Cawthorne Channel field was discovered in 1963, commenced production in 1970 and achieved a peak production rate of about 108,000 bopd in 1971. To date, 52 wells have been drilled with 6 wells abandoned (due to insufficient sand thickness to perforate), 26 wells are currently shut-in while 20 wells are producing, as of 1st January 2022.

Both the Cawthorne Channel and Akaso fields produce via the same production facilities (three flow stations, CAWC-1, CAWC-2 and CAWC-3 and one AG plant with total capacities of 120,000 bbl/d liquid and 150 MMscf/d gas respectively). The liquids from Cawthorne are exported via the Nembe Creek Trunk Line (NCTL) to the Bonny Terminal (though barging and the ACOES will soon become the dominant evacuation route) and the associated gas is transported via a 14-inch pipeline to the Notore gas plant.

Cumulative production from Cawthorne Channel to date (31st December 2021) is about 667 MMstb oil and 993 Bscf associated gas (AG). Figure 4-1 shows the production history for Cawthorne Channel. The primary reservoir drive mechanisms in Cawthorne Channel include aquifer drive (weak to very active), fluid expansion, gas cap expansion and solution gas drive.

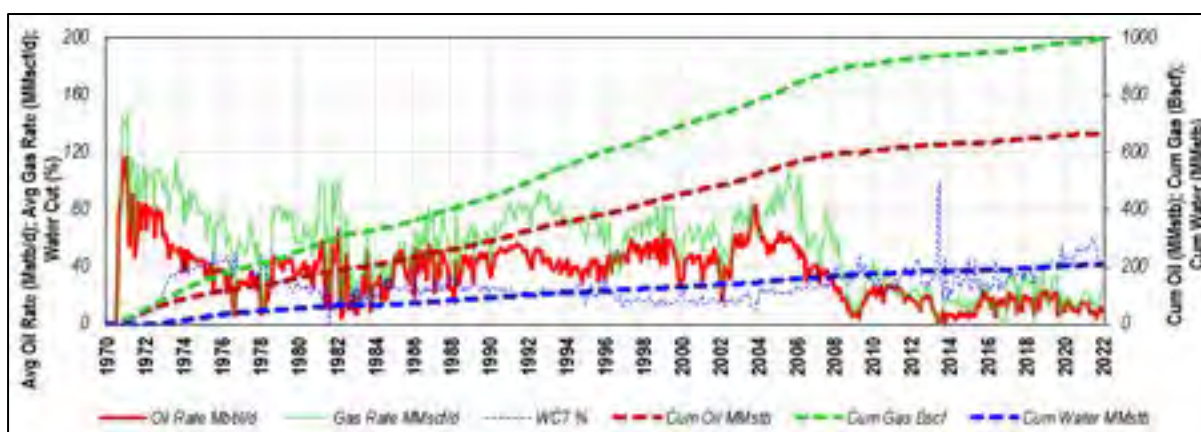


Figure 4-1: Cawthorne Channel production history

In terms of recent production performance, Cawthorne Channel field produced at an average of about 8,000 bopd and 15.5 MMscf/d at about 50% water cut, via a total of sixteen (16) strings (completions) between Q3-Q4 2021 during the minimal production mode (i.e., beaming down of active CAWC wells). However, Figure 4-2 suggests the

²⁶ American Petroleum Institute.

²⁷ Total gas of 2,576 Bscf comprises 2,513 Bscf of associated gas (AG) and 63 Bscf of non-associated gas (NAG).

reservoir/existing well stock should be capable of a minimum of 14,000 bopd based on the assessment of reservoir/well performance decline during the last period of full operational management. However, it is worth noting that the decline line adopted was conservative, as it did not consider the peak production late 2018 through mid-2019 (prior to the sudden drop). This could be considered as potential upside in Cawthorne Channel performance, once the asset returns to full active management.

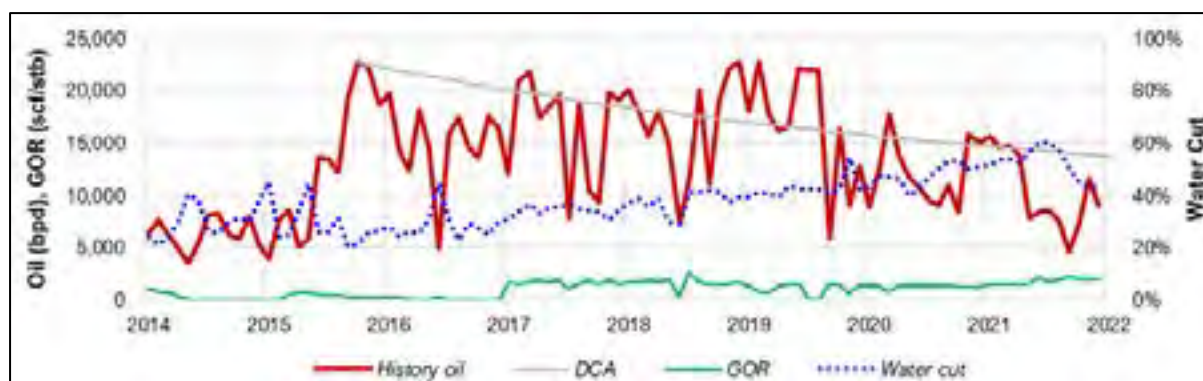


Figure 4-2: Assessment of Cawthorne Channel production performance

4.1.2 Development Forecasts

The main activities associated with CAWC development are well workovers, interventions, drilling, artificial lift and secondary recovery via water injection (with the added benefit of the planned infield dehydration). A total of fifteen (15) new wells have been proposed for redevelopment of Cawthorne Channel (9 new oil producers, including side-track of CAWC-050, 3 water injectors i.e., for pressure maintenance and improved recovery and 3 gas producers). In addition to new wells, a total of 26 workover opportunities have been identified of which 16 are rigless. The water injection has significant 'potential' commercial benefits in the form of reduced water transportation charges.

Based on the simulation model forecasts, the mid-case technical recoveries (gross on license) are approximately 252 MMstb for oil and 436 Bscf for gas, as summarised in Table 4-1. This translates to anticipated ultimate recoveries (EUR) of approximately 919 MMstb oil and 1,429 Bscf gas.

Table 4-1: Cawthorne Channel 2P deterministic in-place volumes and recovery forecasts

Cawthorne Channel	Units	Gross on License						SLE Net Attributable Reserves ²⁸
		Originally in Place	Production to Date (31-Dec-2021)	Forecasted Technical Recoveries (2P) ²⁹				
				Active Wells	Workovers	New Drilling	Total	
A. Oil	MMstb	1,637	667.0	139.4	43.9	69.0	252.3	64.8
B. Gas (AG)	Bscf	2,513	992.9	174.1	105.4	156.5	436.0	122.9
C. Gas (NAG)	Bscf	63	-	-	-	-	-	-
D. Condensate	MMstb	4	-	-	-	-	-	-
E. Liquids (A+D)	MMstb	1,641	667	139.4	43.9	69.0	252.3	64.8

Figure 4-3 and Figure 4-4 show the development forecast profiles for Cawthorne Channel, before deductions for downtime and losses. Each figure shows profiles for the existing wells (PDP), workovers (PDNP) and new development wells (PUD). Production forecasts, pre downtime and pipeline losses, indicate that Cawthorne Channel can achieve net oil and gas production rates of about 38,000 stb/d and circa 80 MMscf/d by Q3 2027.

²⁸ SLE net attributable numbers are post downtime / crude loss deductions and economic cut-offs. Based on SLE's 22.5% net working interest and an initial indirect economic interest of 44.1% in OML 18 following completion of the RTO before the hurdles are met.

²⁹ Technical recovery numbers are before downtime/crude loss deductions and economic cut-offs.

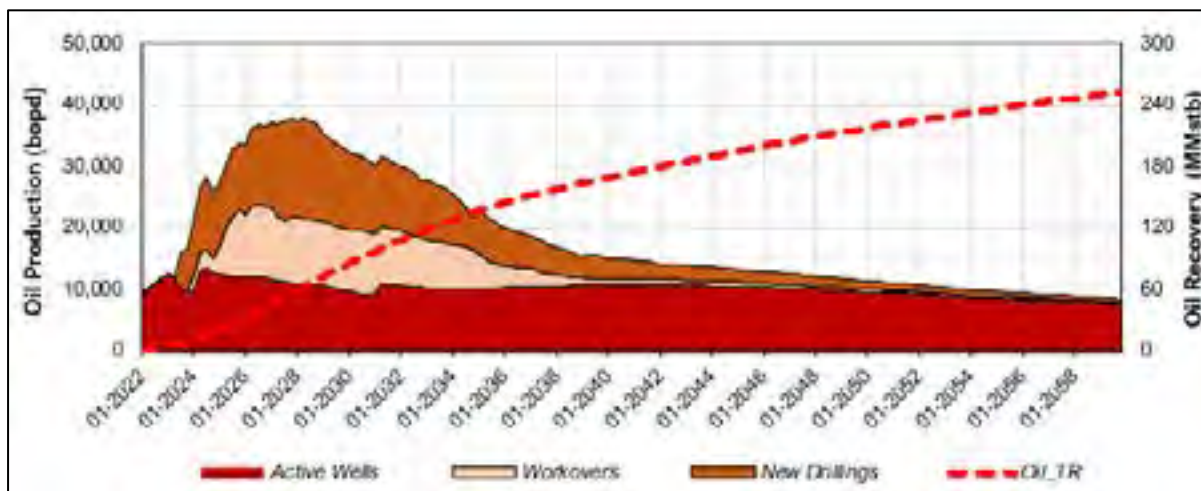


Figure 4-3: Cawthorne Channel 2P oil+cond. production forecast & technical recovery (before downtime & losses)

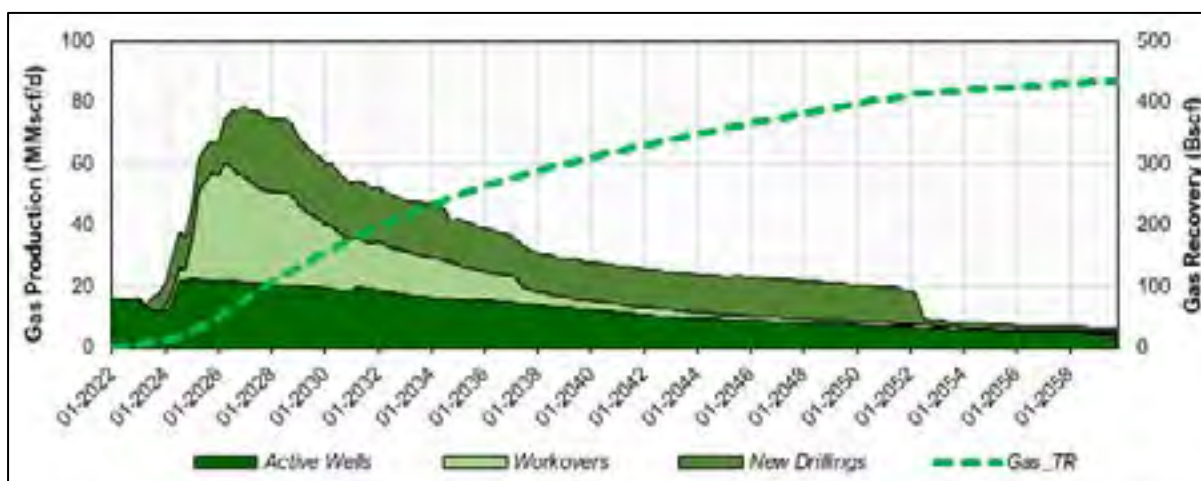


Figure 4-4: Cawthorne Channel 2P gas production forecast & technical recovery (before downtime & losses)

As regards abandonment plans, the Cawthorne Channel field and related infrastructure, comprising; wells, surface facilities, flowlines, trunk lines etc., which have reached the end of their economic life, shall be abandoned in conformity with statutory requirements (Nigerian Upstream Petroleum Regulatory Commission “NUPRC”, Federal Ministry of Environment).

4.2 Akaso

Akaso field, approximately 25 km Southwest of Port Harcourt, was discovered in 1979 by well AKOS001. The trap is formed by a structural closure in the footwall of an E – W striking major counter regional normal fault which provides separation from the adjacent Cawthorne Channel field. Akaso is covered by a 1988/1989 3D seismic survey and a re-shoot/4D survey acquired in 2003.

Based on the latest Akaso field evaluation, the mid case (2P) estimates of in place oil and gas volumes are approximately 437 MMstb (oil plus condensate) and 805 Bscf (AG + NAG), respectively.

4.2.1 Production Performance History

Production from Akaso commenced in 1980 and, to date, 17 wells (and 4 side-tracks) have been drilled across all fault blocks, including the recently drilled and completed Akaso-15, 16 and 17 wells (Akaso 17 is yet to be tied in). Peak production (instantaneous rate) of about 35,000 stb/d was attained in 1993 (Figure 4-5) with 20 strings online. Oil production from Akaso goes through two flow stations at Cawthorne Channel (CAWC-1 & CAWC-3) and gas production is evacuated via CAWC AG plant. Cumulative production from Akaso field, as of 31st December 2021, is circa 134.1 MMstb oil and 187 Bscf gas. Reservoir data and modelling work indicate the primary drive mechanisms to be aquifer drive (weak to very active), gas cap expansion and solution gas drive.

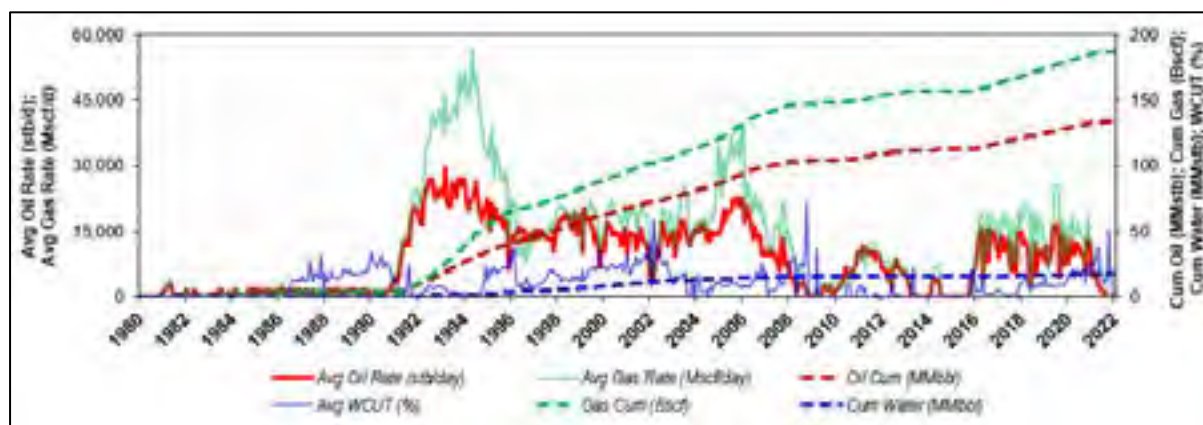


Figure 4-5: Akaso field production history

4.2.2 Development Forecasts

As of October 2021, only AKOS16S was producing at a very low average rate (~ 200 bopd) as result of the minimal production mode and/or production deferment. However, by December 2021, no production was recorded for Akaso field. The plan is to gradually ramp up base production (active wells), as well as Rigless works once barging becomes fully operational.

Further development of Akaso will include well workovers, interventions, new drilling, artificial lift and secondary recovery via water injection (with the added benefit of the planned in-field dehydration). A total of 7 new wells and 13 workovers (including 10 Rigless works) have been proposed for Akaso future re-development. The rigless works also include the tie-in of Akaso-17 which indicated huge potential based on the successful drilling results.

Table 4-2 summarises the original in-place volumes, historical production and recovery forecasts for the Akaso field. Approximately 64 MMstb (oil plus condensate) and 277 Bscf of gas are expected to be recovered based on the development plans outlined in this CPR. These also translate to estimated ultimate recoveries (EUR) of approximately 198 MMstb (oil plus condensate) and 464 Bscf of gas.

Table 4-2: Akaso in-place volumes and technical recoveries (gross on license)

Akaso	Units	Gross on License						SLE Net Attributable Reserves ³⁰
		Originally in Place	Production to Date (31-Dec-2021)	Forecasted Technical Recoveries (2P) ³¹				
				Active Wells	Workovers	New Drilling	Total	
A. Oil	MMstb	426.7	134.1	11.3	39.4	12.6	63.3	16.9
B. Gas (AG)	Bscf	706.5	186.5	22.4	129.2	98.3	249.9	73.9
C. Gas (NAG)	Bscf	98.1	-	-	27.0	-	27.0	8.0
D. Condensate	MMstb	10.3	-	-	0.9	-	0.9	0.2
E. Liquids (A+D)	MMstb	437	134.1	11.3	40.3	12.6	64.2	17.1

The forecast profiles (2P) for the Akaso field, before downtime and losses, are shown in Figure 4-6 and Figure 4-7. Results indicate that Akaso has the capacity to achieve oil production of about 25,000 stb/d by Q1 2023, based on the development plans highlighted in this CPR.

³⁰ SLE net attributable numbers are post downtime / crude loss deductions and economic cut-offs. Based on SLE's 22.5% net working interest and an initial indirect economic interest of 44.1% in OML 18 following completion of the RTO before the hurdles are met.

³¹ Technical recovery numbers are before downtime/crude loss deductions and economic cut-offs.

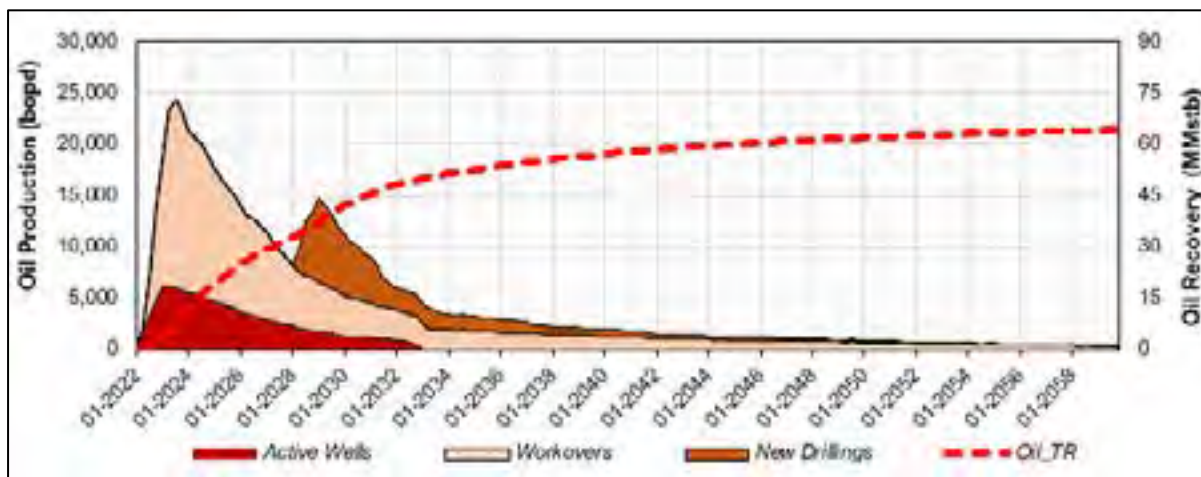


Figure 4-6: Akaso 2P oil+condensate production forecast & technical recovery (before downtime and losses)

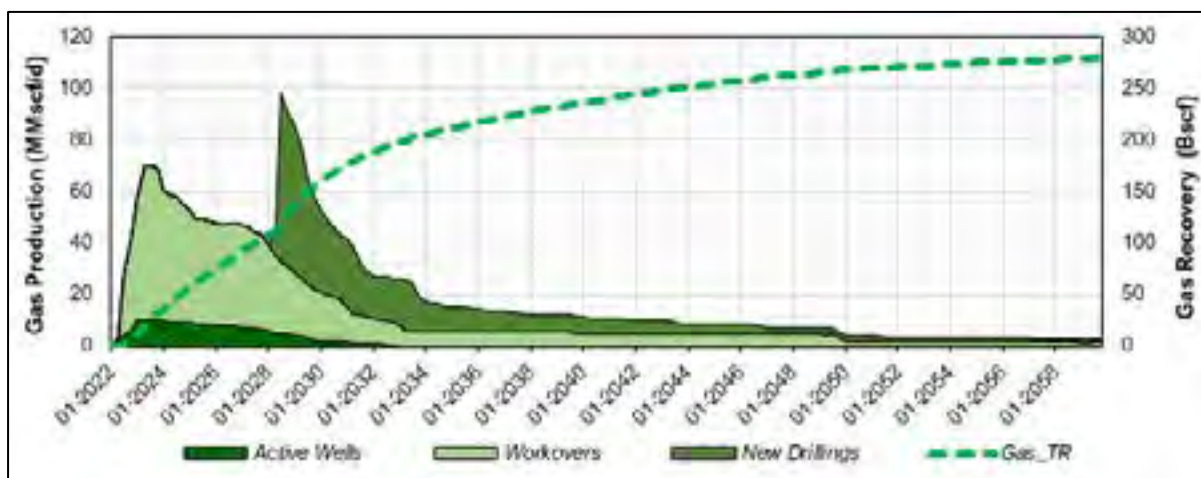


Figure 4-7: Akaso 2P gas production forecast & technical recovery (before downtime and losses)

The crude from new and existing wells will be evacuated to the Cawthorne flow station through individual flowlines and trunk lines, while the produced gas will be transported to the Notore fertilizer plant as part of the gas sales agreement.

Akaso field and related infrastructure, comprising of wells, surface facilities, flowlines, trunk lines etc., which have reached the end of their economic life, shall be abandoned in conformity with statutory requirements (NUPRC, Federal Ministry of Environment).

4.3 Alakiri

The Alakiri Field is in the northern macrostructural trend in the OML 18 block (along with Orubiri, Buguma Creek, Bakana and Asaritoru fields) approximately 16 km south of Port Harcourt. The field was discovered in 1959 by well ALAK001 and is covered by a 1988/89 3D seismic survey as well as a 2003 re-shoot.

The best estimate (mid-case) oil and gas in place volumes for Alakiri are 567 MMstb (including 76 MMstb of condensate) and 2,630 Bscf (associated plus non-associated) respectively. Reservoir data and modelling indicate significant variation in fluid properties across the hydrocarbon intervals from 6,800-12,000 ftss; GOR range of 350-2400 scf/stb; CGR range of 2-144 stb/MMscf; oil gravities of 21-42 deg API; and oil viscosities of 0.17 to 4.2 cP.

4.3.1 Production Performance History

Production commenced from Alakiri field in 1970 and to date 34 wells, including 5 side-tracks, have been drilled across all fault blocks. Four wells (ALAK-002, ALAK-010, ALAK-012, & ALAK-020) have been abandoned due to lack of complete-able sands. Peak production of 41,300 stb/d was achieved in 1971 (see Figure 4-8). The Alakiri gas development commenced in 1987 with gas supply to NAFCON (now Notore) & ALSCON. Alakiri facilities consist of a 30,000 stb/d capacity flowstation and a 120 MMscf/d capacity gas (NAG) plant. Produced liquids from Alakiri field are currently exported via the Nembe Creek Trunk Line (NCTL) to the Bonny Terminal and the gas is transported, via a 14-inch pipeline, to the Notore gas plant. Cumulative oil and gas production from Alakiri, as of

31st December 2021, is approximately 112.7 MMstb (including circa 10 MMstb condensate from NAG reservoirs) and 587 Bscf total gas, respectively. The primary reservoir drive mechanisms are aquifer drive (weak to very active), fluid expansion, gas cap expansion and solution gas drive.

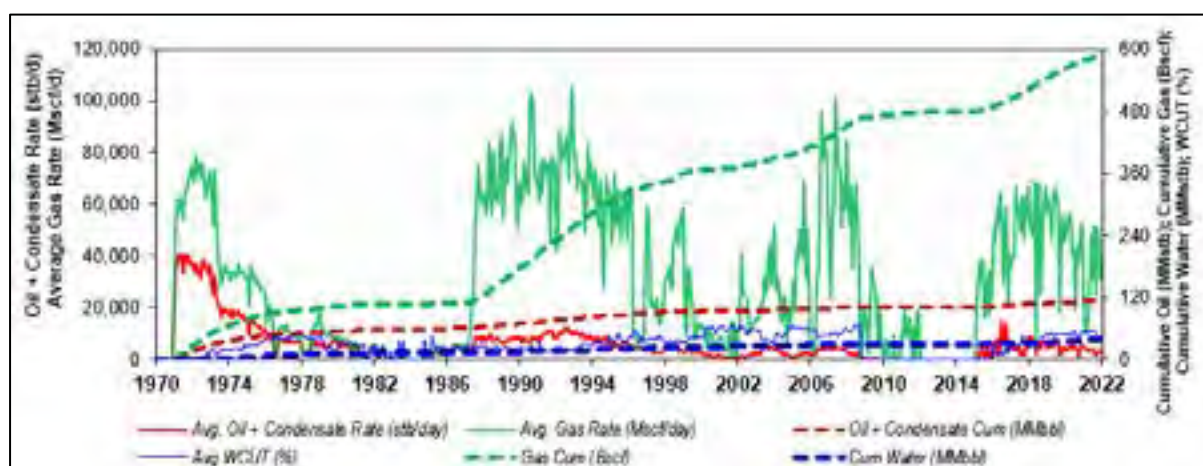


Figure 4-8: Alakiri field production history

4.3.2 Development Forecasts

The main activities associated with the development are well workovers, interventions, new drilling, artificial lift, and secondary recovery via water injection. The deterministic 2P technical remaining recoveries for Alakiri field, based on current evaluations, are approximately 84 MMstb oil plus condensate and 689 Bscf of gas (Table 4-3). This translates to estimated ultimate recovery (EUR) of approximately 196 MMstb (oil plus condensate) and 1,278 Bscf of gas (associated plus non-associated gas).

Table 4-3: Alakiri in-place volumes and technical recoveries (gross on license)

Alakiri	Units	Gross on License						SLE Net Attributable Reserves ³²
		Originally in Place	Production to Date (31-Dec-2021)	Forecasted Technical Recoveries (2P) ³³				
				Active Wells	Workovers	New Drilling	Total	
A. Oil	MMstb	492	102.6	9.2	13.2	57.7	80.1	20.9
B. Gas (AG)	Bscf	1,963	294.8	7.0	175.4	285.3	467.7	137.2
C. Gas (NAG)	Bscf	667	293.8	46.5	56.9	118.0	221.4	64.9
D. Condensate	MMstb	76	10.1	0.5	1.5	1.4	3.4	0.9
E. Liquids (A+D)	MMstb	567	112.7	9.7	14.7	59.1	83.5	21.8

To develop the remaining recoverable reserves from Alakiri a total of 27 new wells and 14 workovers (including 6 Rigless works) have been proposed alongside the currently active wells. The 2P production forecasts, before downtime and losses, are shown in Figure 4-9 and Figure 4-10. Based on production forecasting, pre downtime and pipeline losses, Alakiri can achieve oil (plus condensate) production rates of up to 19,000 stb/d by Q1 2031, based on the planned development activities.

³² SLE net attributable numbers are post downtime / crude loss deductions and economic cut-offs. Based on SLE's 22.5% net working interest and an initial indirect economic interest of 44.1% in OML 18 following completion of the RTO before the hurdles are met.

³³ Technical recovery numbers are before downtime/crude loss deductions and economic cut-offs.

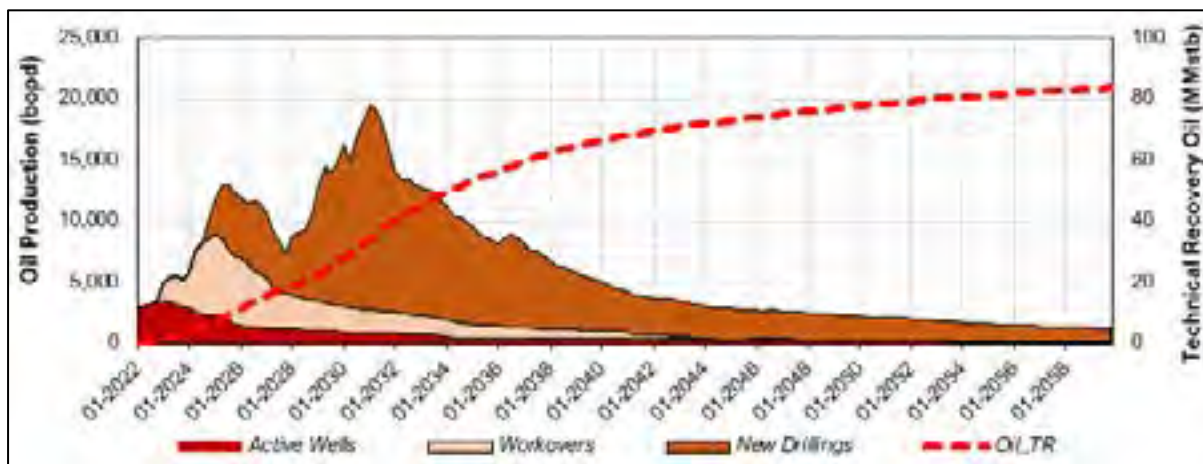


Figure 4-9: Alakiri 2P oil+condensate production forecast & technical recovery (before downtime and losses)

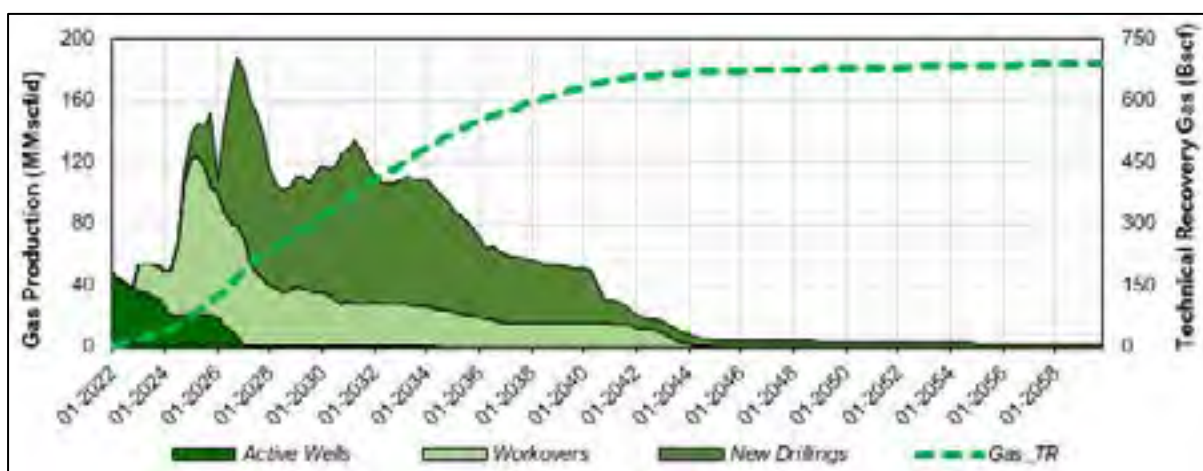


Figure 4-10: Alakiri 2P gas production forecast & technical recovery (before downtime and losses)

The crude from new and existing wells will be evacuated to the Alakiri flow station through individual flowlines and trunk lines, while the produced gas will be used to satisfy existing (Notore) and future sales agreements. The following projects in the portfolio are planned under this CPR: Gas facility expansion; Installation of LACT Units for custody transfer management; Installation of In-field dehydration for produced water removal at process facilities and management of removed water (re-injection for pressure maintenance).

Alakiri field and related infrastructure, comprising; wells, surface facilities, flowlines, trunk lines etc., which have reached the end of their economic life, shall be abandoned in conformity with statutory requirements (NUPRC, Federal Ministry of Environment).

4.4 Awoba

The Awoba field is operated by Newcross Exploration and Production Limited ("Newcross") and straddles the OML 18 licence boundary with OML 24. A 'pre-unitization' agreement³⁴ was signed on 17th December 2018 by NNPC, Eronet and Newcross resulting in 50% of Awoba production and costs being allocated to OML 18.

The best estimate (2P) of oil and gas in place volumes (100% Awoba) are 692 MMstb (oil plus condensate) and 1,845 Bscf (associated and non-associated gas) respectively. Based on the unitisation allocation, this translates to in-place volumes of approximately 346 MMstb and 923 Bscf attributable to OML 18.

4.4.1 Production Performance History

Figure 4-11 shows the historic Awoba (100%) production. A total of 12 wells (of which most are dually completed) have been drilled on the Awoba field to date with peak oil production of 36,000 stb/d achieved in Nov-2003. Cumulative production (100% Awoba) as of 31st December 2021, is circa 162.5 MMstb oil and 210 Bscf of gas.

³⁴ Reference: Awoba Field Pre-Unitization Agreement 08.01.19 (Signed).pdf

The reconciled average production rate as of December 2021 is about 4,500 bopd (100% Awoba) at approximately 48% water cut and 9.2 MMscf/d.

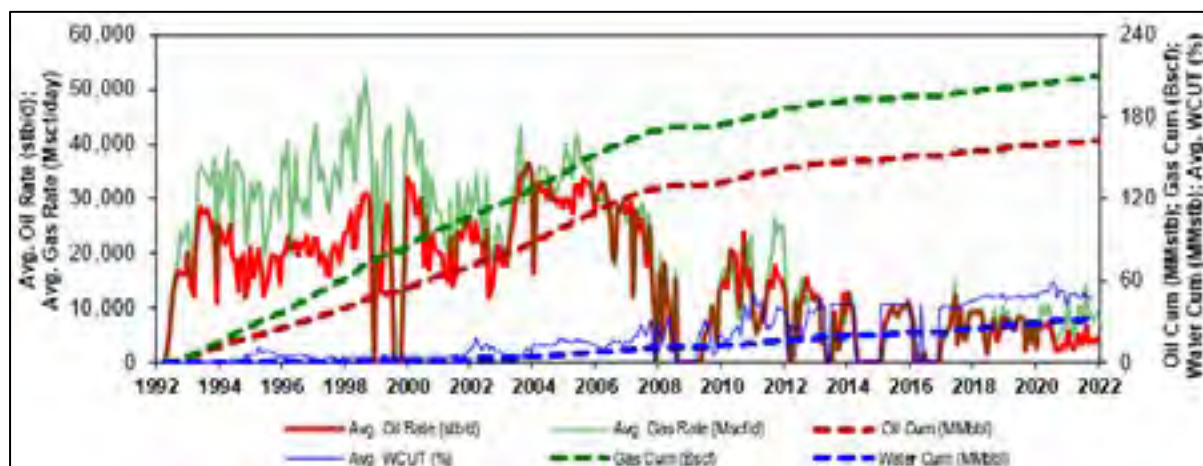


Figure 4-11: Awoba field production history (100% Awoba)

The Awoba field currently has a 40,000-bpd capacity flowline and an AG gathering plant with 55 MMscf/d handling capacity. Liquid production from Awoba is currently transported via the southern multiphase flowline, the Nembe Creek Trunk Line ("NCTL") which connects the Cawthorne Channel, Akaso, Krakama and Awoba fields. Gas production from Awoba is transported from the associated gas gathering (AGG) plant to the main gas manifold near CAWC-2 flow station.

4.4.2 Development Forecasts

In addition to the existing active wells, the 'notional' development plan for Awoba field include one (1) HWU-based workover opportunity and a total of sixteen (16) new wells (5 oil producers, 9 NAG producers and 2 water injectors). The water injectors are expected to improve oil recovery by virtue of improved sweep efficiency as these reservoirs generally have active aquifers.

Based on current evaluations, the deterministic 2P remaining (technical) recoveries for Awoba (50%) are approximately 59 MMstb (oil plus condensate) and 458 Bscf of gas. This translates to 2P EUR (50% Awoba) of approximately 140 MMstb (oil plus condensate) and 563 Bscf of gas.

Table 4-4 shows the OML 18 allocation of Awoba volumes and recovery forecasts. Figure 4-12 and Figure 4-13 show the Awoba development forecast profiles attributable to OML 18 (i.e., 50% share), pre downtime and losses. The full development forecasts indicate that Awoba can achieve oil production of circa 10,000 stb/d (i.e., OML 18 only) by Q3 2032. Full development of Awoba NAG reservoirs (and condensates) would require expansion of the existing gas facilities.

Table 4-4: Awoba 2P in-place volumes and recoveries (OML 18 concession only)

Awoba 50%	Units	Gross on License						SLE Net Attributable Reserves ³⁵
		Originally in Place	Production to Date (31-Dec-2021)	Forecasted Technical Recoveries (2P) ³⁶				
				Active Wells	Workovers	New Drilling	Total	
A. Oil	MMstb	270.7	81.2	27.7	-	9.4	37.1	8.8
B. Gas (AG)	Bscf	305.1	104.8	32.7	-	16.6	49.3	12.1
C. Gas (NAG)	Bscf	617.6	-	-	27.3	381.5	408.8	100.7
D. Condensate	MMstb	75.5	-	-	0.4	21.2	21.6	5.2
E. Liquids (A+D)	MMstb	346.2	81.2	27.7	0.4	30.6	58.7	14.0

³⁵ SLE net attributable numbers are post downtime / crude loss deductions and economic cut-offs. Based on SLE's 22.5% net working interest and an initial indirect economic interest of 44.1% in OML 18 following completion of the RTO before the hurdles are met.

³⁶ Technical recovery numbers are before downtime/crude loss deductions and economic cut-offs.

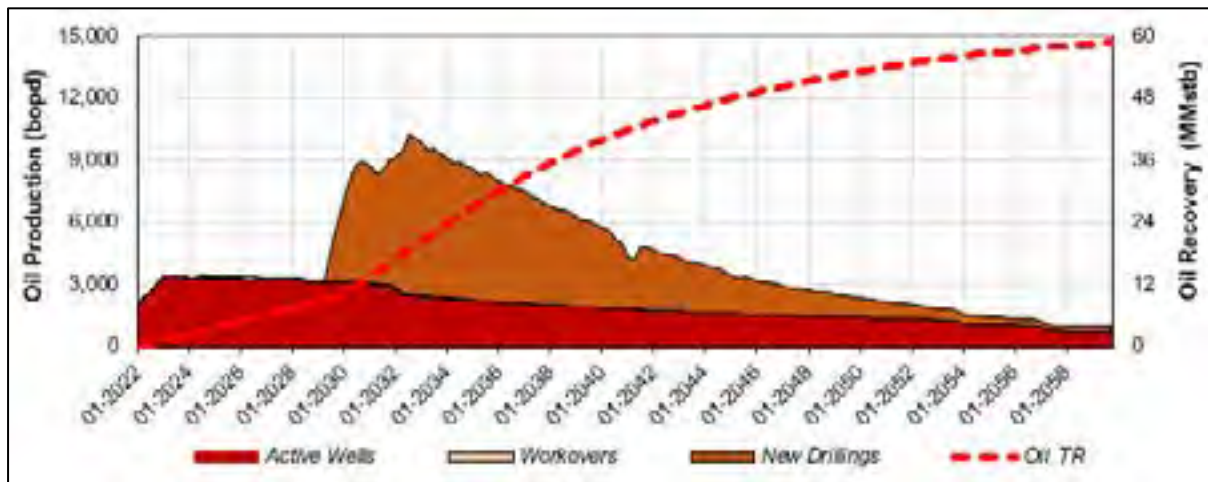


Figure 4-12: Awoba (50%) 2P oil+condensate production forecast & technical recovery (before downtime and losses)

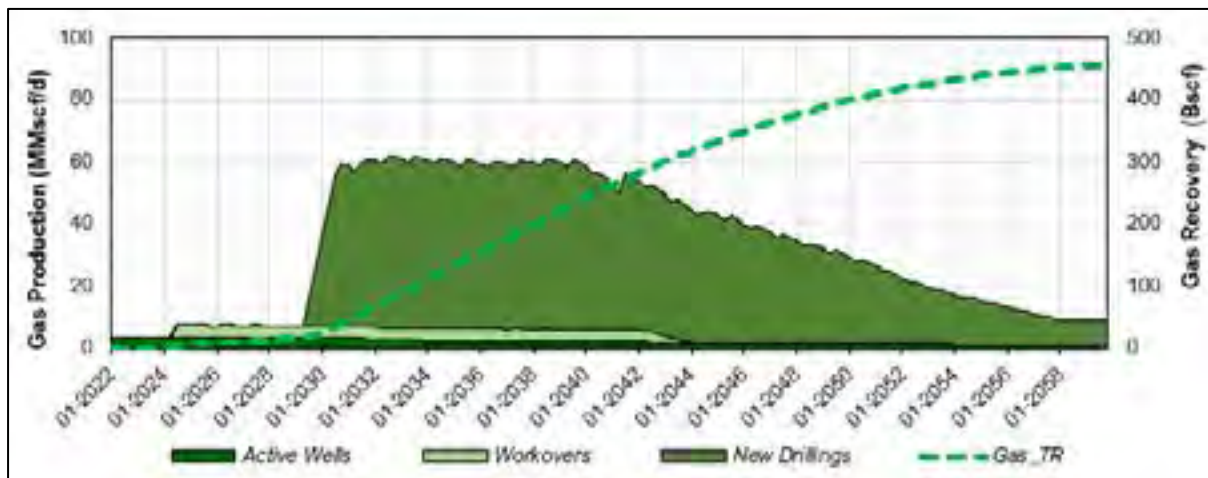


Figure 4-13: Awoba (50%) 2P gas production forecast & technical recovery (before downtime and losses)

4.5 Krakama

The Krakama field lies some 26 km Southwest of Port Harcourt. The field was discovered in 1958 by well *KRAK001* and to date 16 wells have been drilled, all of which predate the 3D seismic data. The field consists of a large and elongated E-W trending growth-faulted rollover anticline. The northern flank is intensely dissected by synthetic faults, whereas the southern flank is relatively unbroken. The collapsed crest of the structure rests to the north against the Awoba-Krakama boundary fault at shallow levels. The field has 15 pay zones between 6,600 to 13,800 feet but most of the cumulative oil production to date has been from just two reservoirs: S1000 and S9000.

The best estimate (2P) in-place oil and gas volumes for Krakama field are approximately 343 MMstb (oil plus condensate) and 684 Bscf (associated gas plus non-associated gas) respectively.

4.5.1 Production Performance History

A total of 16 wells have been drilled to date in the Krakama field. One of the wells was dry (i.e., *KRAK007*), while 4 wells (*KRAK001*; *KRAK002*; *KRAK003*; & *KRAK005*) were 'reportedly' marked for abandonment because the well head locations are in the middle of in-navigable water ways. Production began from Krakama field in 1971. Most of the production wells were dually completed giving a total of 27 producing strings (i.e., completions). Some of the drainage points have been shut-in for low productivity resulting from high Basic Sediment and Water (BSW) and/or high Gas Oil Ratio (GOR). Reservoir modelling works suggest the primary drive mechanisms for most Krakama reservoirs are aquifer drive (strength ranging from weak to very strong), gas cap expansion and solution gas drive.

Cumulative Krakama production as of 31st December 2021 is approximately 48.4 MMstb of oil and 34.9 Bscf of gas. Average production from Krakama in December 2021 was 1,750 bopd (at a water cut of approximately 26%) and 2.5 MMscf/d gas.

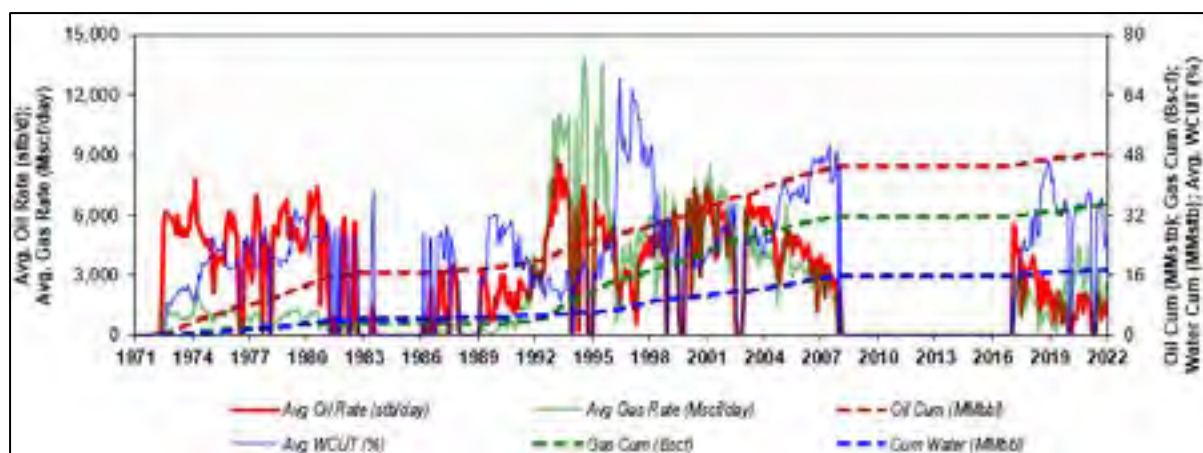


Figure 4-14: Krakama field production history

The crude from new and existing wells will be evacuated to the Krakama flow station through individual flowlines and trunk lines, while the produced gas will be transported to the Notore fertilizer plant as part of the gas sales agreement. The current Krakama flow station has liquid capacity of 30,000 bpd liquid and gas processing capacity of 5 MMscf/d.

4.5.2 Development Forecasts

The primary activities associated with the re-development of Krakama are well interventions, workovers, artificial lift, drilling of new wells and secondary recovery via water injection. A total of 14 new production wells are proposed, in addition to the currently producing wells, comprising eight vertical/slightly deviated producers, four horizontal/highly deviated producers and two water injectors. The water injectors are proposed for pressure maintenance and improved recovery. A total of five workover opportunities have also been proposed, which includes three rigless works.

The deterministic 2P technical recoveries for Krakama field are currently estimated as approximately 97 MMstb (oil plus condensate) and 357 Bscf gas (see Table 4-5). This translates to estimated ultimate recoveries (EUR) of approximately 145 MMstb oil plus condensate and 392 Bscf gas.

Table 4-5: Krakama in-place volumes and technical recoveries

Krakama	Units	Gross on License						SLE Net Attributable Reserves ³⁷
		Originally in Place	Production to Date (31-Dec-2021)	Forecasted Technical Recoveries (2P) ³⁸				
				Active Wells	Workovers	New Drilling	Total	
A. Oil	MMstb	310.5	48.4	13.6	23.6	59.6	96.8	24.1
B. Gas (AG)	Bscf	650.8	34.9	2.9	45.1	298.1	346.1	94.4
C. Gas (NAG)	Bscf	32.9	-	-	-	10.6	10.6	2.9
D. Condensate	MMstb	32.7	-	-	-	0.1	0.1	0.0
E. Liquids (A+D)	MMstb	343.2	48.4	13.6	23.6	59.7	96.9	24.1

Krakama production forecast profiles, pre downtime and losses, are shown in Figure 4-15 to Figure 4-16. Under full development the field is expected to recover circa 98 MMstb oil, with anticipated peak rate of circa 15,000 bopd by Q1 2026.

³⁷ SLE net attributable numbers are post downtime / crude loss deductions and economic cut-offs. Based on SLE's 22.5% net working interest and an initial indirect economic interest of 44.1% in OML 18 following completion of the RTO before the hurdles are met.

³⁸ Technical recovery numbers are before downtime/crude loss deductions and economic cut-offs.

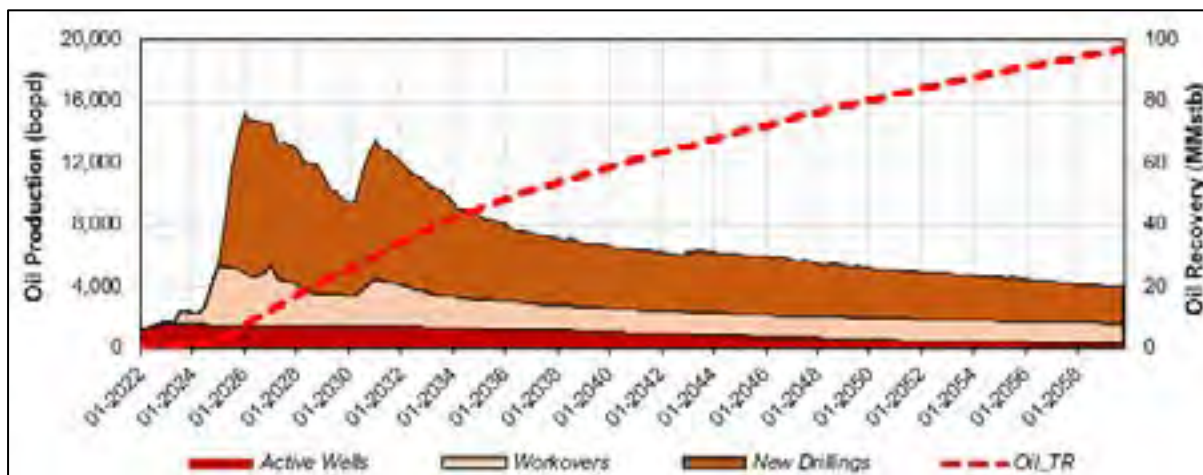


Figure 4-15: Krakama 2P oil+condensate production forecast & technical recovery (before downtime and losses)

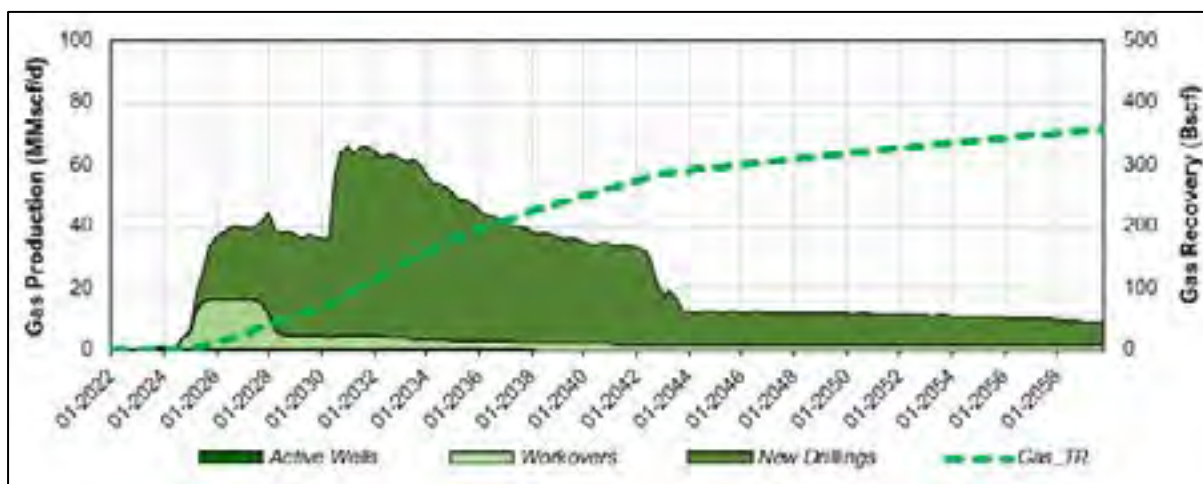


Figure 4-16: Krakama 2P gas production forecast & technical recovery (before downtime and losses)

The full development of Krakama gas would likely exceed the current gas capacity and will require the planned facility expansion, costs for which have already been accounted for in the economic evaluation. Krakama field and related infrastructure, comprising; wells, surface facilities, flowlines, trunk lines etc., which have reached the end of their economic life, shall be abandoned in conformity with statutory requirements (NUPRC, Federal Ministry of Environment).

4.6 Orubiri

The Orubiri Field is located about five km south of Port Harcourt with Alakiri to the south-east and Buguma to the north-west. Discovered in 1971, by well *ORUB-001*, 3D seismic interpretation shows the field comprises four fault blocks E, W, F and G via a series of synthetic and antithetic faults. A total of 12 wells and one side-track have been drilled in Orubiri field to date.

Based on the latest Orubiri field assessment, the best estimate (2P) oil and gas in place volumes are approximately 168 MMstb (oil plus condensate) and 521 Bscf (associated and non-associated gas), respectively.

4.6.1 Production Performance History

Production from the Orubiri field commenced in July 1975 and historically production has been from six (6) reservoirs within the E and W fault blocks (C5400E, C6000E, C9000E, C9000W, C9200W and D2000W). A total of twelve (12) wells have been drilled although six (6) were abandoned due to an absence of 'completable' sands. Most of the six producing wells have been dual completions delivering a total of 10 production strings (completions). Five (5) of these completions were in the C9000 / C9200 reservoir intervals which have, to date, produced 80% of the cumulative oil recovered. *ORUB005* has been the dominant producer delivering 19.27 MMstb (about 59% of total field recovery). Six (6) of the completions have been shut-in for high GOR and high BSW. Cumulative production is about 33 MMstb and 36 Bscf gas. Figure 4-17 shows the historic production from the Orubiri field which has not been on production since August 2019.

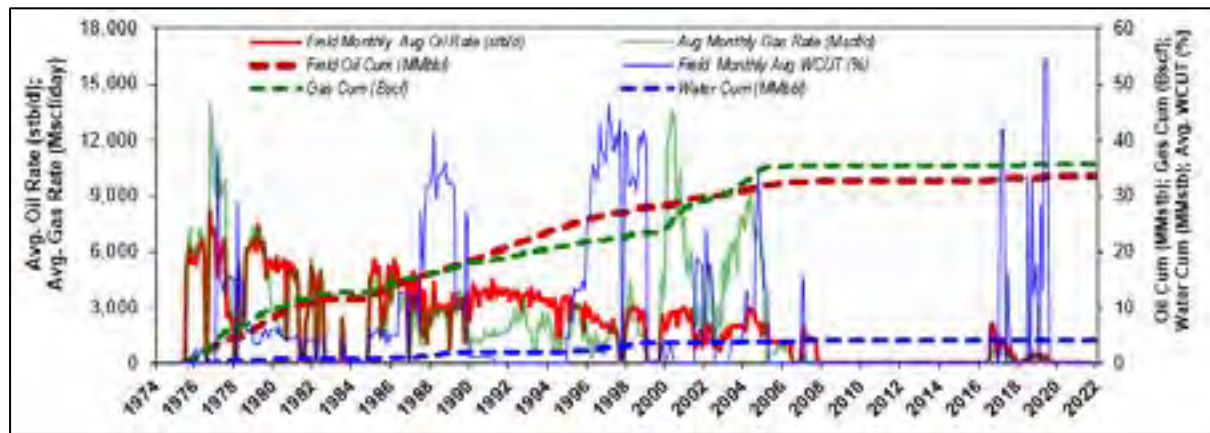


Figure 4-17: Orubiri field production history

4.6.2 Development Forecasts

The primary activities associated with the re-development of the Orubiri field include well workovers, interventions, drilling and secondary recovery via water injection (with the added benefit of infill dehydration). A total of 6 new wells (3 oil producers and 3 NAG producers) have been proposed in addition to 6 workover opportunities including the installation of gas lift for ORUB007 completions (i.e., C5400E & C6000E intervals). The remaining oil and gas (technical) recoveries are estimated at approximately 41 MMstb and 157 Bscf (Table 4-6) corresponding to oil and gas EURs of about 75 MMstb (inc. condensate) and 190 Bscf, respectively.

Table 4-6 Orubiri in-place volumes and technical recoveries

Orubiri	Units	Gross on License						SLE Net Attributable Reserves ³⁹
		Originally in Place	Production to Date (31-Dec-2021)	Forecasted Technical Recoveries (2P) ⁴⁰				
				Active Wells	Workovers	New Drilling	Total	
A. Oil	MMstb	163.9	33.3		24.8	15.6	40.4	10.9
B. Gas (AG)	Bscf	366.5	35.6		63.1	28.5	91.6	27.9
C. Gas (NAG)	Bscf	154.9	-		-	65.4	65.4	19.9
D. Condensate	MMstb	3.7	-		-	0.8	0.8	0.2
E. Liquids (A+D)	MMstb	167.6	33.3		24.8	16.4	41.2	11.1

The development forecast profiles are shown in Figure 4-18 and Figure 4-19. Full field development forecasts indicate that Orubiri can achieve production level of about 9,000 bopd, based on the proposed development activities. The crude from new and existing wells will be evacuated to the Alakiri flow station through individual flowlines and trunk lines, while the produced gas will be transported to the Notore fertilizer plant as part of the gas sales agreement.

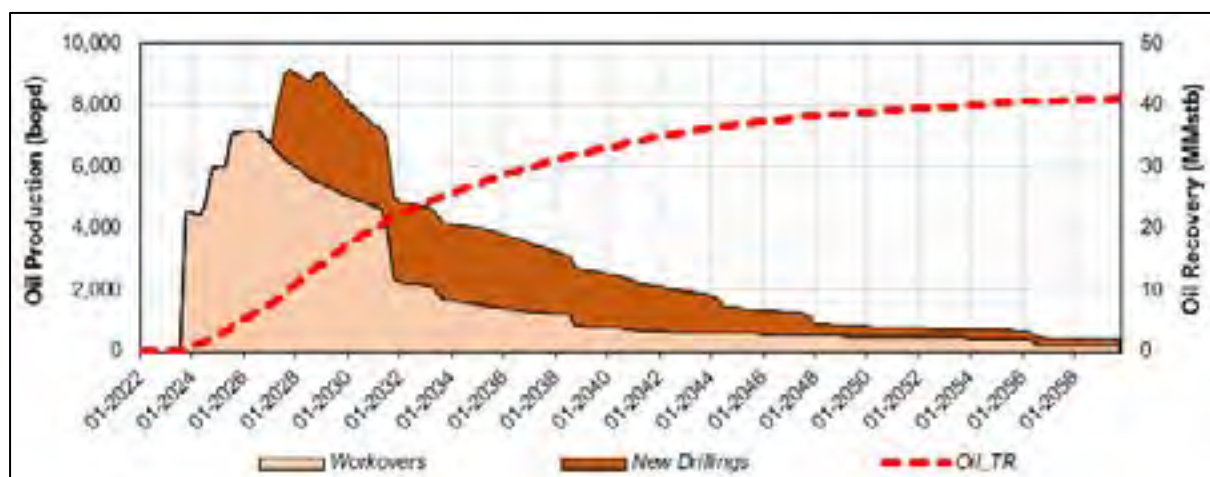


Figure 4-18: Orubiri 2P oil production forecast & technical recovery (before downtime and losses)

³⁹ SLE net attributable numbers are post downtime / crude loss deductions and economic cut-offs. Based on SLE's 22.5% net working interest and an initial indirect economic interest of 44.1% in OML 18 following completion of the RTO before the hurdles are met.

⁴⁰ Technical recovery numbers are before downtime/crude loss deductions and economic cut-offs.

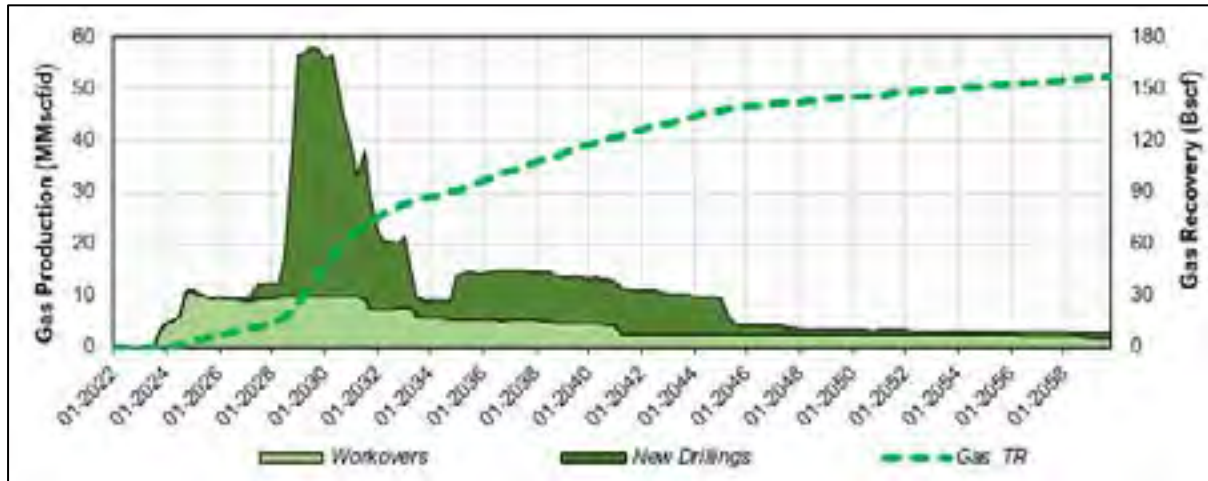


Figure 4-19: Orubiri 2P gas production forecast & technical recovery (before downtime and losses)

The Orubiri field and related infrastructure, comprising of wells, surface facilities, flowlines, trunk lines etc., which have reached the end of their economic life, shall be abandoned in conformity with statutory requirements (NUPRC, Federal Ministry of Environment).

4.7 Buguma Creek

The Buguma Creek field is in the western part of the northern megastructure found in the OML 18 block, about 16 km from Port Harcourt. The field was discovered in 1960 by *BUGC001* and structurally lies within the same megastructure as the Orubiri, Alakiri and Asaritoru fields.

A subsurface, surface and economic assessment has been carried out for the Buguma Creek field and forms the basis of this CPR. Based on the latest assessment, the 2P in place volumes are approximately 274 MMstb (oil plus condensate) and 1,462 Bscf total gas.

4.7.1 Production Performance History

The field production commenced in 1972 and peak oil rate, of about 12,000 bopd, was achieved in 1974. There are 12 wells (including two side-tracks) with hydrocarbons discovered in 17 reservoir sands across a depth window of 8-12,000 ft. Key reservoirs are the E7000, F1000, F6000, H1000 and H5000 sands. Figure 4-20 shows the historic production from Buguma Creek which has delivered cumulative production of approximately 19 MMstb of oil and 47 Bscf gas. The field stopped producing in December 2000 and is currently not on production, as of 31st December 2021.

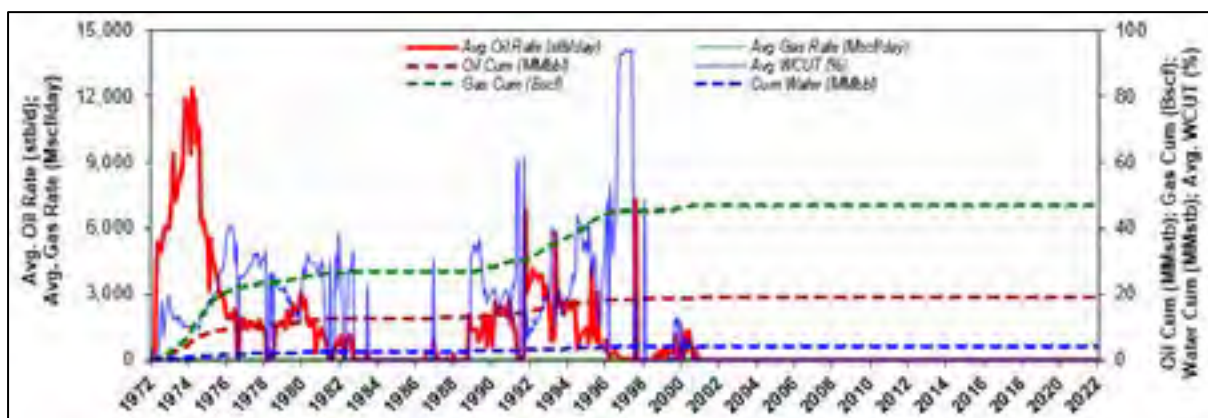


Figure 4-20: Buguma Creek production history

4.7.2 Development Forecasts

The primary activities associated with the re-development of the Buguma field include well workovers, interventions, drilling and secondary recovery via water injection. A total of six HWU-based workover activities have been proposed for Buguma Creek along with 18 new producing wells (including four water injectors). Table 4-7 summarises the deterministic 2P technical recoveries for Buguma Creek, estimated at approximately 53.6 MMstb

(oil plus condensate) and 930 Bscf (AG plus NAG). These translate to EUR of about 72 MMstb for oil plus condensate and 977 Bscf for gas.

Table 4-7: Buguma Creek In-place Volumes and Technical Recoveries (Gross on License)

Buguma Creek	Units	Gross on License						SLE Net Attributable Reserves ⁴¹
		Originally in Place	Production to Date (31-Dec-2021)	Forecasted Technical Recoveries (2P) ⁴²				
				Active Wells	Workovers	New Drilling	Total	
A. Oil	MMstb	242.4	18.8	-	14.2	33.3	47.5	12.1
B. Gas (AG)	Bscf	1,031.9	47.0	-	28.8	572.0	600.8	145.5
C. Gas (NAG)	Bscf	430.0	-	-	142.5	186.2	328.7	79.6
D. Condensate	MMstb	31.4	-	-	2.4	3.7	6.2	1.6
E. Liquids (A+D)	MMstb	273.8	18.8	-	16.6	37.0	53.6	13.7

Figure 4-21 and Figure 4-22 illustrate the 2P forecast profiles for Buguma Creek, pre downtime and losses. They indicate that Buguma can achieve oil production of approximately 10,000 bopd by Q4 2026 via the proposed development schedule. Likewise, peak gas production of about 196 MMscf/d is anticipated by 2035, following the commencement of NAG/AG development.

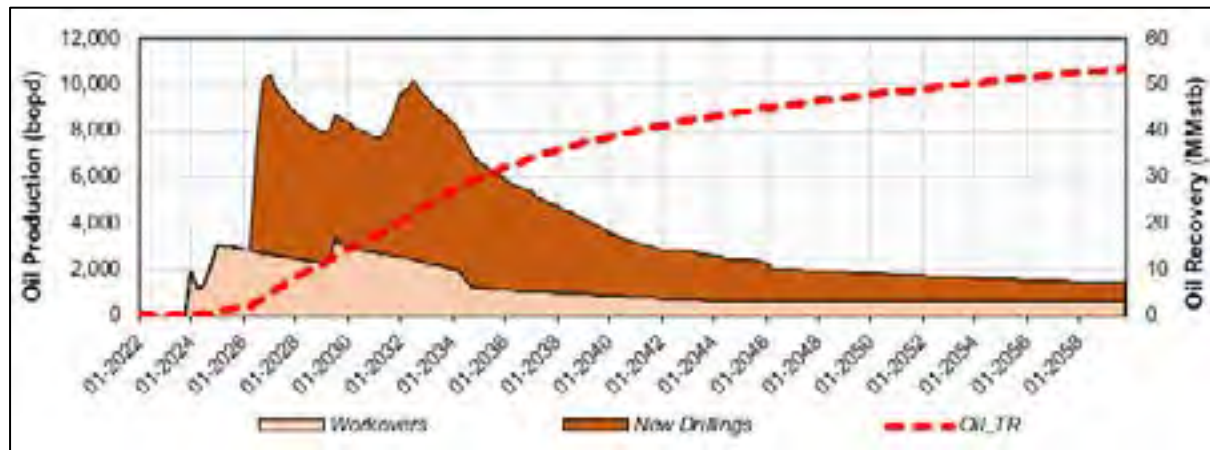


Figure 4-21: Buguma Creek 2P oil production forecast & technical recovery (before downtime and losses)

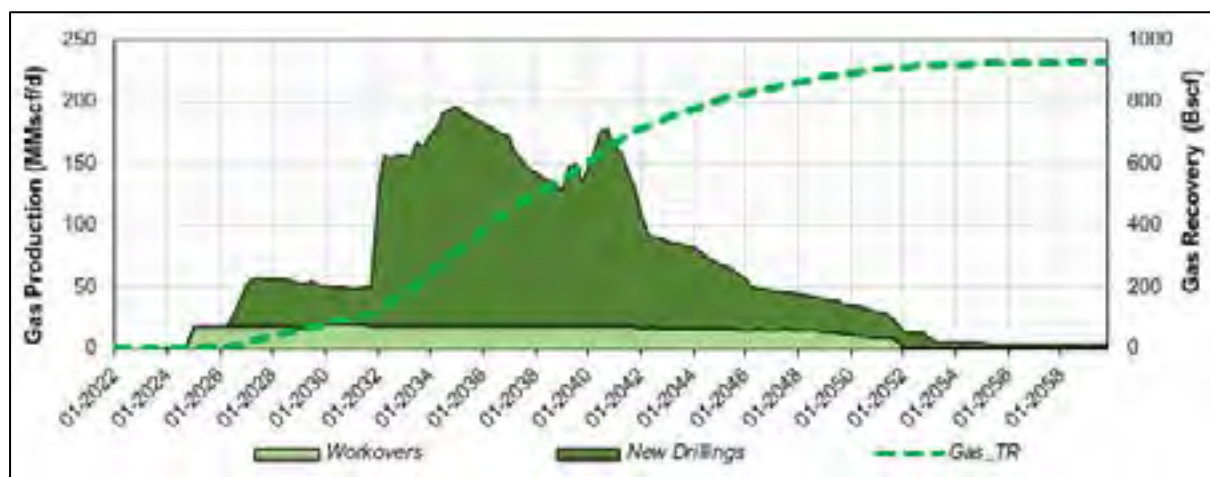


Figure 4-22: Buguma Creek 2P gas production forecast & technical recovery (before downtime and losses)

Buguma Creek currently has no processing facilities and flow lines. Future production from Buguma Creek will be evacuated to Krakama facilities via a proposed Buguma-Krakama High pressure (HP)/Low pressure (LP) pipeline.

⁴¹ SLE net attributable numbers are post downtime / crude loss deductions and economic cut-offs. Based on SLE's 22.5% net working interest and an initial indirect economic interest of 44.1% in OML 18 following completion of the RTO before the hurdles are met.

⁴² Technical recovery numbers are before downtime/crude loss deductions and economic cut-offs.

Krakama flow station currently has a capacity of 30,000 bpd though facility upgrade requirements, and costs, associated with Buguma Creek re-development have been incorporated within the economic evaluation.

4.8 Asaritoru

The Asaritoru field is in the OML 18 block, about six km south of Buguma Creek field. The Asaritoru structure is a steep, elongated footwall closure against a major antithetic fault that separates it from the Buguma Creek roll over structure. The Asaritoru field is a single well field which penetrated a paralic sequence of Middle Miocene (P750/770) formation. The 2P estimates of original oil and gas in place volumes are 27 MMstb and about 46 Bscf respectively.

4.8.1 Production Performance History

Asaritoru was discovered in 1990 with well ASAR001 testing the structure. It encountered six hydrocarbon bearing sands (E4000, E6000, E7000, E8000, F1000 and F1100) and field production commenced in 1992 with cumulative production to date of 3.4 MMbbls of oil from two reservoirs (E7000 and F1100). Figure 4-23 shows the historic production from Asaritoru field. The field is currently not producing with the last production recorded in August 2000.

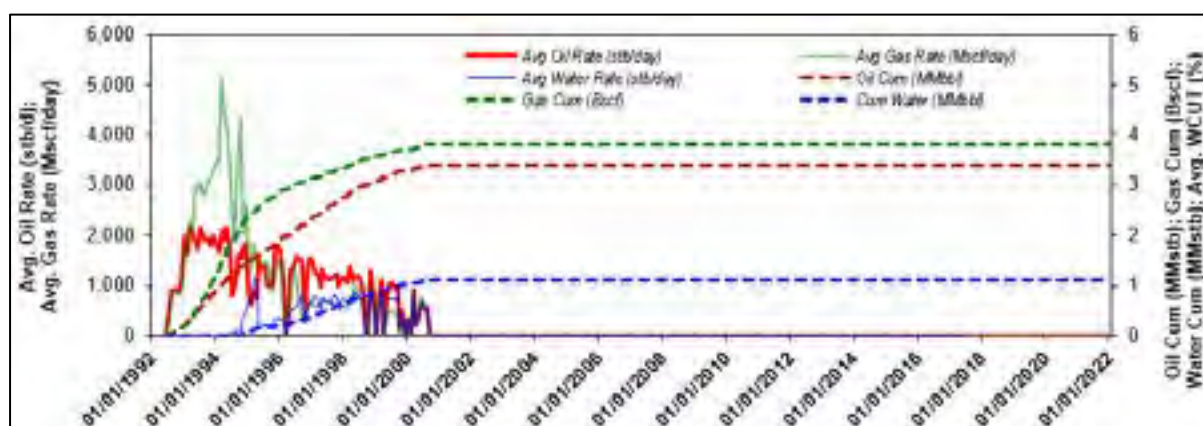


Figure 4-23: Asaritoru field production history

4.8.2 Development Forecasts

The primary activities associated with the re-development of Asaritoru field include new drilling, workovers and artificial lift (including installation of gas lift mandrels in the existing producer). In addition to reactivating ASAR-001, one new well has been proposed to be dually completed in the E7000 & E8000 intervals.

The expected 2P remaining (technical) oil and gas recoveries for Asaritoru field are approximately nine MMstb oil and eight Bscf gas (Table 4-8) with corresponding EUR of approximately 13 MMstb and 12 Bscf respectively. The production forecasts for Asaritoru oil and gas, pre downtime and losses, are shown in Figure 4-24 and Figure 4-25 respectively. Production forecasts indicate that Asaritoru can achieve a production level of about 3,000 bopd with crude being evacuated to the Krakama flow station through the planned Buguma-Krakama pipeline.

Table 4-8 Asaritoru in-place volumes and technical recoveries (gross on license)

Asaritoru	Units	Gross on License						SLE Net Attributable Reserves ⁴³
		Originally in Place	Production to Date (31-Dec-2021)	Forecasted Technical Recoveries (2P) ⁴⁴				
				Active Wells	Workovers	New Drilling	Total	
A. Oil	MMstb	27.4	3.4	-	3.2	6.0	9.2	2.6
B. Gas (AG)	Bscf	46.4	3.8	-	4.8	3.1	7.9	2.5
C. Gas (NAG)	Bscf	-	-	-	-	-	-	-
D. Condensate	MMstb	-	-	-	-	-	-	-
E. Liquids (A+D)	MMstb	27.4	3.4	-	3.2	6.0	9.2	2.6

⁴³ SLE net attributable numbers are post downtime / crude loss deductions and economic cut-offs. Based on SLE's 22.5% net working interest and an initial indirect economic interest of 44.1% in OML 18 following completion of the RTO before the hurdles are met.

⁴⁴ Technical recovery numbers are before downtime/crude loss deductions and economic cut-offs.

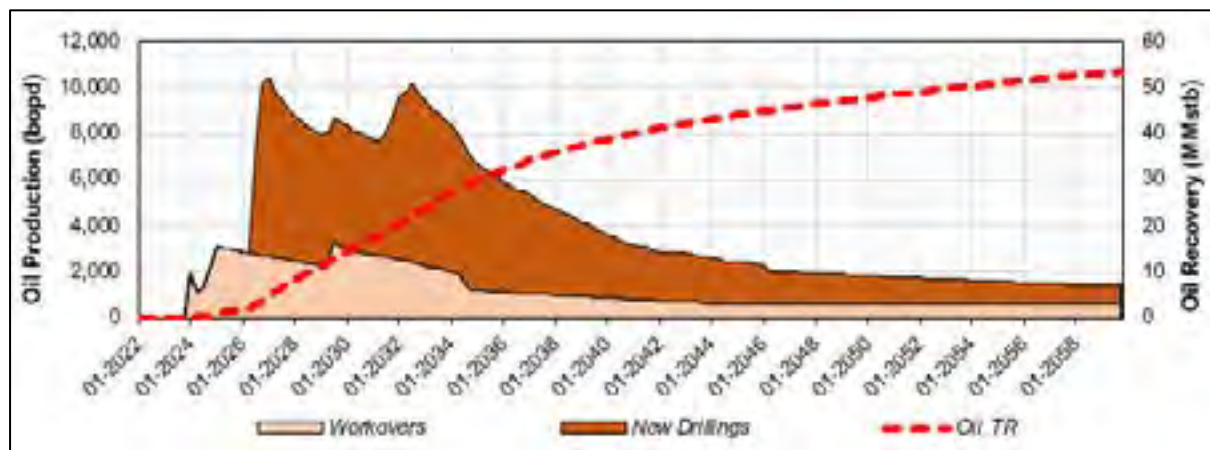


Figure 4-24: Asaritoru 2P oil production forecast & technical recovery (before downtime and losses)

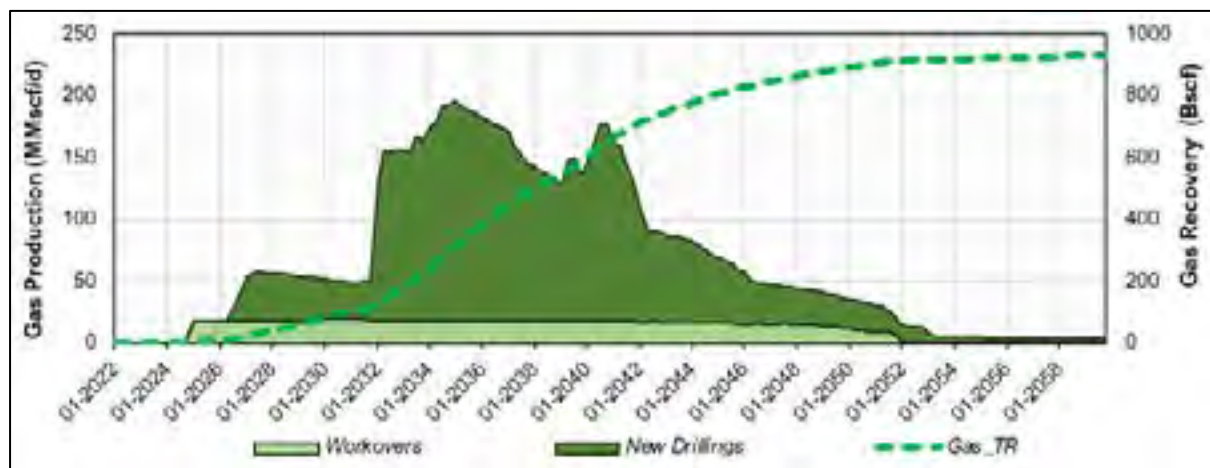


Figure 4-25: Asaritoru 2P gas production forecast & technical recovery (before downtime and losses)

4.9 Bille

The Bille field is located about 20 km from Port Harcourt and was discovered in 1971 by *BILE001*, which found gas in two reservoirs although they were not put on production. BILE001 tested the dip-closed culmination developed to the north of the Krakama structure, the northern-most block of which was dry (i.e., non-hydrocarbon bearing) as indicated by MINA-001.

Subsurface, surface, and economic assessments have been carried out for the Bille field and form the basis of this CPR. No PVT data is available for Bille field, hence dry gas has been assumed. Based on this latest assessment, the gas in place volume (2P) is estimated at approximately 190 Bscf.

4.9.1 Development Forecasts

There has been no production from the Bille field and the only well, *BILLE-001*, is currently abandoned. The primary activities associated with the development of the Bille field include side-tracking the existing *BILLE001* and drilling one new NAG producer. Bille currently has no processing facilities or flowlines and future production will tie into Krakama facilities. Figure 4-26 shows the gas forecast profile for Bille field. The expected ultimate recovery (EUR) is approximately 142 Bscf of gas, as seen in Table 4-9.

Table 4-9 Bille in-place volumes and technical recoveries

Bille	Units	Gross on License						SLE Net Attributable Reserves ⁴⁵
		Originally in Place	Production to Date (31-Dec-2021)	Forecasted Technical Recoveries (2P) ⁴⁶				
				Active Wells	Workovers	New Drilling	Total	
A. Oil	MMstb	-	-	-	-	-	-	-
B. Gas (AG)	Bscf	-	-	-	-	-	-	-
C. Gas (NAG)	Bscf	189.5	-	-	-	141.7	141.7	32.1
D. Condensate	MMstb	-	-	-	-	-	-	-
E. Liquids (A+D)	MMstb	-	-	-	-	-	-	-

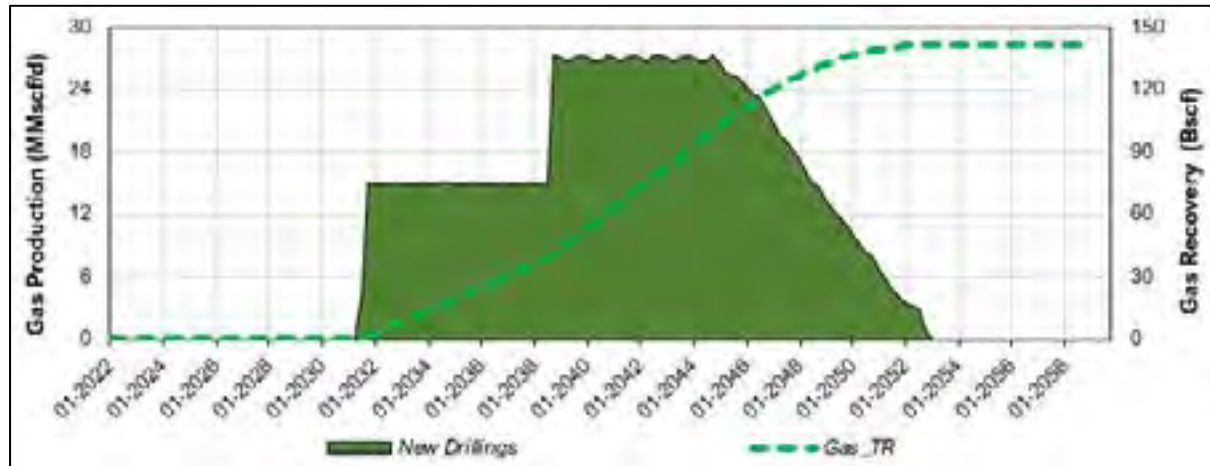


Figure 4-26: Bille 2P gas production forecast & technical recovery (before downtime and losses)

⁴⁵ SLE net attributable numbers are post downtime / crude loss deductions and economic cut-offs. Based on SLE's 22.5% net working interest and an initial indirect economic interest of 44.1% in OML 18 following completion of the RTO before the hurdles are met.

⁴⁶ Technical recovery numbers are before downtime/crude loss deductions and economic cut-offs.

5 ECONOMIC EVALUATION

In constructing our economic forecasts PetroVision has approached the analysis as follows. SLE's net reserves in the OML 18 assets have been valued based on an economic model developed with the assistance of SLE and Eroton that deals with the terms of SLE's funding of MLPL and relevant fiscal and commercial terms.

The OML 18 licence contains the Cawthorne, Akaso, Alakiri, Krakama, Orubiri, Buguma, Asaritoru, Awoba and Bille fields. Eroton purchased a 27% interest in OML 18 in 2015 following the completion of a sale and purchase agreement with Shell Petroleum Development Company, Total and Agip.

Eroton became official operator in OML 18 on March 1st, 2015, with the Nigerian National Petroleum Corporation holding the remaining 55% non-operated interest. The Awoba field, which straddles OML 18 and another adjacent block, namely OML 24, is not operated by Eroton, but is governed by a unitisation arrangement which divides petroleum between the owners of OML 18 and owners of OML 24 on a 50:50 split.

SLE has proposed to consolidate Midwestern Oil and Gas Company Limited's ("Midwestern") shareholdings in the Company and Midwestern Leon Petroleum Limited ("MLPL") into a single shareholding in the Company, which is defined in this Document as the "MLPL Reorganisation" and the transactions defined in this Document as the "ELI Reorganisation" and the "Further ELI Investments" which constitute a 'reverse takeover' under the AIM Rules (the "RTO"). This CPR is written on the basis that the proposed RTO completes.

The OML 18 license is governed by Petroleum Profits Tax Act (1990) which comprises oil royalty at 20%; gas royalty at 7% and PPT at 85%. The OML 18 partners are not converting to the New PIA fiscal terms at present due to several associated changes to the license (including land relinquishment) and thus economics have been run on the old PPT terms. Condensate is currently amalgamated with the crude oil for export, so it receives the same treatment under PPT rather than CITA. Eroton's tax filings were used as the basis for the inputs for the economics.

The OML 18 development plan costs comprising of CAPEX around new wells, existing active wells, workovers (re-entries, recompletion and/or side-tracks) and facilities estimated at \$151 million for NFA, \$3,414 million for 1P and 2P reserves and \$3,714 million for 3P reserves. Eroton's estimated fixed OPEX of \$58.5 million per annum; variable OPEX of 1.28 \$/bbl plus 0.05 \$/Mcf and G&A of \$29.3 million have been used. Crude transportation assumed tariff of \$3.55/bbl through NCTL and \$3.95/bbl through ELI.

OML18 has a gross field abandonment obligation for the existing facilities was estimated by Eroton at \$269 million (gross OML 18). Additionally, 5% of future facilities costs and 2.5% of future drilling costs are assumed to be added to the abandonment liability. Total abandonment cost is estimated at \$276 million for NFA, \$369 million for 1P and 2P reserve case and \$377 million for 3P reserve case. All costs are in real 2021 money and escalated at 2%. Eroton contributes to an abandonment fund, and this is modelled in the cash flow model based on a Units of Production method.

Furthermore, the economic evaluation in this CPR assumes that the envisaged transaction whereby Eroton proposes to buy out two other partners who hold a total of 18% direct interest in OML 18, completes.

Economics were run on the no further activity (NFA), 1P, 2P, and 3P reserve forecasts, effective 1st Jan 2022, for each asset without abandonment liability estimates to determine the economic reserves considering the economic cut off for each asset. Once the economic cut off had been established, project cash flows attributable to the Company, resulting from its entitlement to cash flows from its investment in MLPL, were calculated by PetroVision based on the revenue stream from petroleum production and deducting related operating and capital expenses, including estimated abandonment liability, relevant fiscal duties, and debt financing. The resulting cash flows attributable to the Company from MLPL were used to determine net present values at a 10% discount rate as of 1st January 2022. Contingent Resources and risked exploration targets contained in this CPR are not included in the cash flows.

5.1 Input Parameters

The basic input parameters are in US dollars with no requirement for exchange rate are outlined below.

5.1.1 Discount Rate and Method

A 10% nominal discount rate and mid-year discounting was applied to all future net cash flows with effect from 1 January 2022.

5.1.2 Brent Oil Price

PetroVision has taken a transparent approach to oil pricing and used Brent spot 38° API price forecast data from five independent sources in December 2021 being Sproule, GLJ, McDaniel, Deloitte, and ERCE. Recently, as the war between Russia and Ukraine continues to dominate the risk sentiment, sanctions against Russia and the retaliation from both EU and Western leaders through stricter sanctions have placed oil and gas at the forefront of inflationary pressures as consumers struggle to recover from the Coronavirus pandemic. With Europe largely reliant on Russia for both gas and oil, Brent may continue towards the \$120.00. Morgan Stanley raised its near-term oil price forecasts, now seeing Brent averaging \$110/bbl in Q2, up from a prior forecast of \$100, with a bull case of \$125/bbl. Hedge funds and analysts appear very bullish on oil prices, with predictions varying from \$150 all the way up to \$300 for oil. Talks about oil sanctions and the market response was a sharper rise in oil prices surpassing \$131/bbl. Forward curve dated 1st March 2022 is showing \$91/bbl for 2022 reducing to \$71/bbl by 2027. The long-term consensus remains uncertain, as the energy crisis highlights the difficulties of the energy transition. All five independents predict a decline in oil price from 2024 onwards and provided nominal oil price forecasts and gave the inflation assumption used for the nominal predictions.

PetroVision used the five data sources to predict long term oil price in real terms by deflating the nominal oil price from the five sources to normalise and then average the price forecasts to derive PetroVision's base case real oil price forecast. An inflation factor of 2% was then used to calculate PetroVision's base case nominal oil price forecast. This resulted in PetroVision's Base Case Brent real oil price forecast of \$66.0 per barrel from 2024 onwards in real terms as shown in Table 5-1. Table 5-2 shows PetroVision's nominal base case oil price with 2.0 per cent annual inflation.

Table 5-1: Oil price forecast

Brent Real (US\$ per bbl)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031+
ERCE (Dec 2021)	75.0	70.0	66.0	66.0	66.0	66.0	66.0	66.0	66.0	66.0
Sproule (Dec 2021)	75.0	70.6	67.3	67.3	67.3	67.3	67.3	67.3	67.3	67.3
GLJ (Dec 2021)	76.0	71.1	68.5	68.5	68.5	68.5	68.5	68.5	68.5	68.5
McDaniel (Dec 2021)	75.0	68.5	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0
Deloitte (Dec 2021)	72.0	68.0	63.0	63.0	63.0	63.0	63.0	63.0	63.0	63.0
Average	74.6	69.6	66.0	66.0	66.0	66.0	66.0	66.0	66.0	66.0
PetroVision Base Oil Price	74.6	69.6	66.0	66.0	66.0	66.0	66.0	66.0	66.0	66.0

Table 5-2: Nominal base case oil price with 2% inflation

Brent Oil Price (Nominal \$US per stb) – Base Case									
2022	2023	2024	2025	2026	2027	2028	2029	2030	2031+
74.60	71.03	68.62	69.99	71.39	72.82	74.27	75.76	77.27	2%

No premium or discount was applied to PetroVision's Brent oil price forecasts or in PetroVision's economic models on OML 18 although market data suggests a slight premium does exist for Bonny Light Crude.

Currently a hedge is in place for 5,000 bopd at strike price of \$55/bbl and \$5/bbl fee to end of Q2 2022. Future hedges have also been applied in the model assuming 5000 bopd at a strike price of \$55/bbl, at a cost of \$1.50/bbl from Q3 2022 to Q4 2028.

5.1.3 Gas Price

Future gas sales assume gas is sold via industrial / international exports, domestic sales gas obligation ("DSO") and to the private sector. PetroVision's real gas price forecasts are shown below:

Table 5-3: Gas price assumptions

	Gas Price (\$/Mscf) Real ⁴⁷
Gas sales - private	1.46
Gas sales - DSO	2.2
Gas sales - NLNG	3.0

5.1.4 Cost Escalation

An annual inflation rate of 2.0 per cent per annum has been applied. Capital and operating costs have been determined in 2021 real terms and inflated annually at the 2.0 per cent inflation rate.

5.2 Development Plan

Evaluation of the OML 18 licence comprises the nine (9) fields based on development costs and the schedule provided by Eroton on four (4) reserve cases for each field: NFA, 1P, 2P and 3P. This CPR has used a crude export fee of \$3.95/bbl for export tariffs on the new export pipeline, and the effect of this program is a significant reduction in downtime and pipeline losses compared to the NCTL export route.

The OML 18 development plan contained in this CPR comprises existing active wells, workovers (re-entries, recompletion and/or side-tracks), and new wells. The proposed development programme will involve capital expenditure of circa \$2.9 billion (USD) in the 1P and 2P cases and additional \$300 million for in the 3P case estimated for twelve (12) notional new wells⁴⁸ (see Table 5-4). Commencement of the drilling rigs is currently estimated at Q3 2023, Q3 2024, and Q3 2025 (for NAG development), respectively. Mobilisation of the HWU is currently estimated to commence in Q4 2022.

Table 5-4: OML 18 development plan & cost estimates

Field	New Wells		Rigless Workovers		HWU-Based Workovers		Additional New Wells - 3P case only	
	Well Count	Cost (million)	Well Count	Cost (million)	Well Count	Cost (million)	Well Count	Cost (million)
Cawthorne Channel	15	\$448	16	\$23	10	\$30		
Alakiri	27	\$736	6	\$13	8	\$24	4	\$100
Akaso	7	\$175	10	\$11	2	\$6	3	\$75
Awoba	16	\$400						
Krakama	14	\$350	3	\$8	2	\$6		
Orubiri	6	\$150	4	\$8	2	\$6	2	\$50
Buguma Creek	15	\$380	3	\$8	2	\$6	3	\$75
Asaritoru	1	\$25			1	\$3		
Bille	2	\$50						
Total	103	\$2,714	42	\$70	27	\$81	12	\$300

In addition to the drilling plan, oil facilities costs (Table 5-5) were assumed at \$234 million. Gas facilities costs were estimated at circa \$315 million for all reserve cases to upgrade for additional gas throughput above the existing capacity up to 500 MMscf/d.

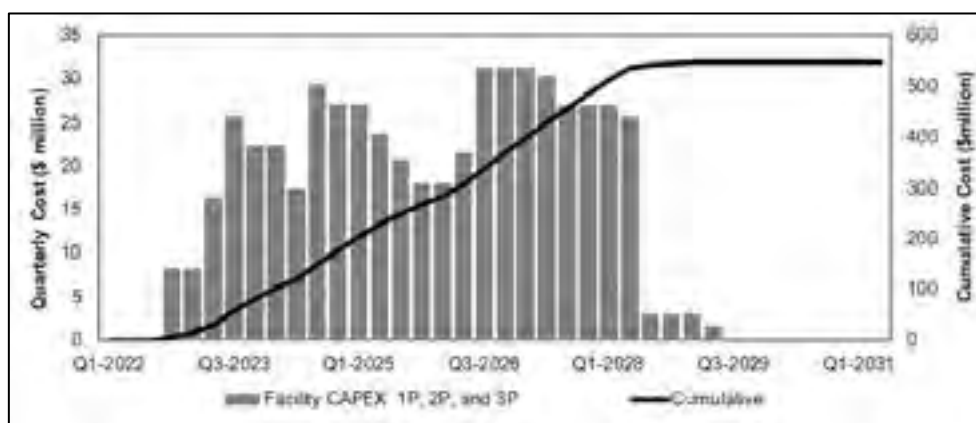


Figure 5-1: OML 18 asset development – facilities CAPEX

⁴⁷ 'Real' as prices were escalated at 2% from 2020 onwards. Nominal gas prices assume 2% annual inflation.

⁴⁸ Additional wells, and perhaps an additional rig, may be required to achieve the 3P recoveries within similar time frame as other cases evaluated.

Table 5-5: OML 18 facilities CAPEX

Planned Activities		2022	2023	2024	2025	2026	2027	2028	2029	Total CAPEX
		\$million								
OIL	01. In-Field Dehydration		7.0	14.0	14.0	14.0	14.0	7.0		70.0
	02. IFD Inter-Connecting Lines		24.8	18.0	3.3	10.5	3.5			60.0
	03. Upgrades and debots						3.5	7.0	3.5	14.0
	04. Gaslift		2.5	6.0	6.5	4.0	2.0	1.0		22.0
	05. Flowlines		2.5	5.0	5.0	5.0	2.5			20.0
	06. Flare System Upgrades		1.0	1.5	0.5					3.0
	07. Export Pump Upgrades		3.8	11.3	7.6					22.7
	08. Buguma FOD						7.5	6.3	1.3	15.0
GAS	09. AG Flare Out	5.8	22.3	17.8	8.3					54.0
	10. Alakiri NAG Refurbishment	2.5	7.5							10.0
	11. Gas Capacity Expansion			20.0	43.0	68.0	82.5	37.5		251.0
NOGI	12. Non-oil & gas infrastructures (NOGI) + Inf Upgrades		1.6	2.7	1.7	0.7	0.2	0.1		7.1
Yearly Totals (\$ million)		8.3	72.9	96.3	89.8	102.2	115.7	58.8	4.8	548.7
OIL CAPEX (Facilities & Pipeline)			43.1	58.6	38.6	34.2	33.2	21.3	4.8	233.7
GAS CAPEX (Facilities & Pipeline)		8.3	29.8	37.8	51.3	68.0	82.5	37.5		315.0
NFA⁴⁹ CAPEX (Facilities Capex)			33.3	34.7	19.0	25.2	21.2	14.1	3.5	151.1

Based on historical expenditures and adjustment for current COVID pandemic, fixed OPEX for economic analysis was estimated as \$58.5 million/yr; variable OPEX at 1.28 \$/bbl and G&A at \$29.3 million/yr. The following assumptions were also made:

- OML 18 production assumed crude transportation tariff of \$3.55/bbl based on the existing Crude Handling Agreement (CHA) and \$3.95/bbl as per ELI agreement from April 2023 when the new pipeline is expected to be fully operational.
- PetroVision has rescheduled commencement of full barging operations, covering CAWC-2 & -3 to Q3 2022.
- ELI pipeline pre-commissioning and commissioning is estimated to occur in Q1 2023.

The transportation tariff assumptions are summarised in Table 5-6.

Table 5-6: Summary of tariff assumptions

Phase	Timeframe	Comments
1	Q3 2022	- Barging program starts Q3 2022 on Cawthorne/Akaso. - All Cawthorne oil & water, excluding Awoba, Krakama and Alakiri, will go through ELI, with a tariff of \$3.95/bbl. - Gas flaring reduced to nominal 5 MMscf/d. - Barging capacity limited to 17,500 bopd. - Produced volumes more than the Barge volumes constraint (for respective flowstations) subjected to NCTL loss and downtime assumptions.
2	Q4 2022	- Additional barging operations commence at Krakama and Alakiri flow stations. - Total barging capacity limited to 25,000 bopd. - Produced volumes more than the Barge volumes constraint (for respective flowstations) subjected to NCTL loss and downtime assumptions.
3	Q1 2023 onward	- ELI pipeline pre-commissioning and commissioning to occur in Q1 2023. - Eroton begins their own IFD in Q1 2023, under contract for \$14 million/year over 5 years. - ELI pipeline to become fully operational across all OML 18 by Q2 2023. - Only dry crude is sent through ELI; therefore, water tariffs will go to zero.

- OML 24 production assumes \$1.20/bbl for Awoba oil production and \$0.70/bbl for Awoba water production as per Newcross agreement until it switches to ELI pipeline.
- Water transportation tariff is assumed at \$3.95/bbl to end Q1 2023 and zero thereafter.
- Gas tariff of \$0.05/Mscf was assumed, to account for some marginal cost of increased gas production.
- Gas flaring fees of \$2/Mcf has been applied
- Additional OPEX has been assumed at 2.5% of the total new facilities costs less NFA capex from 2029 onwards.

⁴⁹ CAPEX for items 01, 02, 03, & 12 are included in the NFA evaluation.

A gross field abandonment obligation for the existing facilities was estimated by Eroton at \$269 million (gross OML 18). Additionally, 5% of future facilities costs and 2.5% of future drilling costs are assumed to be added to the abandonment liability. Total abandonment cost is estimated at \$276 million for NFA, \$369 million for 1P and 2P reserve case and \$377 million for 3P reserve case. Eroton contributes to an abandonment fund, and this is modelled in the cash flow model based on a Units of Production method, scaling the abandonment contributions according to the production depletion curve.

It is PetroVision's opinion that the proposed rigless program is reasonable in terms of timing and expected productions results. Most of associated costs for future restorations have been estimated based on recent costs on similar projects and used in the economic modelling and valuation. The timing on the development wells remains subject to regulatory approvals of the FDP.

5.3 Downtime and Crude Pipeline Losses

Production downtime and crude pipeline losses, based on Eroton's daily reports and planned projects, that will impact production losses have been taken into consideration. The downtime applies to both oil and gas forecasts, while the crude pipeline losses apply only to the oil production. Once ELI's alternative ACOES pipeline is in place, the expected losses are expected to be about 5%.

The following were assumed for the oil forecast downtime and production losses:

- Downtime of 13% on the NCTL and 5% on barging/ACOES.
- Crude pipeline loss of 79% on the NCTL and 5% on barging/ACOES.
- CAWC / AKOS switch to 5% downtime/loss from Q3 2022.
- ALAK / KRAK / ORUB / BUGC / ASAR / BILLE switch to 5% downtime/loss from Q4 2022.
- AWOB switches to 5% downtime/loss from Q2 2023 on ELI pipeline.
- Barging capacity is limited to 17,500 bopd in Q3 2022 and 25,000 bopd in Q4 2022 when the third barge is brought in. Excess production above the barging capacity, during the barging period, are subject to NCTL loss and downtime assumptions.

For the gas forecast, only downtime was applied based on the following assumptions:

- Downtime of 13% on the NCTL and 5% on barging/ACOES – for PDNP & PUD only
- CAWC / AKOS switches to 5% downtime from Q3 2022.
- ALAK / KRAK / ORUB / BUGC / ASAR / BILLE switch to 5% downtime from Q4 2022.
- AWOB switches to 5% downtime from Q2 2023.

The base production forecasts already have inherent downtime as they are benchmarked on historical reconciled production volume, which accounted for downtime. Hence, downtime is applied only to the forecasts from workovers and new drillings. The pipeline losses and downtime are taken as a loss and not deferred in the valuation. Flare gas and shrinkage were estimated at five MMscf/d. Gas flaring costs of \$2/Mcf has been applied.

Note that the economic values associated with the Reserves calculations contained within this report do not necessarily reflect a fair market value. The accuracy of estimates of volumes of oil and gas and production forecasts is a function of the quality and quantity of available data and of engineering interpretation and judgment. While estimates of reserves and production forecasts presented herein are considered reasonable, these estimates should be accepted with the understanding that reservoir performance after the date of the estimate may justify revision, either upward or downward.

5.4 Finance and Fiscal Assumptions

The economic forecasts are based on SLE's working interest in OML 18 post the reverse takeover (RTO) transaction where Eroton owns 45%. SLE's economic interest is held through Midwestern Leon Petroleum Limited ("MLPL"), a Mauritian incorporated special purpose vehicle, established for the purpose of holding the OML 18 interests. Upon completion of the RTO, SLE will own a 44.1% net economic interest in OML 18, as illustrated in Figure 5-2, interest until the following two hurdles have been met:

1. The amounts paid⁵⁰ on behalf of Bilton by Martwestern in the original purchase price of \$1.1 billion for the acquisition of OML 18 in March 2015 are paid back with interest through cash flow distributions from Eroton.
2. Once hurdle 1 has been met (estimated by PetroVision to be achieved at Q3 2033, Q4 2031 and Q2 2030 for 1P, 2P and 3P reserves respectively), further production hurdles will need to be met.
 - a. At the realisation of 20 million barrels of gross OML 18 production (produced post hurdle 1), Bilton's economic interest in Eroton's profits increases from 10% to 20% with a commensurate reduction in SLE's economic interest.
 - b. Further cumulative production hurdles will increase Bilton's net economic interest in Eroton until cumulative gross OML 18 production (after hurdle 1 has been passed) reaches 40 million barrels at which point Bilton and SLE's economic interests in Eroton shall reflect their working interest (50% and 50% respectively). The 40 million barrels hurdle is estimated by PetroVision to be achieved at Q2 2034, Q2 2032 and Q4 2030 for 1P, 2P and 3P reserves respectively.

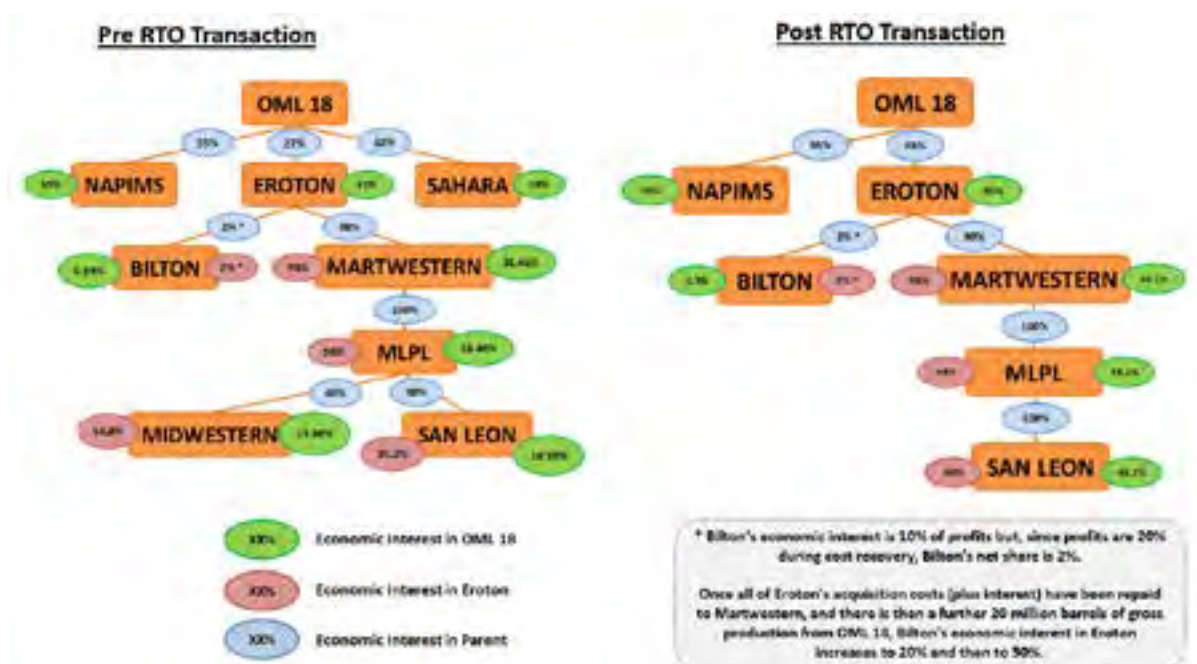


Figure 5-2: Illustration of SLE's Initial Economic Interest (Pre & Post RTO)

PetroVision determined the net attributable reserves and resources to SLE as that portion of the gross reserves and resources by reference above to the annualised SLE cash flow divided by the annualised Eroton cash flow. The net attributable cash flow value and reserves were allocated to SLE by field on an annualised pro-rated production basis.

Eroton's tax filings were used as the basis for the inputs for the economics. The Eroton debt funding assumptions included in the cash flow for distributions are as follows:

- Eroton's working capital loans have been taken into account and are treated as a rolling balance in the economic model.
- Afrexim debt facility of \$750 million.

At the request of San Leon, Petrovision have modelled additional funding of \$100 million as a junior unsecured loan at the Eroton level in order to simulate additional potential finance costs as a contingency, should these be needed in order to effect the proposed field development plan.

⁵⁰ Price paid for the 45% interest in OML 18 in March 2015 where Martwestern holds an indirect working interest of approximately 10% through its share ownership of Martwestern Energy Limited that in turn owns 50% of the shares in Eroton.

5.5 Economic Inputs

Economics were run on total OML 18 licence and for each field. The gross input data for OML 18 NFA, 1P, 2P, and 3P reserve cases are shown from Table 5-7 to Table 5-10. The tables show both the total sales volumes and the economic limits for respective cases.

Table 5-7: OML 18 NFA reserve case - input (gross on licence)

Gross OML 18 NFA Reserve Case Input									
Year	Sales Oil Rate	Sales Gas Rate	Drilling & Completion	Facilities	Total CAPEX	Fixed OPEX plus G&A	Well OPEX	Variable OPEX	Total OPEX
	stb/d	MMscf/d	\$million	\$million	\$million	\$million	\$million	\$million	\$million
2022	10,983	65		0	0	103		32	134
2023	25,002	64		33	33	92		48	140
2024	23,409	53		35	35	88		40	128
2025	21,343	54		19	19	88		36	124
2026	19,239	45		25	25	88		32	120
2027	17,897	31		21	21	88		30	118
2028	16,773	29		14	14	88		28	116
2029	15,814	27		4	4	88		26	114
2030	14,924	25				88		24	112
2031	14,230	22				88		23	111
2032	13,157	20				88		22	110
2033	11,835	17				88		19	107
2034	11,196	16				88		18	106
2035	10,772	15				88		18	105
2036	10,433	14				88		17	105
2037	10,115	13				88		17	104
2038	9,798	12				88		16	104
2039	9,486	11				88		16	103
2040	9,181	10				88		15	103
2041	8,905	9				88		15	102
2042	8,633	9				88		14	102
2043	8,350	8				88		14	102
2044	8,078	8				88		13	101
2045	7,858	7				88		13	101
2046	7,662	7				88		13	100
2047	7,446	7				88		12	100
2048	7,245	7				88		12	100
2049	7,050	6				88		12	99
2050	6,842	6				88		11	99
2051	6,650	6				88		11	99
2052	6,470	6				88		11	98
2053	6,255	5				88		10	98
2054	5,889	5				88		10	98
2055	5,706	5				88		10	97
2056	5,568	5				88		9	97
2057 ⁵¹	5,260	4				66		7	73
2058	5,070	4							
2059	4,955	4							
Total	148 MMBBL	241 BSCF	0	151	151	3,157	0	674	3,831
Economic Total	144 MMBBL	238 BSCF	0	151	151	3,157	0.0	674	3,831
Abandonment					276				

⁵¹ Economic Limit for NFA case beyond which revenue becomes less than expenditure.

Table 5-8: OML 18 1P reserve case - input (gross on licence)

Gross OML 18 1P Reserve Case Input									
Year	Sales Oil Rate	Sales Gas Rate	Drilling & Completion	Facilities	Total CAPEX	Fixed OPEX plus G&A	Well OPEX	Variable OPEX	Total OPEX
	stb/d	MMscf/d	\$million	\$million	\$million	\$million	\$million	\$million	\$million
2022	13,525	65	17	8	26	103		39	142
2023	43,833	130	135	73	208	92		83	174
2024	59,728	160	242	96	338	88		109	197
2025	71,940	290	324	90	414	88		132	220
2026	78,405	320	298	102	400	88		144	232
2027	76,533	350	400	116	516	88		141	229
2028	74,065	317	400	59	459	88		137	224
2029	74,597	343	325	5	330	95		136	231
2030	71,818	353	325		325	98		126	223
2031	70,062	354	250		250	98		122	219
2032	62,564	450	150		150	98		106	204
2033	55,951	471				98		94	192
2034	48,922	436				98		81	179
2035	42,858	389				98		71	169
2036	36,784	330				98		61	159
2037	31,330	269				98		52	150
2038	26,679	222				98		44	142
2039	22,877	193				98		38	136
2040	19,780	161				98		33	131
2041	17,247	134				98		29	127
2042	15,177	105				98		26	124
2043	13,474	79				98		24	121
2044	12,060	65				98		21	119
2045	10,869	56				98		20	117
2046	9,818	46				98		18	116
2047	8,963	38				98		17	114
2048	8,210	30				98		15	113
2049	7,538	24				98		14	112
2050	6,935	19				98		13	111
2051	6,388	14				98		12	110
2052 ⁵²	5,889	10				98		11	109
2053	5,428	6							
2054	5,001	5							
2055	4,604	4							
2056	4,235	4							
2057	3,891	3							
2058	3,569	3							
2059	3,270	3							
Total	414 MMBBL	2283 BCF	2,866	549	3,414	2,976	0	1,971	4,948
Economic Total	404 MMBBL	2273 BCF	2,866	549	3,414	2,976	0.0	1,971	4,948
Abandonment					368				

⁵² Economic Limit for 1P case beyond which revenue becomes less than expenditure.

Table 5-9: OML 18 2P reserve case - input (gross on licence)

Gross OML 18 2P Reserve Case Input									
Year	Sales Oil Rate	Sales Gas Rate	Drilling & Completion	Facilities	Total CAPEX	Fixed OPEX plus G&A	Well OPEX	Variable OPEX	Total OPEX
	stb/d	MMscf/d	\$million	\$million	\$million	\$million	\$million	\$million	\$million
2022	13,563	65	17	8	26	103		41	144
2023	44,174	130	135	73	208	92		85	176
2024	61,098	163	242	96	338	88		112	200
2025	77,225	311	324	90	414	88		142	230
2026	85,653	355	298	102	400	88		158	246
2027	85,994	393	400	116	516	88		159	247
2028	85,204	372	400	59	459	88		158	246
2029	87,254	409	325	5	330	95		160	255
2030	86,838	425	325		325	98		154	252
2031	85,835	429	250		250	98		152	249
2032	78,010	492	150		150	98		136	233
2033	71,264	490				98		123	221
2034	62,554	484				98		107	205
2035	56,475	464				98		96	194
2036	51,776	426				98		88	186
2037	47,310	390				98		80	178
2038	42,691	363				98		72	170
2039	39,266	367				98		67	164
2040	36,578	375				98		63	160
2041	33,921	338				98		58	156
2042	32,291	269				98		55	153
2043	31,287	233				98		54	152
2044	29,645	208				98		51	149
2045	28,265	188				98		49	147
2046	26,984	165				98		47	145
2047	25,776	152				98		45	143
2048	24,541	141				98		43	141
2049	23,636	129				98		42	139
2050	22,687	115				98		40	138
2051	21,909	99				98		39	137
2052	21,008	73				98		37	135
2053	20,144	56				98		36	134
2054	19,264	51				98		35	132
2055	18,650	48				98		34	131
2056	17,978	44				98		33	130
2057	17,158	41				98		31	129
2058	16,561	38				98		30	128
2059	16,034	37				98		29	127
Total	601 MMBBL	3406 BCF	2,866	549	3,414	3,661		2,942	6,603
Economic Total	601 MMBBL	3406 BCF	2,866	549	3,414	3,661		2,942	6,603
Abandonment					368				

Table 5-10: OML 18 3P reserve case - input (gross on licence)

Gross OML 18 3P Reserve Case Input									
Year	Sales Oil Rate	Sales Gas Rate	Drilling & Completion	Facilities	Total CAPEX	Fixed OPEX plus G&A	Well OPEX	Variable OPEX	Total OPEX
	stb/d	MMscf/d	\$million	\$million	\$million	\$million	\$million	\$million	\$million
2022	13,882	65	17	8	26	103		44	146
2023	45,856	130	135	73	208	92		88	180
2024	65,195	170	242	96	338	88		120	207
2025	83,784	346	324	90	414	88		154	242
2026	94,231	403	298	102	400	88		174	262
2027	96,679	449	400	116	516	88		179	267
2028	96,855	435	400	59	459	88		180	268
2029	100,238	477	325	5	330	95		184	280
2030	100,968	492	325		325	98		181	278
2031	101,959	495	250		250	98		182	280
2032	99,671	496	425		425	98		176	274
2033	94,540	496	25		25	98		166	263
2034	89,058	494				98		156	253
2035	84,006	496				98		147	244
2036	79,324	496				98		138	236
2037	75,108	496				98		130	228
2038	71,324	495				98		124	221
2039	67,769	496				98		117	215
2040	64,491	496				98		112	209
2041	61,368	494				98		106	203
2042	58,420	496				98		100	198
2043	55,670	495				98		96	193
2044	53,100	495				98		91	189
2045	50,687	494				98		87	184
2046	48,429	493				98		83	180
2047	46,306	493				98		79	177
2048	44,310	492				98		76	173
2049	42,425	481				98		72	170
2050	40,652	440				98		69	167
2051	38,978	389				98		66	164
2052	37,396	316				98		63	161
2053	35,895	283				98		61	158
2054	34,473	265				98		58	156
2055	33,125	262				98		56	153
2056	31,846	235				98		54	151
2057	30,627	173				98		51	149
2058	29,471	138				98		49	147
2059	28,370	131				98		47	145
Total	850 MMBBL	5474 BCF	3,166	549	3,714	3,661		4,115	7,776
Economic Total	850 MMBBL	5474 BCF	3,166	549	3,714	3,661		4,115	7,776
Abandonment					375				

5.6 Economic Results

Cash flow economics were run on the full OML 18 licence to generate cash flows net to SLE post RTO derived from production and distributions from MLPL. The economic interest was calculated from annualised SLE cash flow over annualised Eroton cash flow and used to derive SLE's net entitlement to reserves post RTO. The cash flow value and reserves were allocated by field on an annualised prorated production basis. Results are shown before Eroton's RBL borrowing and withholding tax.

Table 5-11 shows both gross and SLE Net attributable economic reserves⁵³, by field. Gross reserves on licence shown below are net reserves after economic cut-off. SLE net attributable reserves shown are net reserves derived from SLE cash flow post economic cut-off (Economic cut-off is 2052 in 1P and 2059 in 2P & 3P cases).

Table 5-11: OML 18 economic reserves

Fields	Gross on Licence				SLE Net Attributable (Based on the Economic Reserves)			
	NFA	1P	2P	3P	NFA	1P	2P	3P
Oil and Condensate Reserves (MMbbl)								
Cawthorne Channel	87.5	163.3	233.1	295.7	22.6	49.8	64.8	76.8
Akaso	10.6	27.7	58.2	92.0	2.3	7.8	17.1	25.6
Alakiri	8.6	47.8	75.2	127.1	2.0	16.1	21.8	32.7
Krakama	12.4	61.8	87.8	114.5	3.0	19.5	24.1	29.1
Orubiri		25.2	37.1	58.6		8.4	11.1	15.5
Buguma Creek		33.3	48.3	67.3		11.3	13.7	17.2
Asaritoru		6.6	8.3	10.8		2.2	2.6	3.2
Awoba (50%)	24.9	38.0	53.4	83.9	6.4	11.7	14.0	20.1
Bille								
Total	144	404	601	850	36	127	169	220
Gas Reserves (Bscf)								
Cawthorne Channel	127.9	283.7	431.8	634.3	28.7	91.4	122.9	164.5
Akaso	24.6	115.2	273.1	458.0	5.4	35.8	81.9	127.0
Alakiri	51.1	484.5	674.2	1,190.0	11.7	160.4	202.1	314.0
Krakama	2.8	285.3	354.4	468.0	0.7	89.9	97.3	116.4
Orubiri		99.4	156.1	260.6		35.6	47.8	67.7
Buguma Creek		603.0	913.7	1,378.8		181.9	225.1	323.3
Asaritoru		6.3	7.9	10.3		2.2	2.5	3.1
Awoba (50%)	31.6	268.9	453.8	914.2	8.2	78.6	112.8	210.7
Bille		126.4	140.6	159.9		30.6	32.1	36.0
Total	238	2,273	3,406	5,474	55	706	925	1,363
Hydrocarbon Reserves (MMboe)								
Cawthorne Channel	108.8	210.6	305.0	401.5	27.4	65.1	85.3	104.3
Akaso	14.7	46.8	103.7	168.3	3.2	13.8	30.8	46.7
Alakiri	17.1	128.6	187.6	325.4	4.0	42.8	55.5	85.0
Krakama	12.9	109.4	146.8	192.5	3.2	34.4	40.3	48.5
Orubiri		41.7	63.1	102.0		14.4	19.1	26.8
Buguma Creek		133.8	200.6	297.1		41.6	51.2	71.0
Asaritoru		7.6	9.6	12.5		2.6	3.1	3.8
Awoba (50%)	30.1	82.8	129.0	236.2	7.7	24.8	32.8	55.2
Bille		21.1	23.4	26.7	0.0	5.1	5.3	6.0
Total Hydrocarbons; MMboe	184	782	1,169	1,762	46	245	323	447

Estimates of the Net Present Value (NPV), based on discounted cash flow of future net revenues at a discount rate of 10%, derived from the SLE share as of 1st January 2022. NPV₁₀ values (Table 5-12) were calculated using base price assumptions for two cases, as described below:

⁵³ Oil and gas economic reserves include deductions for production downtime, pipeline losses, gas facility constraints, flare/fuel gas, and economic limits, where applicable.

1. **Pre-Finance:** an NPV₁₀ after tax value is calculated based on cashflow to SLE excluding the effects of paying Reserves Based Lending ("RBL") costs and Withholding Tax ("WHT"), which gives the NPV₁₀ of cash flow from SLE's interests without financing deductions.
2. **Post Finance:** an NPV₁₀ after tax value is provided which includes the effects of RBL and WHT, which provides a view on the NPV₁₀ of cash flows attributable to SLE at the MLPL level.

The model runs on OML18 and NPVs, which were allocated by field based on technical production.

Table 5-12: NPV₁₀ net cash flow (after tax)

SLE entitlement only (\$ million)				
Fields	Base Price			
	NFA	1P	2P	3P
Cawthorne Channel	236	401	435	472
Akaso	78	139	224	298
Alakiri	82	283	325	407
Krakama	26	171	172	183
Orubiri	0	83	92	104
Buguma Creek	0	168	166	163
Asaritoru	0	17	19	23
Awoba	63	96	101	124
Bille	0	8	9	10
TOTAL Pre-Finance	486	1,366	1,543	1,784
TOTAL Post Finance	37	917	1,093	1,334

Figure 5-3 shows net SLE cash flow profile at MLPL level for the 2P reserve case. Table 5-13 to Table 5-15 show annual cash flow and the corresponding net economic interest to SLE at MLPL level for 2P, 1P, and 3P reserve cases, respectively.

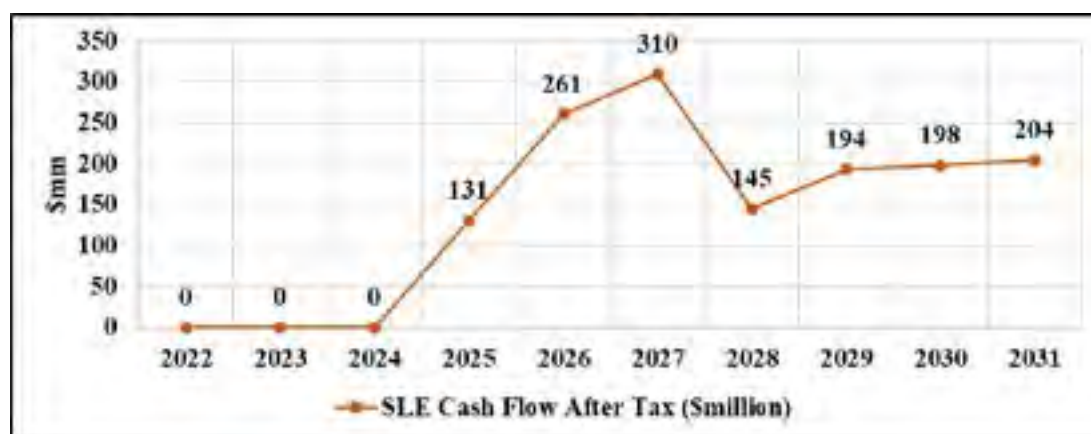


Figure 5-3: SLE net cash flow (2P)

Table 5-13: 2P annual cash flow (after deduction of downtime and losses)

		TOTAL	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032*
Gross Production (OML 18)													
Average Daily Oil/Condensate Production	Mbopd		14	44	61	77	86	86	85	87	87	86	
Unhedged Oil Price	\$/bbl		75	71	69	70	71	73	74	76	77	79	
Oil/Condensate Sales Volumes	MMbbl	601	5	16	22	28	31	31	31	32	32	31	341
Gas Sales Volumes	Bscf	3,406	24	47	60	113	129	143	136	149	155	156	2,292
Net Economic interest attributable to SLE													
Cash Flow to SLE	\$million	3,066	-	-	-	131	261	310	145	194	198	204	1623
SLE NPV ₁₀	\$million	1,093											

Table 5-14: 1P annual cash flow (post downtime and losses)

		TOTAL	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032*
Gross Production (OML 18)													
Average Daily Oil/Condensate Production	Mbopd		14	44	60	72	78	77	74	75	72	70	
Unhedged Oil Price	\$/bbl		75	71	69	70	71	73	74	76	77	79	
Oil/Condensate Sales Volumes	MMbbl	404	5	16	22	26	29	28	27	27	26	26	172
Gas Sales Volumes	Bscf	2,273	24	47	59	106	117	128	116	125	129	129	1,293
Net Economic interest attributable to SLE													
Cash Flow to SLE	\$million	2,193	-	-	-	71	198	226	258	154	152	159	975
SLE NPV ₁₀	\$million	917											

Table 5-15: 3P annual cash flow (post downtime and losses)

		TOTAL	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032*
Gross Production (OML 18)													
Average Daily Oil/Condensate Production	Mbopd		14	44	65	84	94	97	97	100	101	102	
Unhedged Oil Price	\$/bbl		75	71	69	70	71	73	74	76	77	79	
Oil/Condensate Sales Volumes	MMbbl	850	5	17	24	31	34	35	35	37	37	37	558
Gas Sales Volumes	Bscf	5,474	24	47	62	126	147	164	159	174	179	181	4,210
Net Economic interest attributable to SLE													
Cash Flow to SLE	\$million	4,704	-	-	20	213	337	278	122	235	185	129	3184
SLE NPV ₁₀	\$million	1,334											

Figure 5-4 shows the 2P sales profiles for oil (plus condensate) and gas, respectively, after deductions for downtime and losses.

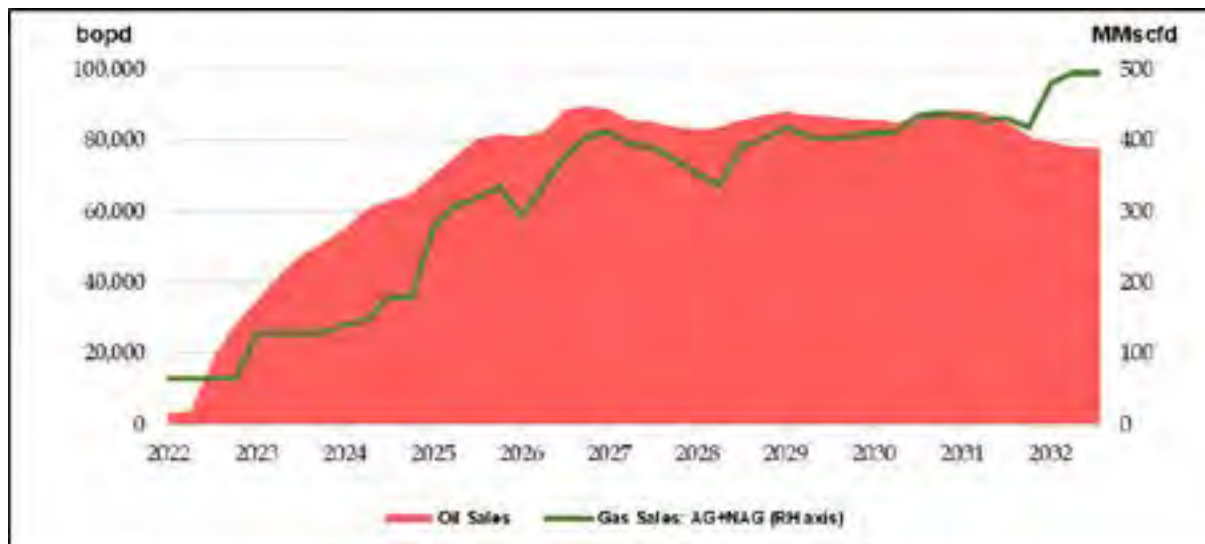


Figure 5-4: 2P sales (oil+condensate) and sales gas (post downtime and losses, OML 18 100%)

5.7 Sensitivity on ELI ACOES Pipeline Delay

The sensitivity evaluated is a scenario where the ELI Alternative Crude Oil Evacuation System (ACOES) pipeline completion is further delayed by 6 months beyond current estimated date (i.e., delayed to Q4-2023). The economic results are shown in Table 5-16.

Table 5-16: OML 18 economic sensitivity on 6-months further delay of ELI ACOES pipeline

Fields	Gross on Licence				SLE Net Attributable (Based on the Economic Reserves)			
	NFA	1P	2P	3P	NFA	1P	2P	3P
Oil and Condensate Reserves (MMbbl)								
Cawthorne Channel	87.5	163.2	233.0	295.6	21.6	49.7	64.8	76.7
Akaso	10.6	27.5	58.0	91.8	2.3	7.8	17.1	25.4
Alakiri	8.6	47.8	75.1	127.0	2.0	16.0	21.8	32.6
Krakama	12.4	61.8	87.8	114.4	2.9	19.4	24.1	29.1
Orubiri		25.2	37.1	58.6		8.4	11.1	15.5
Buguma Creek		33.3	48.3	67.3		11.3	13.7	17.2
Asaritoru		6.6	8.3	10.8		2.2	2.7	3.3
Awoba (50%)	24.4	37.5	52.9	83.4	6.0	11.6	13.9	20.0
Bille								
Total	144	403	601	849	35	127	169	220
Gas Reserves (Bscf)								
Cawthorne Channel	127.9	283.7	431.8	634.3	27.4	91.3	123.0	164.5
Akaso	24.6	115.2	273.1	458.0	5.4	35.7	81.9	126.7
Alakiri	51.1	484.5	674.2	1,190.0	11.7	160.1	202.0	313.8
Krakama	2.8	285.3	354.4	468.0	0.7	89.9	97.4	116.5
Orubiri		99.4	156.1	260.6		35.6	47.8	67.8
Buguma Creek		603.0	913.7	1,378.8		182.0	225.2	323.4
Asaritoru		6.3	7.9	10.3		2.2	2.5	3.1
Awoba (50%)	31.6	268.9	453.8	914.2	7.8	78.6	112.8	210.7
Bille		126.4	140.6	159.9		30.6	32.1	36.0
Total	238	2,273	3,406	5,474	53	706	925	1,362
Hydrocarbon Reserves (MMboe)								
Cawthorne Channel	108.8	210.4	304.9	401.3	26.2	65.0	85.3	104.1
Akaso	14.7	46.7	103.6	168.1	3.2	13.7	30.7	46.6
Alakiri	17.1	128.5	187.5	325.3	3.9	42.7	55.5	84.9
Krakama	12.9	109.3	146.8	192.4	3.0	34.4	40.3	48.5
Orubiri		41.7	63.1	102.0		14.3	19.1	26.8
Buguma Creek		133.8	200.6	297.1		41.7	51.2	71.1
Asaritoru		7.6	9.6	12.5		2.6	3.1	3.8
Awoba (50%)	29.7	82.3	128.6	235.8	7.3	24.7	32.7	55.1
Bille		21.1	23.4	26.7	0.0	5.1	5.4	6.0
Total Hydrocarbons; MMboe	183	781	1,168	1,761	44	244	323	447

Estimates of the Net Present Value (NPV), based on discounted cash flow of future net revenues at a discount rate of 10%, were derived from the SLE share as of 1st January 2022. NPV₁₀ values (Table 5-17) were calculated using base price assumptions for two cases, as described below:

1. **Pre-Finance:** an NPV₁₀ after tax value is calculated based on cashflow to SLE excluding the effects of paying Reserves Based Lending ("RBL") costs and Withholding Tax ("WHT"), which gives the NPV₁₀ of cash flow from SLE's interests without financing deductions.
2. **Post Finance:** an NPV₁₀ after tax value is provided which includes the effects of RBL and WHT, which provides a view on the NPV₁₀ of cash flows attributable to SLE at the MLPL level.

The model runs on OML18 and NPVs, which were allocated by field based on technical production.

Table 5-17: NPV₁₀ after tax net cashflow 6 month delay to ACOES pipeline

Fields	SLE Entitlement only (\$ million)			
	Base Price			
	NFA	1P	2P	3P
Cawthorne Channel	234	400	434	471
Akaso	78	138	222	296
Alakiri	82	281	324	406
Krakama	26	171	172	183
Orubiri	0	83	92	104
Buguma Creek	0	169	166	163
Asaritoru	0	17	19	23
Awoba	63	95	101	124
Bille	0	8	9	10
TOTAL Pre-Finance	484	1,363	1,539	1,780
TOTAL Post Finance	34	913	1,090	1,330

Figure 5-3 shows net SLE cash flow profile at MLPL level for the 2P reserve case. Table 5-13 to Table 5-15 show annual cash flow and the corresponding net economic interest to SLE at MLPL level for 2P, 1P, and 3P reserve cases, respectively.

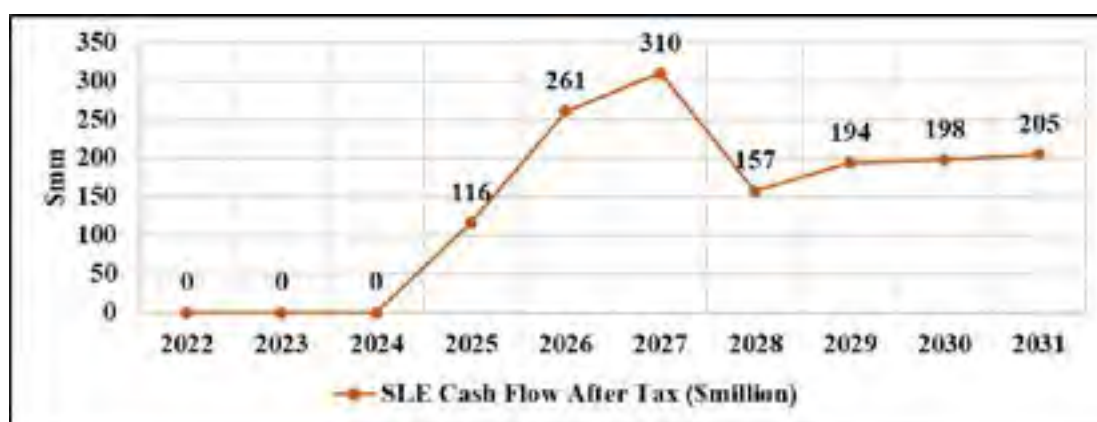


Figure 5-5: SLE net cash flow (2P) – 6-months ELI pipeline delay

Table 5-18: 2P annual cash flow (after deduction of downtime and losses) – 6-months ACOES pipeline delay

		TOTAL	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032*
Gross Production (OML 18)													
Average Daily Oil/Condensate Production	Mbopd		14	42	61	77	86	86	85	87	87	86	
Unhedged Oil Price	\$/bbl		75	71	69	70	71	73	74	76	77	79	
Oil/Condensate Sales Volumes	MMbbl	601	5	15	22	28	31	31	31	32	32	31	341
Gas Sales Volumes	Bscf	3,406	24	47	60	113	129	143	136	149	155	156	2,292
Net Economic interest attributable to SLE													
Cash Flow to SLE	\$million	3,064	-	-	-	116	261	310	157	194	198	205	1623
SLE NPV ₁₀	\$million	1,090											

Table 5-19: 1P annual cash flow (post downtime and losses) – 6-months ACOES pipeline delay

		TOTAL	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032*
Gross Production (OML 18)													
Average Daily Oil/Condensate Production	Mbopd		14	42	60	72	78	77	74	75	72	70	
Unhedged Oil Price	\$/bbl		75	71	69	70	71	73	74	76	77	79	
Oil/Condensate Sales Volumes	MMbbl	403	5	15	22	26	29	28	27	27	26	26	172
Gas Sales Volumes	Bscf	2,273	24	47	59	106	117	128	116	125	129	129	1,293
Net Economic interest attributable to SLE													
Cash Flow to SLE	\$million	2,191	-	-	-	56	198	225	266	158	152	159	976
SLE NPV ₁₀	\$million	913											

Table 5-20: 3P annual cash flow (post downtime and losses) – 6-months ACOES pipeline delay

		TOTAL	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032*
Gross Production (OML 18)													
Average Daily Oil/Condensate Production	Mbopd		14	44	65	84	94	97	97	100	101	102	
Unhedged Oil Price	\$/bbl		75	71	69	70	71	73	74	76	77	79	
Oil/Condensate Sales Volumes	MMbbl	849	5	16	24	31	34	35	35	37	37	37	558
Gas Sales Volumes	Bscf	5,474	24	47	62	126	147	164	159	174	179	181	4,210
Net Economic interest attributable to SLE													
Cash Flow to SLE	\$million	4,702	-	-	5	213	337	290	122	235	186	129	3184
SLE NPV ₁₀	\$million	1,330											

6 CONCLUSIONS

It is PetroVision's opinion that this CPR, which contains the current assessment of reserves and net present values of the OML 18 block (as of 1st January 2022), is indeed a good representation of the asset within the validity of information and data received from Eroton (the operator).

The operator's field development plans were reviewed by PetroVision and formed the basis of the production forecasts in this CPR. PetroVision has deemed the estimated development project timelines and cost estimates as reasonable. Where necessary, contingencies have been put in place and sensitivities evaluated to accommodate potential delays in critical project milestones, such as commencement of full barging operations, ACOES pipeline completion, etc. Where any of these projects delays further than the timelines evaluated in this CPR, it is PetroVision's recommendation that a proper re-evaluation should be done.

Finally, it is PetroVision's understanding that Eroton is actively engaged in continual reviews and optimisation of the asset development plans. Subsequent modifications / changes to the operator's development plans, once approved by the appropriate regulatory bodies, will be reflected in future CPRs.

7 APPENDIX I: GEOLOGICAL DESCRIPTION OF OML 18 FIELDS

This section contains high level summaries of the seismic evaluations, together with geological descriptions, of all nine (9) fields in OML 18.

Cawthorne Channel

The Cawthorne Channel structure is a complex, collapsed-crest, rollover anticline elongated in an E-W direction. The western part is more intensely faulted than the eastern part and the faults are generally parallel with the strike of the structure (Figure 7-1). The field consists of 39, largely under-saturated, hydrocarbon bearing sands (B, C, D, E, F and G reservoirs between 7300 to 12600 ft subsea (ftss) interbedded with silts and shales. Together, the dominant three reservoirs (D, E and G) account for 88% of the STOIP, 86% of the reserves and 97% of the cumulative oil production.

The well to seismic tie for the Cawthorne Channel field was done using VSP surveys, sonic and density logs. VSP surveys were available for 6 wells in this field but only CAWC031 had all the logs required for the creation of a synthetic seismogram. All the reservoirs were picked as peaks or positive events, consistent with previous work on Cawthorne Channel and other fields in OML-18. A total of 6 horizons were picked and used in the Geomodel. They are either major field reservoirs or near a major reservoir. These horizons are listed below:

- B7000 Top
- C3000 Top
- D5000 Top
- D9500 Top
- F6000 Top
- G3500 Top

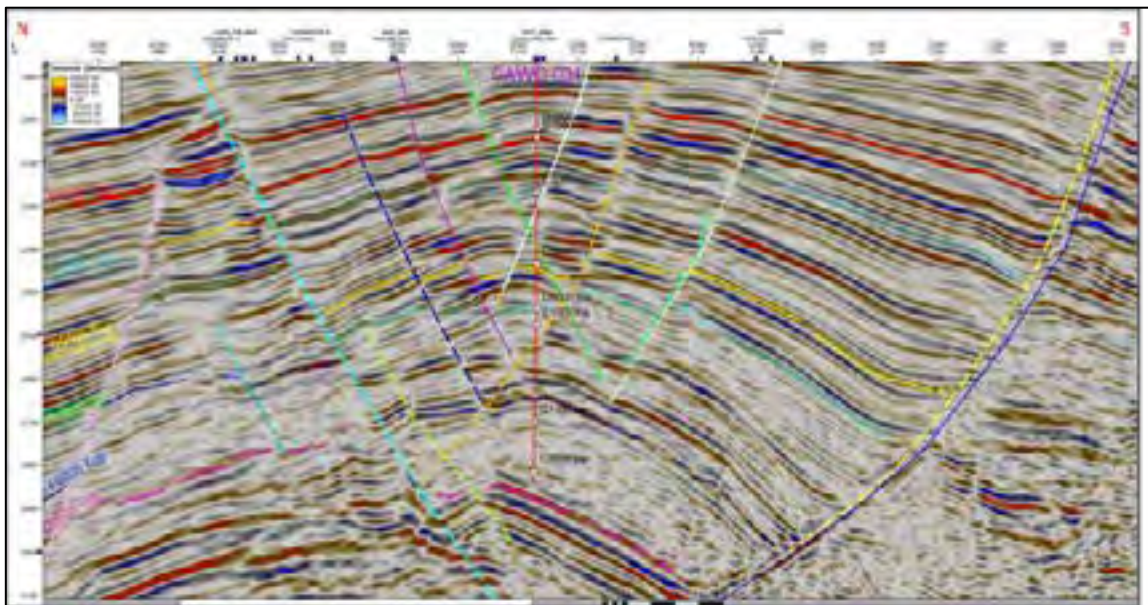


Figure 7-1: Inline 10391 showing well showing interpreted horizons and Cawthorne structure

Unassigned faults were initially picked on the entire seismic volume every 10th or 20th cross line depending on the complexity of the area. Horizons were then picked and auto-tracked across the whole 3D cube. These detailed interpretations were then converted to time surfaces and dip and azimuth attributes were generated (Figure 7-2). These were then used to correlate fault sticks and to decide how the faults are connected across sections. At this stage fault or horizon interpretation were also revised, if required. A total of 91 faults were interpreted including two major listric growth faults and a series of synthetic and antithetic growth faults. These formed the basis for the structural framework in the static model.

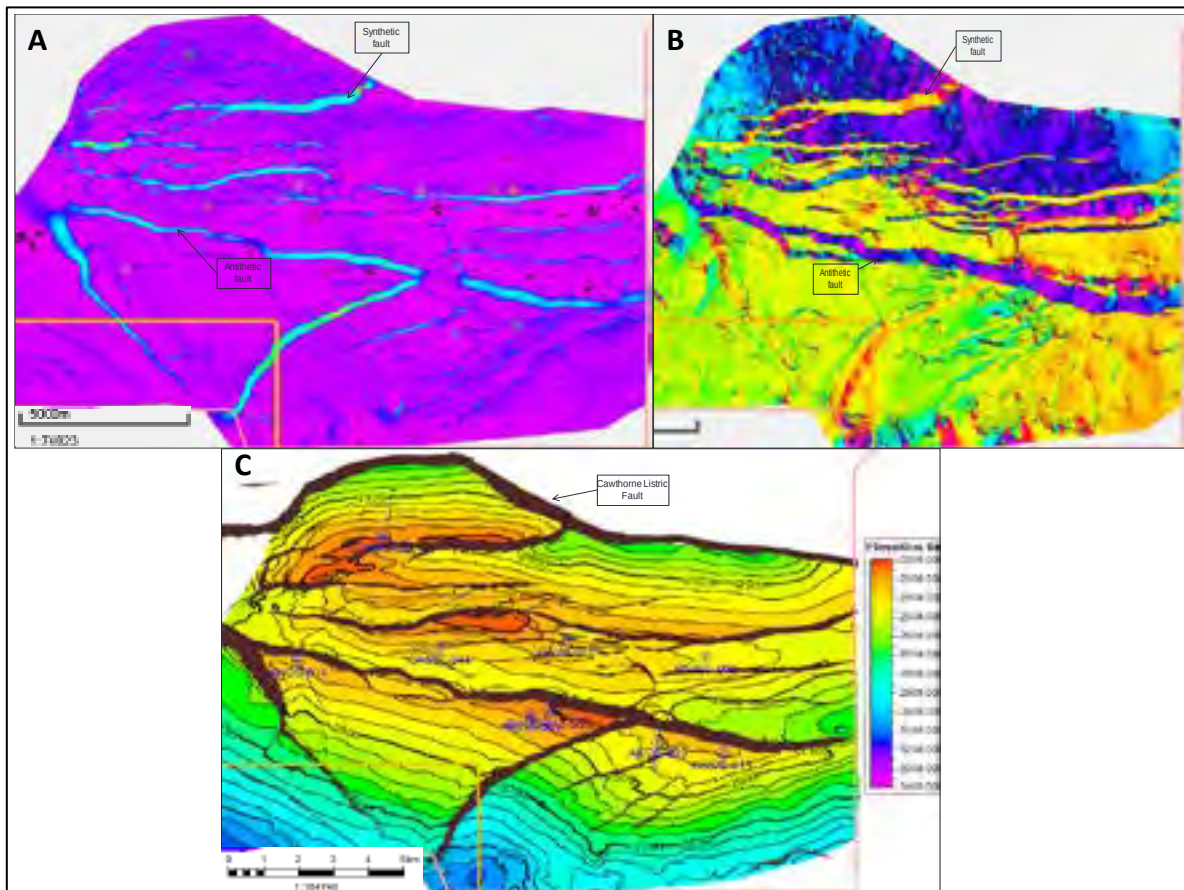


Figure 7-2: Attribute analyses to assist fault interpretation of D5000 top reservoir (A) dip, (B) azimuth, (C) TWT structure map

Akaso

The field consists of four fault blocks, W, A, C, & E (Figure 7-3) with A being the most developed. Akaso has 25 pay zones between 6800 to 12,600 feet. The sands in the field have been divided into seven main series, coded B, C, D, E, F, G and H, forming a total of around 44 pools across the four blocks.

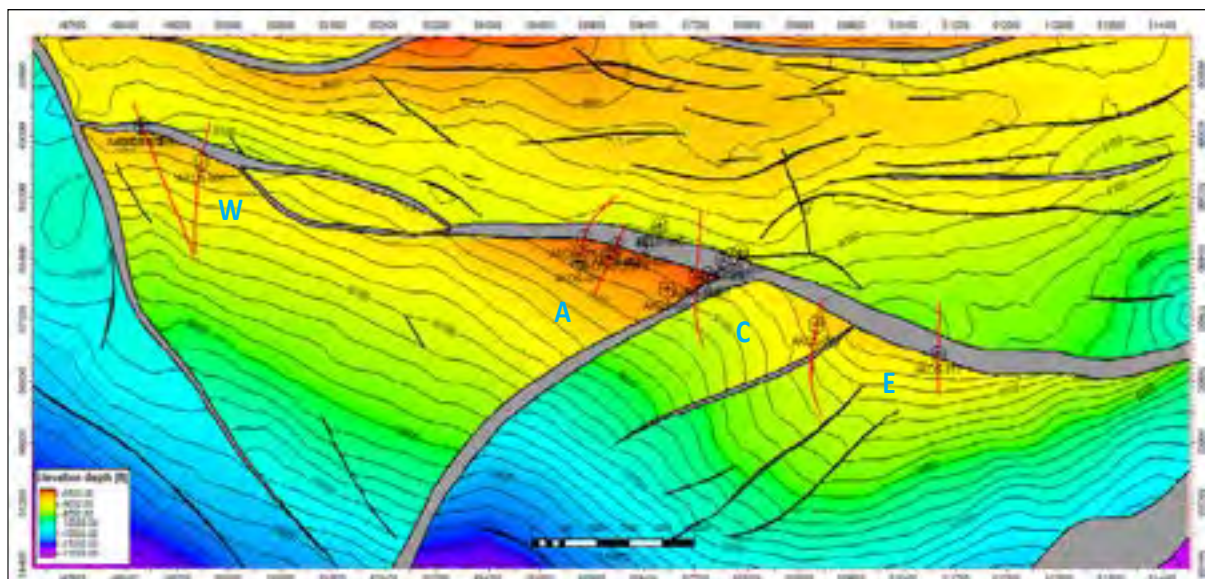


Figure 7-3: Akaso field - Top C6000 depth structure map showing different fault blocks

The well to seismic tie for the Akaso field was done using VSP surveys (available in 6 field wells), sonic and density logs. VSP's from AKOS001 and AKOS004 were consistent with those from neighbouring fields and were used to tie the seismic in Akaso. All the reservoirs were picked on peaks or positive events, consistent with the previous work on the field. A total of 9 horizons, listed below, were picked and used in the geo modelling (Figure 7-4), they represent pay zones from the shallowest to the deepest part of the field and are either major field reservoirs or near a major reservoir.

- Top B3000
- Top B5000
- Top C5000
- Top C6000
- Top D2000
- Top D5000
- Top D7000
- Top E1000
- Top G1100

Unassigned faults were initially picked across the whole seismic volume on every 10th or 20th cross line depending on the complexity of the area. Horizons were then picked and auto-tracked across the whole 3D cube. Detailed interpretations were then converted to time surfaces and dip and azimuth attributes were generated (e.g., Figure 7-5). These were then used to correlate fault sticks and to aid in the determination of fault connections across the field. At this stage fault or horizon interpretations were also revised if required. A total of 51 faults were interpreted and incorporated in the geo model, some of which extend into the Cawthorne Channel field.

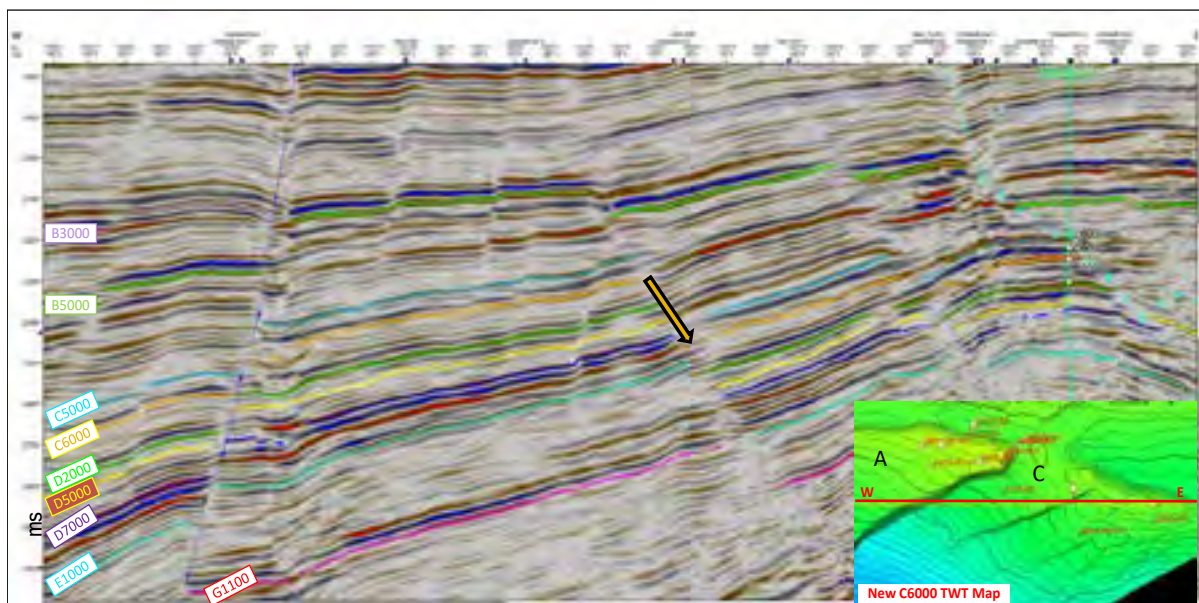


Figure 7-4: A seismic section through AKOS011 well showing new interpretation. Horizons were identified from AKOS001 well in fault block A (arrow illustrates significant fault throw than previously interpreted)

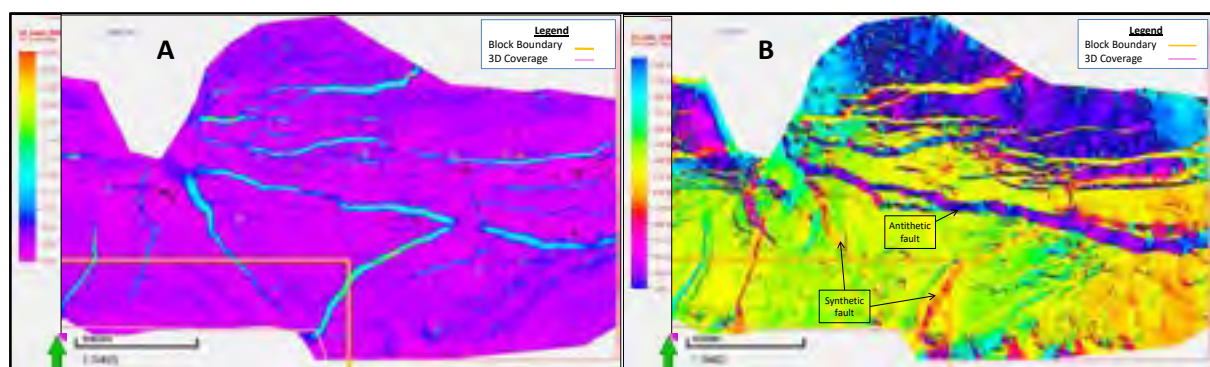


Figure 7-5: Top D5000 attribute map showing fault pattern around Akaso field: (A) dip, (B) azimuth.

Alakiri

The field is sub-divided into 3 main fault blocks; A, N and Y (Figure 7-6) where the large E-W striking fault in the middle of the field, separating the N block from the Y and A blocks, forms a major barrier. There are 53 hydrocarbon bearing reservoirs of which 16 are non-associated gas (NAG).



Figure 7-6: Alakiri field showing the 3 fault blocks & key reservoirs in each fault blocks

As a result of the significant fault in Alakiri, the seismic horizon interpretation (nomenclature) is different in the N block to the A and Y blocks, hence two separate interpretation models were adopted for Alakiri field.

In the N fault block, the following key reservoir horizons were mapped and then depth grids for the other reservoir sands were created using isochores:

- P4000 Top
- P6000 Top
- Q1000 Top
- Q7000 Top
- R1000 Top
- R6000 Top
- S1000 Top

In the A and Y fault blocks, the key reservoir horizons mapped (shown below) are a good representation and encompass all of the hydrocarbon bearing reservoirs in these fault blocks:

- D1000 Top
- E1000 Top
- E7000 Top
- G1000 Top
- H1000 Top

Fault interpretation was done on the 3D variance cube using a combination of time slices and vertical seismic lines picked at the mapped horizon level. Fault interpretation was done every tenth inline and some selected crosslines. A total of 44 faults were interpreted, correlated and assigned in the Alakiri area. These faults consist of four major listric growth faults and sub-ordinate synthetic and antithetic growth faults. Fault polygon sets were created for each

horizon and used to constrain the gridding algorithm that produced the set of time structure maps. Figure 7-7 shows the top structural map for H2000 reservoir showing the A, Y and the N blocks.

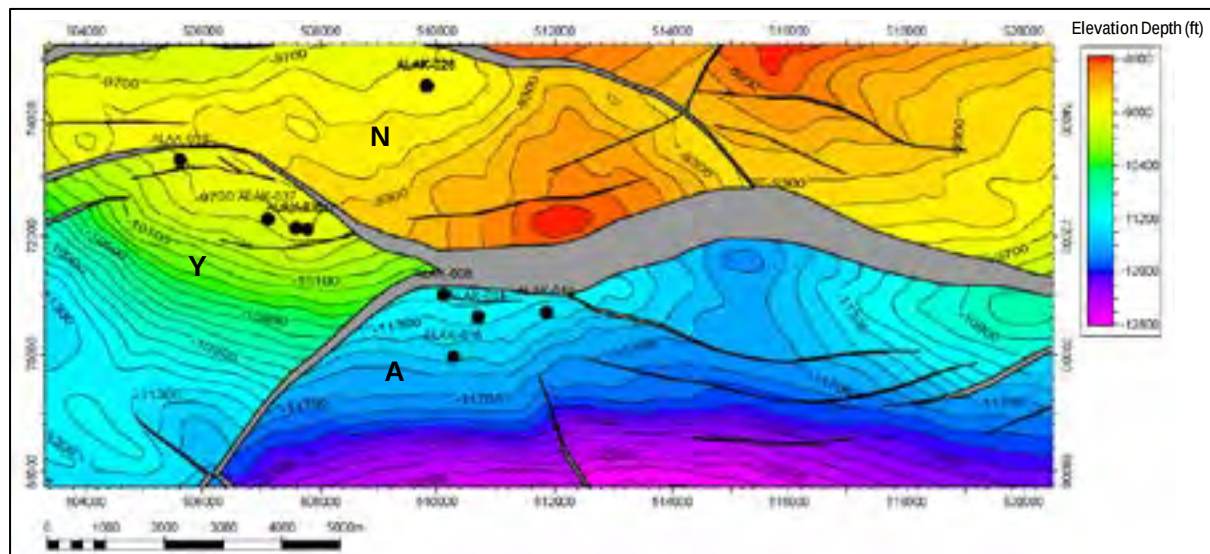


Figure 7-7: H2000 top structural map (depth).

Awoba

The well to seismic tie for the Awoba field was done using vertical seismic profile (VSP) surveys, sonic and density logs. *AWOB-005* has the complete dataset required for a synthetic seismogram and gave the most reliable tie. A detailed wavelet estimation was carried out for *AWOB-005* well and different estimation windows were tested. A good well to seismic tie was achieved for *AWOB-005* and this well was used to identify the seismic signature of different reservoirs and all the wells were tied to seismic with respect to this datapoint. For wells where no VSP was available the VSP of a neighbouring well was used and a bulk shift applied.

All the reservoirs were picked as peaks or positive events based on the well to seismic tie, consistent with previous work done in OML-18. F4000, G8000, H7000, K5000 and K8000 reservoir horizons were added during the current phase of interpretation. Each horizon represented either a major reservoir or near the top of a major reservoir. The list of horizons used in the current study is provided below:

- Top E1000
- Top F1000
- Top F4000
- Top G2000
- Top G6000
- Top G8000
- Top H7000
- Near Top K3000
- Top K5000
- Top K6400
- Near top K8000

Unassigned faults were initially picked on seismic volume every 10th or 20th cross line depending on the complexity of the area. Horizons were then picked and auto-tracked across the whole 3D cube. This detailed interpretation was then converted to time surfaces and dip and azimuth attributes were generated. These attributes were then used to correlate fault sticks and to assign the faults. At this stage fault and horizon interpretations were also revised where required. A total of 42 faults were interpreted and incorporated in the Geomodel. A depth map for G8000 horizon is shown in Figure 7-8.

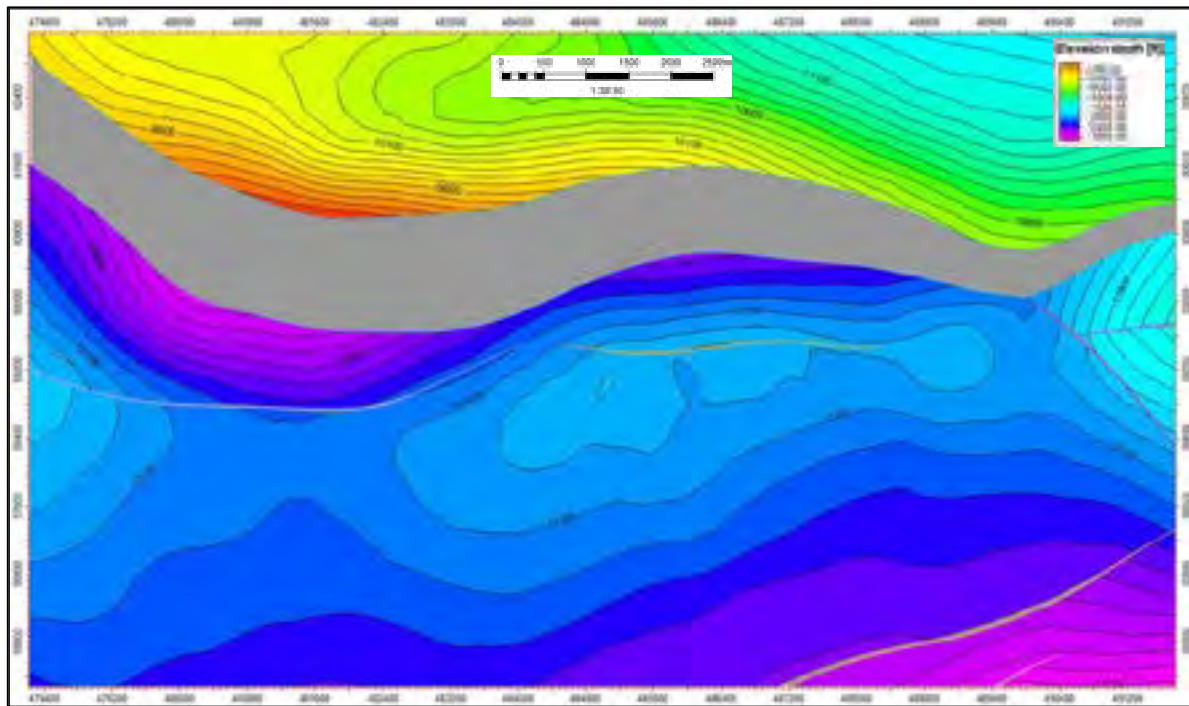


Figure 7-8: Current Awoba G8000 depth map showing Awoba structure.

Krakama

Well to seismic tie for the Krakama field was done using VSP surveys, sonic and Density logs. The *KRAK-013* well had a complete dataset required for a synthetic seismogram and gave the most reliable tie. Detailed wavelet estimation was carried out for *KRAK-013* and different estimation windows were tested. A reasonable well-to-seismic tie was achieved for *KRAK-013* and used to identify the seismic signature of the key reservoir horizons. For wells without a VSP, the VSP of a neighbouring well was used and a bulk shift applied. All the reservoirs were picked as a peak or positive events based on the well to seismic tie and to be consistent with the previous work done in OML-18. A total of seven horizons were picked (see below) with the deepest one (Top U1000) added during the most recent round of seismic interpretation. Each picked horizon represents a reservoir with a pay thickness:

- Top R1000
- Top S1000
- Top S6000
- Top S9000
- Top H7100
- Top K9000
- Top U1000

Unassigned faults were initially picked on seismic volume every 10th or 20th cross line depending on the complexity of the area and orientation of faults. Horizons were then picked and auto-tracked on the whole 3D cube. This detailed interpretation was then converted to time surfaces and dip and azimuth attributes were generated. These attributes were then used to correlate and assign fault sticks. At this stage fault or horizon interpretations were also revised where required. A total of 32 faults were interpreted and incorporated into the geo model.

A detailed velocity model was constructed for Krakama during the most recent phase of work. The velocity model was made by using the shifted checkshot coming from the well to seismic tie. The distribution of velocity was guided by smoothed surfaces coming from interpreted horizons. Surfaces were used so that the velocity follows a geological trend. The mistie between depth markers and horizons was small. There was no pseudo structure created as a result of the depth conversion indicating a reliable velocity model. The current depth maps were compared with older maps and found to be showing similar structural trends. A depth map for S1000 horizon is shown in Figure 7-9.

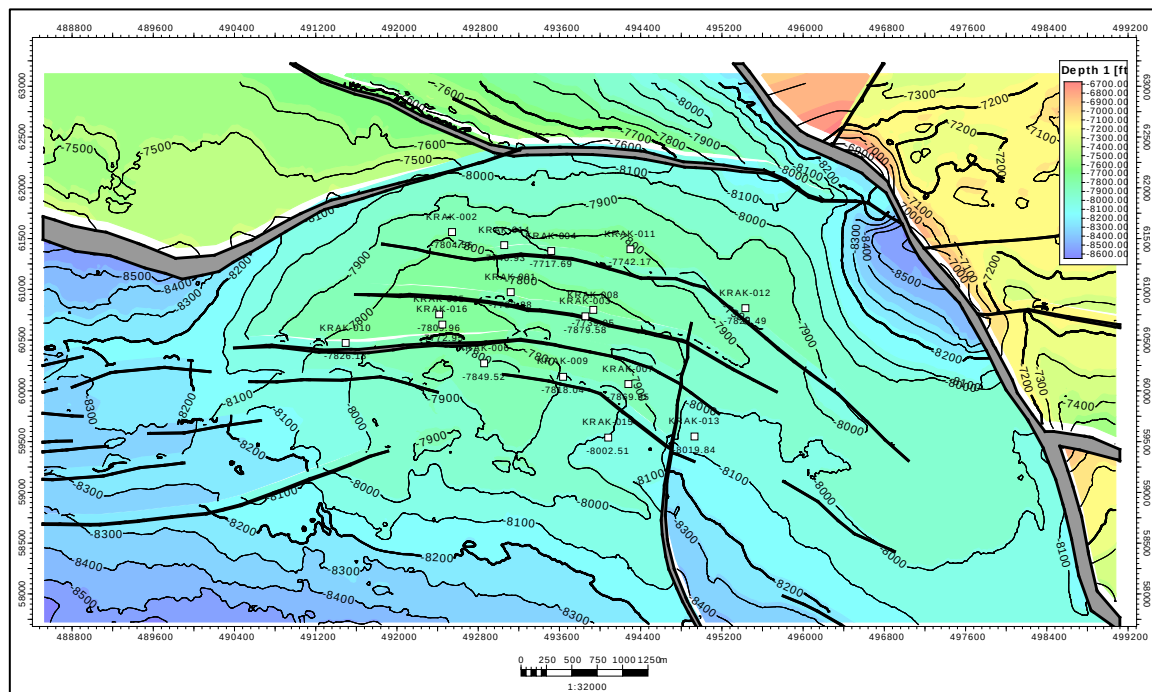


Figure 7-9: Current Krakama S1000 depth structure map showing Krakama structure.

Orubiri

3D seismic interpretation identified several distinct fault blocks in the Orubiri field with hydrocarbons encountered in four of them. The remaining, as yet untested, fault blocks are classified as prospective resources. Seismic attributes show amplitude anomalies with good structural conformance consistent with hydrocarbon accumulations terminating at fault boundaries (Figure 7-10). In the previous evaluation (i.e., 2016 CPR), a single checkshot from Alakiri was used for depth conversion and misties with well tops were corrected during the depth map generation, using convergent interpolation algorithms to grid the well tops. For this updated evaluation, the Alakiri checkshot was adjusted to tie each well through a bulk shift, stretch and squeeze in a bid to minimise the need to correct the derived depth grids using the well tops. The mapped and interpreted horizons in this current study are listed below:

- B5000
- C1000
- C5000
- C6000
- C8000
- C9000
- D1000
- D2000
- D4000

C6000, C8000, C9000, & D2000 are additional horizons mapped during the current study compared to previous August 2016 CPR.

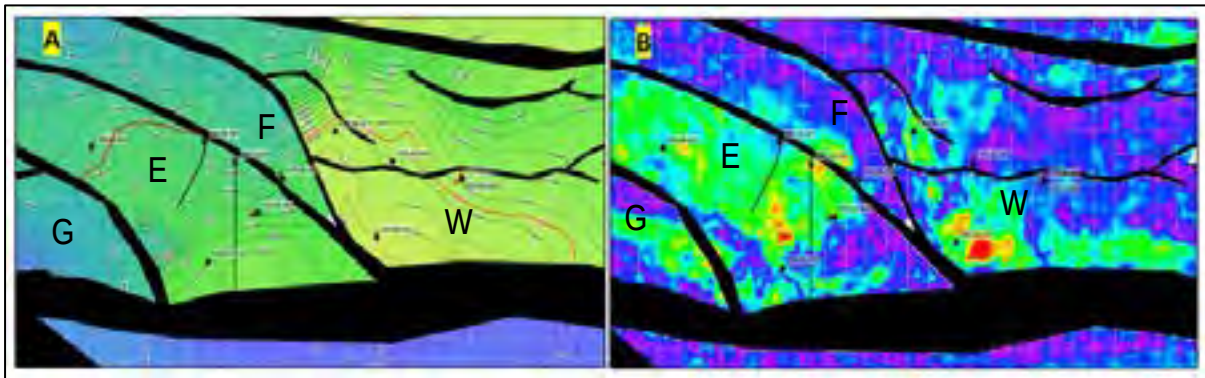


Figure 7-10: (a). Orubiri C9000 depth structural map with highlighted OWC use for GRV calculation; (b). C9000 RMS (+/- 10 ms)

Buguma Creek

The Buguma Creek field is in the western part of the northern megastructure found in the OML 18 block, about 16 km from Port Harcourt. The field was discovered in 1960 by *BUGC001* and structurally lies within the same megastructure as the Orubiri, Alakiri and Asaritoru fields.

The Buguma Creek field is in the Central Swamp depobelt of the Niger Delta and the structure is a three-way, dip closed, rollover anticline against a broadly E-W striking, major listric fault defining the northern boundary. Previous interpretations relied solely upon the BUGC-002 well checkshot with residual depth error correction at the wells, achieved using a convergent interpolation gridding algorithm. In the most recent interpretation, a pseudo checkshot was generated for each Buguma well based on the BUGC-002 checkshot. A well to seismic tie was then achieved by bulk-shifting, stretching, and squeezing as required. Seismic attribute analysis identified amplitude anomalies with good structural conformance which seem to correspond well with the inferred hydrocarbon accumulation (Figure 7-11).

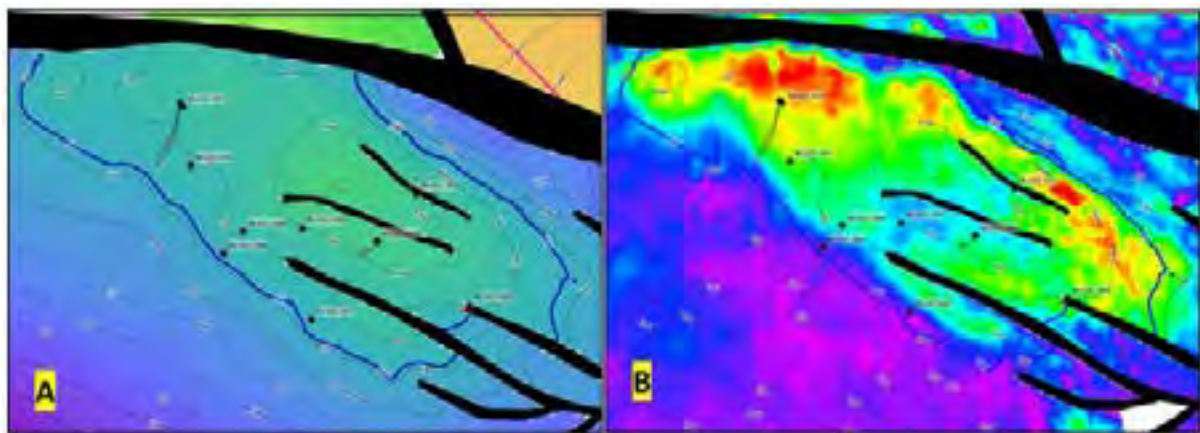


Figure 7-11: (a). BugC E6000 depth structural map with highlighted OWC use for GRV calculation (b). E6000 RMS (+/- 10 ms) conforms with contact seen by well

Asaritoru

Well to seismic tie for the Asaritoru field was done using BUGC-002 VSP survey, sonic and density logs. A statistical wavelet was extracted for ASAR-001 well and used to create a synthetic seismogram along with shifted BUGC-002 VSP. A reasonable well-to-seismic tie was achieved for ASAR-001 well and this was used for horizon identification. All the reservoirs were picked as peaks or positive events based on the well to seismic tie and for consistency with previous work done in OML-18. Each horizon picked represented a reservoir zone within the field. The list of horizons used in current study are listed below.

- Top E4000
- Top E6000
- Top E7000
- Top F1100

Unassigned faults were initially picked on every 10th or 20th cross line depending on the complexity of the area. Horizons were then picked and auto-tracked on the whole 3D cube. These detailed interpretations were then converted to time surfaces and dip and azimuth attributes were generated. These attributes were then used to correlate fault sticks and to assign the faults. At this stage fault or horizon interpretation was also revised, if required.

The depth conversion for Asaritoru field was done by using single velocity function. The single velocity function was obtained by fitting a second-degree polynomial to checkshot data coming from the well to seismic tie. The polynomial is given below:

$$Y = -0.0005X^2 + 2.8586X - 141.22, \text{ where } Y \text{ is the depth in ft, and } X \text{ is the TWT in milliseconds (ms).}$$

The resulting depth maps were shifted up or down to tie with each respective depth marker. In general, the depth shift required was small and no pseudo structures were created because of the depth conversion. The current depth maps were compared with older maps and were found to show broadly similar structural trends. A depth map for E6000 horizon is shown in Figure 7-12.

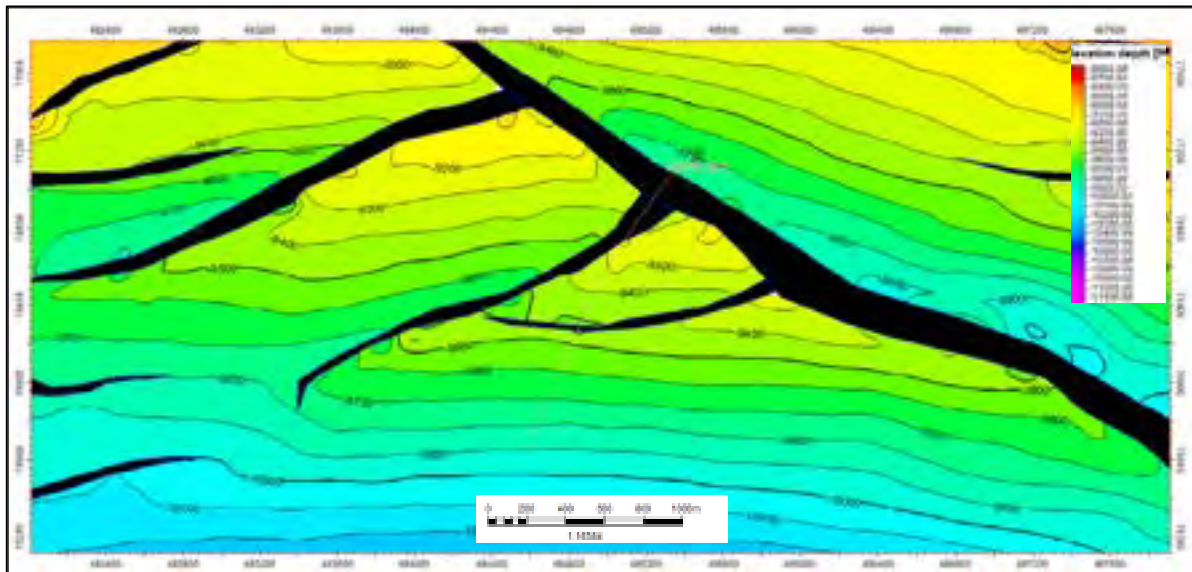


Figure 7-12: Asaritoru E6000 depth structure map showing Asaritoru structure.

For those reservoir horizons that couldn't be mapped directly, a bulk shift was applied to the nearest mapped horizon based on the marker isochores. The bases of each reservoir were created in the same way. The GRV for each reservoir was estimated using top and base depth surfaces, limiting polygons and hydrocarbon water contacts.

Bille

Well to seismic tie for the Bille field was done using the VSP survey of *KRAK-013*, sonic and density logs. A statistical wavelet was extracted from seismic and used for synthetic generation with bulk shift applied to *KRAK-013* VSP. A reasonable well-to-seismic tie was achieved for Bille-001 and used for horizon identification. All the reservoirs were picked on a peak, or positive events, based on the well to seismic tie and to be consistent with the previous work done on OML 18. The upper horizon, Top U1000, represents the primary reservoir encountered in the well while the lower horizon was picked as it was the closest regional reflector present near the base of the lower U1200 reservoir. The list of horizons used in current study are listed below.

- Top U1000
- Top U2000

Unassigned faults were initially picked on every 10th or 20th inline or cross line depending on the complexity and the orientation of faults. Horizons were then picked and auto-tracked across the whole 3D cube. This detailed interpretation was then converted to time surfaces and dip and azimuth attributes were generated. These attributes were then used to correlate fault sticks and to assign the faults. At this stage fault or horizon interpretations were also revised where necessary. The depth map for U1000 horizon is shown in Figure 7-13.

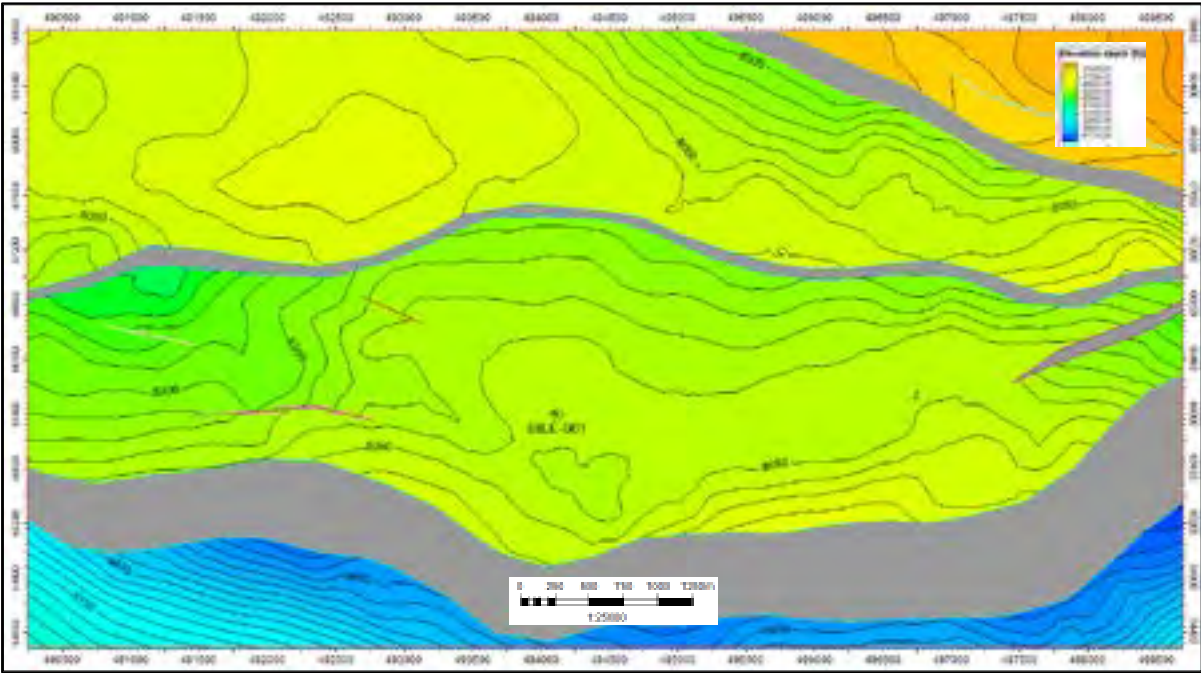


Figure 7-13: Bille U1000 depth structure map showing Bille structure.

8 APPENDIX II: OML 18 EXPLORATION PROSPECTS & LEADS

8.1 Seismic Data Review

Figure 8-1 shows the merged 3D seismic data for OML 18, with the discovered fields. Areas not covered by 3D seismic include 11,568 acres NW (Tema) and 538,846 acres SE (Calabar River), which gives a total of 550,414 acres. Prospect evaluation of these two areas is based on 2D lines.

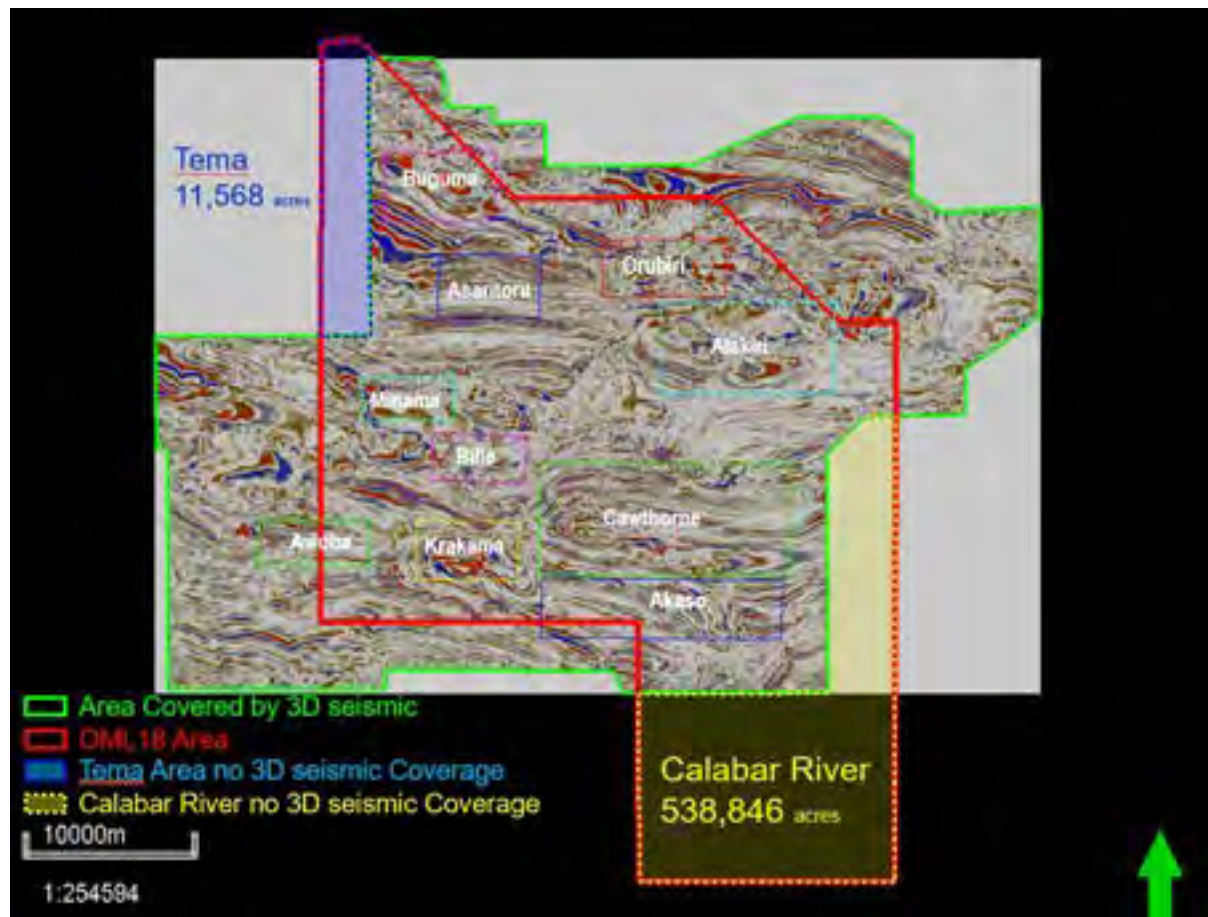


Figure 8-1: OML 18 merged 3D seismic data coverage

8.2 Evaluation of OML 18 Discoveries & Exploration Prospects/Leads

8.2.1 Cawthorne Channel Exploration Prospects

Near field exploration around the Cawthorne Channel has primarily focussed on undrilled fault blocks and the evaluation of the deeper stratigraphic potential. With that in mind, seven horizons (shallow, Intermediate, and deep) have been picked on the merged seismic volume. The shallow and intermediate horizons include the zones already penetrated by the existing Cawthorne well stock while the deep horizons cover stratigraphy yet to be evaluated by a well. Six potential prospects have been identified and evaluated to date and these are shown in Table 8-1 and discussed briefly below.

CAWC-025 NW lies within a proven fault terrace which also contains the CAWC-025 well. Due to the fault angles, the existing well missed some of the shallow reservoir intervals and is now seen to have been drilled off structure (down-dip) on the intermediate stratigraphic targets. The dominant east - west striking fault trend provides the northern and southern prospect boundaries while dip closure to the east and west completes the potential trap. Whilst generally quite low risk, the only slight area of concern is around reservoir quality/thickness given the observation of sand thickness trends locally. Seismic amplitude anomalies and a possible flat spot on the seismic further validate the potential of this location.

CAWC-027 South comprises two downthrown fault terraces south of well CAWC-027. The bounding faults provide a robust three-way structural trap with dip closure to the east. At this stage there is slight uncertainty in the extent

of fault seal given the thickness of some of the reservoir sand intervals locally and variable throw along the bounding fault to the west. However, the fault throws are significant and yet uncompleted, fault seal analysis could help de-risk this prospect further.

CAWC-003 South is a three-way dip closure against a northern boundary fault, just south of well CAWC-003. This fault block has not yet been penetrated by any well and potential has been identified at shallow and intermediate stratigraphic levels. Variable throw along the boundary fault represents a minor risk (possibility of leakage) however the seismic data confirms a strong package of seismic amplitudes within the prospect's stratigraphy of interest thereby providing some reassurance.

Cawthorne B Block Deep is a prospect targeting the deeper, yet undrilled, stratigraphic intervals within the prolific 'B Block' of Cawthorne field. The B block is three-way fault bounded with dip closure to the east providing a robust trap, the integrity of which has been proven by the existing development of the shallower intervals. The same trap geometry is now mapped at several deeper stratigraphic levels. The primary source of risk is reservoir quality as there is a general trend of deteriorating reservoir properties with depth, as the sedimentology favours a more marine influence. However, seismic attribute analysis allays some of the concern, in at least two of the deeper stratigraphic intervals mapped, making this a very interesting prospect.

Cawthorne J-block deep is similar in concept to the prospect above except this opportunity lies beneath the prolific E-W oriented J block of Cawthorne field. Again, a similar structural style is identified within the new deeper horizons with a combination of robust structural and dip closed potential traps. With the proven trap geometry at intermediate levels, the main uncertainty with these deeper targets is the reservoir quality due to the trend toward more marine, and progressively less sandy, reservoirs at depth.

Akaso North deep is a prospect located beneath the CAWC-027 fault block. Three-way dip closure against a southern fault boundary is identified at multiple deeper stratigraphic levels with the main source of risk again being reservoir quality although seismic attribute analysis on the deep mapped horizons provides sufficient reassurance to keep this an attractive prospect. The summary of un-risked and risked volumes is shown in. It has been estimated that 6 exploration and appraisal wells would be sufficient to evaluate these prospects.

Table 8-1: Summary of Cawthorne Channel exploration prospect volumes – gross on license

Oil Case (MMstb)	Un-risked STOIP			Un-risked Oil RESOURCES			Risk Factor	Risked STOIP			Risked Oil RESOURCES		
	LOW	MID	HIGH	LOW	MID	HIGH		LOW	MID	HIGH	LOW	MID	HIGH
CAWC-025 NW	3.4	17.1	53.2	1.2	5.9	18.8	61%	2.1	10.4	32.5	0.7	3.6	11.5
CAWC-027 South	26.3	90.5	224.7	8.9	31.0	79.5	47%	12.4	42.5	105.6	4.2	14.6	37.4
CAWC-003 South	6.4	25.2	69.3	2.1	8.6	24.4	41%	2.6	10.3	28.4	0.9	3.5	10.0
Cawthorne B-Block Deep	10.4	67.7	237.4	3.5	23.2	83.3	32%	3.3	21.7	76.0	1.1	7.4	26.7
Cawthorne J-Block Deep	3.6	15.3	43.8	1.2	5.2	15.5	34%	1.2	5.2	14.9	0.4	1.8	5.3
Akaso North Deep	15.1	52.6	132.1	5.1	18.1	46.9	38%	5.7	20.0	50.2	1.9	6.9	17.8
Total	65	268	761	22	92	268		27	110	308	9	38	109
Gas Case (Bscf)	Un-risked GIIP			Un-risked Gas RESOURCES			Risk Factor	Risked GIIP			Risked Gas RESOURCES		
	LOW	MID	HIGH	LOW	MID	HIGH		LOW	MID	HIGH	LOW	MID	HIGH
CAWC-025 NW	5.8	28.3	87.3	3.7	18.3	56.9	61%	3.5	17.3	53.3	2.3	11.2	34.7
CAWC-027 South	51.4	174.8	431.2	33.1	113.0	281.3	47%	24.2	82.2	202.7	15.6	53.1	132.2
CAWC-003 South	11.8	46.0	125.4	7.6	29.7	81.8	41%	4.9	18.9	51.4	3.1	12.2	33.6
Cawthorne B-Block Deep	24.9	161.8	572.7	16.1	104.7	372.9	32%	8.0	51.8	183.3	5.1	33.5	119.3
Cawthorne J-Block Deep	8.7	36.9	106.1	5.6	23.8	69.2	34%	3.0	12.5	36.1	1.9	8.1	23.5
Akaso North Deep	36.1	126.0	318.6	23.2	81.4	207.7	38%	13.7	47.9	121.1	8.8	30.9	78.9
Total	139	574	1,641	89	371	1,070		57	230	648	37	149	422

8.2.2 Akaso Exploration Prospects

Three prospects have been identified and evaluated within the Akaso field (Table 8-2). Two target the shallow/intermediate 'proven' stratigraphy but the bulk of the resource potential identified lies in a prospect defined at deeper stratigraphic levels.

Akaso Southwest is a three-way fault bounded closure southwest of well AKOS-004. The prospect is a stratigraphic wedge trapped between the tail end of the NW-SE fault which defines the western boundary of Akaso and a NE-SW splay of that Akaso boundary fault. Structural definition of these features is good, and they exhibit significant throw at the northern end. Dip closure to the south is well defined and the prospect appears to lie between the source and the proven field, along the likely migration pathway providing confidence in the charge. The southern extent of the boundary faults, and ability to provide a continuous lateral seal along the entire length of the prospect, represents the primary uncertainty controlling the possible range of hydrocarbon volumes trapped.

Cawthorne Updip is located northeast of well AKOS-004 and is an undrilled fault terrace between Akaso and Cawthorne Channel. The structural definition is excellent, the trap is robust, and a well-defined seismic amplitude package within the fault terrace suggests good reservoir potential. Fault seal is a minor risk, but oil migration/charge are probably the main uncertainties, hence the sizeable range in the potential volumes.

Akaso Deep is defined at stratigraphic levels beneath the existing producing stratigraphy of the Akaso field. By virtue of the fault dip toward the north, the deeper Akaso stratigraphic closures lie further north of the Akaso field, beneath parts of Cawthorne Channel. Potential traps/closures have been defined at multiple levels in the deeper Akaso stratigraphy and whilst the trap geometry is considered robust, like many of these deep prospects, the primary source of uncertainty is the reservoir quality. This is due to the transition from Agbada toward Akata Fms which records a gradual transition toward more distal marine conditions with depth potentially resulting in slightly less well-developed sands.

Table 8-2: Summary of Akaso exploration prospect volumes – gross on license

Oil Case (MMstb)	Un-risked STOIP			Un-risked Oil RESOURCES			Risk Factor	Risked STOIP			Risked Oil RESOURCES		
	LOW	MID	HIGH	LOW	MID	HIGH		LOW	MID	HIGH	LOW	MID	HIGH
Akaso Southwest	2.2	12.5	25.6	0.7	4.3	9.1	32%	0.7	4.0	8.2	0.2	1.4	2.9
Cawthorne Updip	2.7	27.9	59.6	0.9	9.5	21.2	36%	1.0	10.0	21.4	0.3	3.4	7.6
Akaso Deep	29.7	160.4	326.7	10.0	54.8	116.7	25%	7.4	40.1	81.7	2.5	13.7	29.2
Total	35	201	412	12	69	147		9	54	111	3	18	40
Gas Case (Bscf)	Un-risked GIIP			Un-risked Gas RESOURCES			Risk Factor	Risked GIIP			Risked Gas RESOURCES		
	LOW	MID	HIGH	LOW	MID	HIGH		LOW	MID	HIGH	LOW	MID	HIGH
Akaso Southwest	4.4	25.3	51.7	2.8	16.3	33.8	32%	1.4	8.1	16.5	0.9	5.2	10.8
Cawthorne Updip	5.7	57.7	122.8	3.7	37.2	80.2	36%	2.1	20.8	44.2	1.3	13.4	28.9
Akaso Deep	60.0	324.7	659.6	38.6	209.6	430.7	25%	15.0	81.2	164.9	9.6	52.4	107.7
Total	70	408	834	45	263	545		18	110	226	12	71	147

8.2.3 Alakiri Exploration Prospects

Six prospects have been identified in the near field area of Alakiri (Table 8-3). Most of these targets are defined within the deeper, un-tested, stratigraphic levels beneath the discovered hydrocarbon bearing intervals of the existing field.

Alakiri S-W is bounded to the north and east by major faults with dip closure to the south and west. The prospect essentially comprises the deeper horizons within the already proven western fault block of Alakiri (Y block) across a depth range of between 11,000 and 16,000 feet. Within that interval, three strong seismic horizons have been mapped. Seismic attributes extracted along one of these horizons (T1000) are conformable with the structure and the amplitude appears to brighten where the sediment is thickening toward the fault where it is terminated due to the large stratigraphic offset. The primary risk, mainly due to the depth of the prospect, relates to the reservoir quality and hydrocarbon charge and type (hydrocarbons could be gas).

Alakiri Deep is the equivalent prospect to Alakiri S-W, within the proven A block of Alakiri, with the deeper horizons covering an interval between 13,000 and 16,000 feet.

Alakiri S-E and Alakiri E lie within a fault terrace between the northern and southern fault blocks of the main Alakiri field. The depth window of the targets is 9,000 to 15,000 ftss and within that range, three strong seismic horizons have been defined. Alakiri East straddles the OML 11 and OML 18 boundary and has had two proven wells drilled on the structure although they only penetrated the shallower reservoirs. The main uncertainties in these prospects, a function of the depth, are the reservoir quality and fluid type.

Alakiri/Cawthorne lies between Cawthorne Channel and Alakiri within deeper stratigraphy and is associated with an older buried fault system. The depth range is 12,000 to 15,000 feet.

Alakiri Central (in-field add-on) is a separate closure mapped within the shallower, proven reservoir intervals (E1000 to F2000 sands) of the southern fault block of Alakiri. A two-way dip closure against a synthetic fault, the prospect is separated from the main Alakiri A block by a well-defined saddle.

Table 8-3: Summary of Alakiri exploration prospect volumes – gross on license

Oil Case (MMbbls)	Un-risked STOIP			Un-risked Oil RESOURCES			Risk Factor	Risked STOIP			Risked Oil RESOURCES		
	LOW	MID	HIGH	LOW	MID	HIGH		LOW	MID	HIGH	LOW	MID	HIGH
Alakiri South-West	13.1	85.2	321.2	4.5	29.3	112.9	68%	8.9	58.0	218.4	3.0	19.9	76.8
Alakiri Deep	7.1	53.4	234.2	2.4	18.3	82.0	68%	4.8	36.3	159.2	1.7	12.5	55.8
Alakiri South-East	7.6	50.9	209.5	2.6	17.5	73.6	45%	3.4	22.9	94.3	1.2	7.9	33.1
Alakiri East	5.3	44.3	191.0	1.8	15.2	67.0	64%	3.4	28.3	122.2	1.2	9.7	42.9
Alakiri / Cawthorne	9.2	75.0	348.6	3.2	25.8	122.2	55%	5.1	41.2	191.7	1.7	14.2	67.2
Alakiri Central (A-block)	7.3	13.3	22.6	2.4	4.6	8.2	60%	4.4	8.0	13.6	1.4	2.7	4.9
Total	50	322	1,327	17	111	466		30	195	799	10	67	281
Gas Case (Bscf)	Un-risked GIIP			Un-risked Gas RESOURCES			Risk Factor	Risked GIIP			Risked Gas RESOURCES		
	LOW	MID	HIGH	LOW	MID	HIGH		LOW	MID	HIGH	LOW	MID	HIGH
Alakiri South-West	20.4	133.8	503.1	13.2	86.5	327.1	68%	13.9	91.0	342.1	8.9	58.8	222.5
Alakiri Deep	14.2	107.5	472.2	9.2	69.4	306.9	68%	9.7	73.1	321.1	6.3	47.2	208.7
Alakiri South-East	11.9	79.3	328.9	13.2	86.5	327.1	45%	5.4	35.7	148.0	5.9	38.9	147.2
Alakiri East	13.1	79.3	319.7	8.5	51.3	207.9	64%	8.4	50.8	204.6	5.4	32.8	133.1
Alakiri / Cawthorne	14.5	117.0	546.2	9.4	75.7	355.0	55%	8.0	64.3	300.4	5.1	41.6	195.2
Alakiri Central (A-block)	11.5	20.9	35.4	7.3	13.5	23.2	60%	6.9	12.5	21.3	4.4	8.1	13.9
Total	86	538	2,205	61	383	1,547		52	327	1,337	36	228	921

8.2.4 Awoba Exploration Prospects

Two prospects have been identified (Table 8-4) however only a small percentage of the gross rock volume of Awoba north lies within OML18 and Awoba deep lies completely within OML 24.

Awoba north is an undrilled fault terrace to the north of the Awoba structure. Fault closed to the north, west and south, the sequence of proven hydrocarbon bearing zones in Awoba can be easily picked across into the prospect and the primary uncertainty at this level is the extent of fault seal. Interpretation of the deeper reservoirs is more challenging and there is greater uncertainty over the reservoir quality as a function of depth and a transition towards more distal marine sediments. Awoba deep targets the unproven deeper stratigraphy within the well-defined structural closure of the Awoba field itself. As such, trap risk is generally low with the primary concern being charge and reservoir quality at depth.

Table 8-4: Summary of Awoba exploration prospect volumes - gross on license (OML 18 area only)

Oil Case (MMbbls)	Un-risked STOIP			Un-risked Oil RESOURCES			Risk Factor	Risked STOIP			Risked Oil RESOURCES		
	LOW	MID	HIGH	LOW	MID	HIGH		LOW	MID	HIGH	LOW	MID	HIGH
Awoba North (OML 18 only)	0.1	3.0	20.0	0.0	1.0	7.0	22%	0.0	0.7	4.4	0.0	0.2	1.5
Awoba Deep (OML 18 only)	-	-	-	-	-	-	19%	-	-	-	-	-	-
Total	0.1	3	20	0	1	7		0	1	4	0	0.2	2
Gas Case (Bscf)	Un-risked GIIP			Un-risked Gas RESOURCES			Risk Factor	Risked GIIP			Risked Gas RESOURCES		
	LOW	MID	HIGH	LOW	MID	HIGH		LOW	MID	HIGH	LOW	MID	HIGH
Awoba North (OML 18 only)	0.3	6.2	38.9	0.2	4.0	25.3	22%	0.1	1.4	8.6	0.0	0.9	5.6
Awoba Deep (OML 18 only)	-	-	-	-	-	-	19%	-	-	-	-	-	-
Total	0.3	6	39	0.2	4	25		0.1	1	9	0	1	6

8.2.5 Asaritoru Exploration Prospects

Three prospects have been identified (Table 8-5) and all are targets at proven, productive intermediate reservoir intervals within the Asaritoru and Buguma Creek fields. All are well defined dip closures against major proven boundary faults; Asaritoru West lies in the footwall of the main counter regional fault which defines the southern boundary of the Buguma Creek Field, Asaritoru North shares its northern limit with the main Asaritoru boundary fault and Asaritoru South is dip closed against a major fault on trend with the regional northern mega structure.

Asaritoru South targets slightly deeper intermediate level sands (G and H series) which were not tested by the ASAR-001 well but were found to be hydrocarbon bearing in the nearby Buguma Creek field – hence the slightly increased uncertainty.

Overall, at this stage of evaluation, the primary source of uncertainty in these prospects relates to the potential for fault leakage and lateral seal effectiveness although the existing fields provide some reassurances on the structural integrity of the boundaries.

Table 8-5: Summary of Asaritoru exploration prospect volumes – gross on license

Oil Case (MMbbl)	Un-risked STOIP			Un-risked Oil RESOURCES			Risk Factor	Risked STOIP			Risked Oil RESOURCES		
	LOW	MID	HIGH	LOW	MID	HIGH		LOW	MID	HIGH	LOW	MID	HIGH
Asaritoru North	3.7	37.8	148.8	1.3	13.0	52.3	36%	1.3	13.6	53.6	0.5	4.7	18.8
Asaritoru South	4.6	31.7	94.9	1.6	10.9	33.5	27%	1.2	8.6	25.6	0.4	2.9	9.0
Asaritoru West	4.8	28.7	90.4	1.6	9.8	31.8	43%	2.1	12.3	38.9	0.7	4.2	13.7
Total	13	98	334	4	34	118		5	35	118	2	12	42
Gas Case (Bscf)	Un-risked GIIP			Un-risked Gas RESOURCES			Risk Factor	Risked GIIP			Risked Gas RESOURCES		
	LOW	MID	HIGH	LOW	MID	HIGH		LOW	MID	HIGH	LOW	MID	HIGH
Asaritoru North	8.5	89.7	356.1	5.5	57.8	231.5	36%	3.0	32.3	128.2	2.0	20.8	83.3
Asaritoru South	7.7	53.1	159.7	5.0	34.3	103.7	27%	2.1	14.3	43.1	1.3	9.3	28.0
Asaritoru West	9.3	55.4	179.0	6.0	35.8	116.5	43%	4.0	23.8	77.0	2.6	15.4	50.1
Total	26	198	695	16	128	452		9	70	248	6	45	161

8.2.6 Krakama Exploration Prospects

Three prospects have been identified from seismic interpretation around the Krakama field (Table 8-6).

Krakama G is a dip assisted fault trap sandwiched between three fault blocks, located north of the Krakama field. Krakama F & H is a small independent four-way closure in the east and a faulted closure in the west which is affected by growth faults. The main risks identified in these prospects are fault seal capacity, leakage, and lateral effective seal.

The Krakama deep prospect targets the deep stratigraphy, within the main Krakama field, trapped against the same structural boundaries. As with most of these deeper stratigraphic targets, the main uncertainty is around the potential for reservoir quality retention with depth as the facies transitions to more distally marine sediments. The complex fault geometries, combined with the quality of the seismic data locally, add an extra element of uncertainty in this prospect that is not always seen in these deep stratigraphic targets. The Krakama G prospect lies above a shale ridge, which could cause a drilling hazard due to mobile shale and/or over-pressured shale.

Table 8-6: Summary of Krakama exploration prospect volumes – gross on license

Oil Case (MMstb)	Un-risked STOIP			Un-risked Oil RESOURCES			Risk Factor	Risked STOIP			Risked Oil RESOURCES		
	LOW	MID	HIGH	LOW	MID	HIGH		LOW	MID	HIGH	LOW	MID	HIGH
Krakama East (F&H)	15.9	69.2	213.7	5.4	23.8	75.0	20%	3.2	13.8	42.7	1.1	4.8	15.0
Krakama North (G)	25.6	123.5	427.1	8.6	42.4	150.8	17%	4.4	21.0	72.6	1.5	7.2	25.6
Krakama Deep	29.1	136.4	397.4	9.8	46.7	140.4	25%	7.3	34.1	99.4	2.5	11.7	35.1
Total	71	329	1,038	24	113	366		15	69	215	5	24	76
Gas Case (Bscf)	Un-risked GIIP			Un-risked Gas RESOURCES			Risk Factor	Risked GIIP			Risked Gas RESOURCES		
	LOW	MID	HIGH	LOW	MID	HIGH		LOW	MID	HIGH	LOW	MID	HIGH
Krakama East (F&H)	29.1	128.1	401.2	18.7	82.8	260.6	20%	5.8	25.6	80.2	3.7	16.6	52.1
Krakama North (G)	45.8	227.0	793.6	29.5	146.9	517.1	17%	7.8	38.6	134.9	5.0	25.0	87.9
Krakama Deep	57.3	266.8	771.0	37.0	172.3	502.9	25%	14.3	66.7	192.7	9.3	43.1	125.7
Total	132	622	1,966	85	402	1,281		28	131	408	18	85	266

8.2.7 Orubiri Exploration Prospects

Four prospects have been identified (Table 8-7) mostly to the northeast of the developed Orubiri field some 2-3km away. Whilst the West, North and East prospects occur at similar structural depths to the main Orubiri field, they are separated from one another by regional growth faults. The Deep prospect is the exception and is targeting the deeper stratigraphy within the main developed Orubiri field at depths greater than 10,000ft.

The main risks identified in the Orubiri deep prospect are reservoir deterioration with depth due to the transition toward a distal marine depositional setting and poor 3D seismic data due to shale diapirism. The slightly increased structural complexity within the west, north and east prospects may result in some reservoir quality impairment, or potential enhancement, as well as some risk of fault leakage. Possible communication could be expected between the Orubiri west and east prospects.

Table 8-7: Summary of Orubiri exploration prospect volumes – gross on license

Oil Case (MMbbls)	Un-risked STOIP			Un-risked Oil RESOURCES			Risk Factor	Risked STOIP			Risked Oil RESOURCES		
	LOW	MID	HIGH	LOW	MID	HIGH		LOW	MID	HIGH	LOW	MID	HIGH
Orubiri North	22.4	34.7	58.2	7.2	12.0	21.2	27%	6.1	9.4	15.7	1.9	3.2	5.7
Orubiri East	3.8	40.2	303.1	1.3	13.8	106.1	37%	1.4	14.9	112.1	0.5	5.1	39.3
Orubiri Deep	1.1	7.1	24.8	0.4	2.4	8.7	35%	0.4	2.5	8.7	0.1	0.9	3.1
Orubiri West	2.3	9.5	25.3	0.8	3.3	8.9	33%	0.7	3.1	8.3	0.3	1.1	2.9
Total	30	91	411	10	31	145		9	30	145	3	10	51
Gas Case (Bscf)	Un-risked GIIP			Un-risked Gas RESOURCES			Risk Factor	Risked GIIP			Risked Gas RESOURCES		
	LOW	MID	HIGH	LOW	MID	HIGH		LOW	MID	HIGH	LOW	MID	HIGH
Orubiri North	37.6	57.8	96.2	23.8	37.4	63.3	27%	10.2	15.6	26.0	6.4	10.1	17.1
Orubiri East	6.9	73.6	578.5	4.5	47.5	377.0	37%	2.6	27.2	214.1	1.7	17.6	139.5
Orubiri Deep	2.1	14.1	49.9	1.4	9.1	32.4	35%	0.7	4.9	17.5	0.5	3.2	11.3
Orubiri West	4.4	18.7	50.2	2.9	12.1	32.7	33%	1.5	6.2	16.6	0.9	4.0	10.8
Total	51	164	775	32	106	505		15	54	274	9	35	179

8.2.8 Bakana Prospects

The Bakana prospects lie to the southeast of the Buguma East prospect, northeast of Asaritoru and northwest of the Orubiri field. The BAKA-001 well was drilled in 1971 by Shell Petroleum Development Corporation (SPDC) to test a different fault compartment in the neighbouring region and that turned out to be dry with shows. Seismic interpretation now shows the presence of three untested fault blocks.

The main risks identified for these prospects include reservoir deterioration with depth due to shale ridge and diapir, poor quality seismic data especially at the deeper levels and a high risk of lateral seal effectiveness and fault leakage. Table 8-8 summarises the Bakana Exploration Prospect Volumes and resources.

Table 8-8: Summary of Bakana exploration prospect volumes – gross on license

Oil Case (MMbbls)	Un-risked STOIP			Un-risked Oil RESOURCES			Risk Factor	Risked STOIP			Risked Oil RESOURCES		
	LOW	MID	HIGH	LOW	MID	HIGH		LOW	MID	HIGH	LOW	MID	HIGH
Bakana North	2.6	8.1	19.2	0.9	2.8	6.8	15%	0.4	1.2	2.9	0.1	0.4	1.0
Bakana North-East	0.9	5.2	17.8	0.3	1.8	6.3	15%	0.1	0.8	2.7	0.0	0.3	0.9
Bakana South	3.9	11.9	29.1	1.3	4.1	10.3	15%	0.6	1.8	4.4	0.2	0.6	1.5
Total	7	25	66	2	9	23		1	4	10	0.4	1	4
Gas Case (Bscf)	Un-risked GIIP			Un-risked Gas RESOURCES			Risk Factor	Risked GIIP			Risked Gas RESOURCES		
	LOW	MID	HIGH	LOW	MID	HIGH		LOW	MID	HIGH	LOW	MID	HIGH
Bakana North	3.9	12.2	29.3	2.5	7.9	19.1	15%	0.6	1.8	4.4	0.4	1.2	2.9
Bakana North-East	1.7	10.1	34.2	1.1	6.5	22.3	15%	0.2	1.5	5.1	0.2	1.0	3.3
Bakana South	5.9	18.0	43.9	3.8	11.6	28.7	15%	0.9	2.7	6.6	0.6	1.7	4.3
Total	11	40	107	7	26	70		2	6	16	1	4	11

8.2.9 Bille Exploration Prospects

The two Bille prospects (Table 8-9) lie at the centre of the OML 18 block, east and north-west from the main Bille and Krakama fields. Bille East lies southeast of well BILLE-001 and it is prospective at shallow, intermediate and deep levels. The Minama Up-dip prospect lies southeast of well MINA-001 and north of well BILLE-001 and is prospective at shallow to intermediate intervals.

The primary uncertainty on these prospects is fault leakage and lateral seal effectiveness with the potential for bypassing of the structures on the migration path up into Krakama and/ or Buguma Creek where the roll over structure is better developed. The deeper stratigraphic targets may show an impairment associated with reservoir deterioration with depth and facies transitions.

Table 8-9: Summary of Bille exploration prospect volumes – gross on license

Oil Case (MMbbls)	Un-risked STOIP			Un-risked Oil RESOURCES			Risk Factor	Risked STOIP			Risked Oil RESOURCES		
	LOW	MID	HIGH	LOW	MID	HIGH		LOW	MID	HIGH	LOW	MID	HIGH
Bille East	61.3	124.6	229.7	20.3	42.9	82.5	18%	11.0	22.4	41.4	3.6	7.7	14.9
Minama Updip	7.8	23.7	67.9	2.6	8.1	23.9	23%	1.8	5.4	15.6	0.6	1.9	5.5
Total	69	148	298	23	51	106		13	28	57	4	10	20
Gas Case (Bscf)	Un-risked GIIP			Un-risked Gas RESOURCES			Risk Factor	Risked GIIP			Risked Gas RESOURCES		
	LOW	MID	HIGH	LOW	MID	HIGH		LOW	MID	HIGH	LOW	MID	HIGH
Bille East	122.6	245.1	449.1	78.3	158.4	293.6	18%	22.1	44.1	80.8	14.1	28.5	52.9
Minama Updip	12.0	36.3	103.2	7.7	23.4	67.2	23%	2.8	8.4	23.7	1.8	5.4	15.5
Total	135	281	552	86	182	361		25	52	105	16	34	68

8.2.10 Buguma East Prospects

The Buguma East (BugE) prospect, straddles the northern boundary of OML 18 block to the east of the Buguma Creek field and to the north of the Asaritoru and Bakana fields. The prospect is a fault bounded closure trapped on the footwall of the major regional growth fault within the Buguma Creek field. The interval of interest (i.e., E1000 to G1000 sand series – see Table 8-10) has been tested in the Buguma Creek field and the reservoir sands are inner shelf to shelf margin deposits. In addition to the tested reservoirs from the Buguma Creek field, seismic attributes extracted at the E2000 horizon level indicate low amplitude around the Buguma Creek field and high amplitude in the Buguma East prospect suggesting the potential for a material hydrocarbon accumulation in the prospecting area.

Table 8-10: Summary of Buguma East exploration prospect volumes – gross on license (OML 18 area only)

Oil Case (MMbbls)	Un-risked STOIP			Un-risked Oil RESOURCES			Risk Factor	Risked STOIP			Risked Oil RESOURCES		
	LOW	MID	HIGH	LOW	MID	HIGH		LOW	MID	HIGH	LOW	MID	HIGH
E2000 (OML 18 only)	1.5	11.1	38.6	0.5	3.8	13.6	34%	0.5	3.8	13.1	0.2	1.3	4.6
E7000 (OML 18 only)	2.4	15.1	49.5	0.8	5.2	17.4		0.8	5.1	16.8	0.3	1.8	5.9
G1000 (OML 18 only)	3.3	17.4	53.9	1.1	6.0	19.0		1.1	5.9	18.3	0.4	2.0	6.4
Total	7	44	142	2	15	50		2	15	48	1	5	17
Gas Case (Bscf)	Un-risked GIIP			Un-risked Gas RESOURCES			Risk Factor	Risked GIIP			Risked Gas RESOURCES		
	LOW	MID	HIGH	LOW	MID	HIGH		LOW	MID	HIGH	LOW	MID	HIGH
E2000 (OML 18 only)	2.3	16.6	58.1	1.5	10.8	37.7	34%	0.8	5.7	19.7	0.5	3.7	12.8
E7000 (OML 18 only)	3.7	22.9	76.0	2.4	14.8	49.4		1.3	7.8	25.8	0.8	5.0	16.8
G1000 (OML 18 only)	6.3	33.8	103.4	4.1	21.8	67.5		2.2	11.5	35.2	1.4	7.4	22.9
Total	12	73	237	8	47	155		4	25	81	3	16	53

8.2.11 Calabar South-East Lead

The Calabar Southeast lead is located approximately 4-6 km east of Cawthorne Channel and 29 km southeast of Port Harcourt. The Calabar southeast structure is an E-W trending collapsed rollover anticline identified using 2D seismic data. Delta development in this area was influenced by an influx of fluvial materials that were supplied by paleo-Calabar and Bonny rivers. Deposition was controlled by a series of east-west trending growth faults resulting in considerable thickening of sediments against these faults and southerly shaling out of the sands. Three prospective horizons have been identified within the prospect (see Table 8-11). The primary source of uncertainty is the effectiveness of fault seal which is largely due to the poor and sparse 2D seismic data.

Table 8-11: Summary of Calabar Southeast exploration prospect volumes – gross on license

Oil Case (MMbbls)	Un-risked STOIP			Un-risked Oil RESOURCES			Risk Factor	Risked STOIP			Risked Oil RESOURCES		
	LOW	MID	HIGH	LOW	MID	HIGH		LOW	MID	HIGH	LOW	MID	HIGH
B7000	41.3	59.0	82.0	13.2	20.3	30.3	7%	2.9	4.1	5.7	0.9	1.4	2.1
C3000	31.8	46.5	65.9	10.2	16.0	24.4		2.2	3.3	4.6	0.7	1.1	1.7
C3500	52.4	75.6	107.2	16.8	26.1	39.5		3.7	5.3	7.5	1.2	1.8	2.8
Total	125	181	255	40	62	94		9	13	18	3	4	7
Gas Case (Bscf)	Un-risked GIIP			Un-risked Gas RESOURCES			Risk Factor	Risked GIIP			Risked Gas RESOURCES		
	LOW	MID	HIGH	LOW	MID	HIGH		LOW	MID	HIGH	LOW	MID	HIGH
B7000	62.9	90.0	125.7	39.9	58.3	83.1	7%	4.4	6.3	8.8	2.8	4.1	5.8
C3000	48.4	71.5	102.0	30.7	46.2	67.4		3.4	5.0	7.1	2.1	3.2	4.7
C3500	113.5	162.0	224.7	72.0	104.8	148.5		7.9	11.3	15.7	5.0	7.3	10.4
Total	225	324	452	143	209	299		16	23	32	10	15	21

8.2.12 Calabar South Lead

The Calabar South lead is located approximately 6-8km south of the Akaso field, west from Bonny and 32 km south of Port Harcourt. The Calabar South lead has three closures (at different stratigraphic levels - see Table 8-12) against two major faults and was identified on 2D seismic data. This provides the greatest source of risk since the imaging is sub-optimal and there is residual uncertainty in the effectiveness of the structure as a robust trap.

Table 8-12: Summary of Calabar South exploration lead volumes – gross license

Oil Case (MMbbls)	Un-risked STOIP			Un-risked Oil RESOURCES			Risk Factor	Risked STOIP			Risked Oil RESOURCES		
	LOW	MID	HIGH	LOW	MID	HIGH		LOW	MID	HIGH	LOW	MID	HIGH
C5000	14.6	55.8	147.6	4.9	19.2	52.4	5%	0.7	2.8	7.4	0.2	1.0	2.6
D5000	16.2	53.3	132.2	5.5	18.3	46.8		0.8	2.7	6.6	0.3	0.9	2.3
E1000	78.6	95.1	114.2	24.0	33.1	43.8		3.9	4.8	5.7	1.2	1.7	2.2
Total	109	204	394	34	71	143		5	10	20	2	4	7
Gas Case (Bscf)	Un-risked GIIP			Un-risked Gas RESOURCES			Risk Factor	Risked GIIP			Risked Gas RESOURCES		
	LOW	MID	HIGH	LOW	MID	HIGH		LOW	MID	HIGH	LOW	MID	HIGH
C5000	24.9	95.7	254.5	16.0	61.8	166.0	5%	1.2	4.8	12.7	0.8	3.1	8.3
D5000	29.7	98.8	245.4	19.1	63.8	160.2		1.5	4.9	12.3	1.0	3.2	8.0
E1000	141.7	179.1	222.1	89.0	115.9	148.6		7.1	9.0	11.1	4.4	5.8	7.4
Total	196	374	722	124	242	475		10	19	36	6	12	24

8.2.13 Idama Prospects

The Idama prospect straddles OML 18 and OML 55 (mostly the latter) and the nearest producing fields are Awoba and Krakama some 10 to 12 km away. The prospect is a fault bounded, NE-SW striking footwall structure located west of well MINA-001, at shallow to intermediate stratigraphic levels but at deeper levels, a strong seismic amplitude anomaly suggests a four-way dip closure, albeit outside of OML 18.

The main uncertainties are fault leakage and lateral effective seal which could have led to bypassing of this structure on the migration route into the Krakama and Awoba fields where the roll over structure is better developed.

Table 8-13: Summary of Idama exploration prospect volumes – gross on license (OML 18 area only)

Oil Case (MMbbls)	Un-risked STOIP			Un-risked Oil RESOURCES			Risk Factor	Risked STOIP			Risked Oil RESOURCES		
	LOW	MID	HIGH	LOW	MID	HIGH		LOW	MID	HIGH	LOW	MID	HIGH
U1000	1.4	5.2	13.7	0.5	1.8	4.8	29%	0.4	1.5	4.0	0.1	0.5	1.4
S1000	0.8	4.3	13.5	0.3	1.5	4.7		0.2	1.2	3.9	0.1	0.4	1.4
K1000	2.4	7.6	17.9	0.8	2.6	6.4		0.7	2.2	5.2	0.2	0.8	1.8
Total	5	17	45	2	6	16		1	5	13	0.4	2	5
Gas Case (Bscf)	Un-risked GIIP			Un-risked Gas RESOURCES			Risk Factor	Risked GIIP			Risked Gas RESOURCES		
	LOW	MID	HIGH	LOW	MID	HIGH		LOW	MID	HIGH	LOW	MID	HIGH
U1000	2.1	8.0	20.7	1.4	5.1	13.5	29%	0.6	2.3	6.0	0.4	1.5	3.9
S1000	1.4	7.6	24.2	0.9	4.9	15.7		0.4	2.2	7.0	0.3	1.4	4.6
K1000	5.7	18.1	43.2	3.7	11.7	28.2		1.7	5.2	12.5	1.1	3.4	8.2
Total	9	34	88	6	22	57		3	10	26	2	6	17

8.2.14 Isia East Prospects

Isia East lies in the north-western corner of the OML 18 block, approximately 2km north of the Buguma Creek field. The prospect is a fault bounded closure against the major regional growth fault in Buguma Creek. The main risks are fault leakage, reservoir presence and quality and the potential for a gas play, as indicated by the high seismic amplitudes.

Table 8-14: Summary of Isia East exploration prospect volumes – gross on license

Oil Case (MMbbls)	Un-risked STOIP			Un-risked Oil RESOURCES			Risk Factor	Risked STOIP			Risked Oil RESOURCES		
	LOW	MID	HIGH	LOW	MID	HIGH		LOW	MID	HIGH	LOW	MID	HIGH
E7000	4.7	28.2	93.0	1.6	9.7	32.6	28%	1.3	7.9	26.0	0.4	2.7	9.1
G1000	0.3	9.3	60.6	0.1	3.2	21.1		0.1	2.6	17.0	0.0	0.9	5.9
H1000	2.0	10.5	32.2	0.7	3.6	11.3		0.6	2.9	9.0	0.2	1.0	3.2
Total	7	48	186	2	16	65		2	13	52	1	5	18
Gas Case (Bscf)	Un-risked GIIP			Un-risked Gas RESOURCES			Risk Factor	Risked GIIP			Risked Gas RESOURCES		
	LOW	MID	HIGH	LOW	MID	HIGH		LOW	MID	HIGH	LOW	MID	HIGH
E7000	7.0	43.2	140.1	4.5	27.8	91.2	28%	2.0	12.1	39.2	1.3	7.8	25.5
G1000	0.5	18.1	117.3	0.3	11.7	76.3		0.1	5.1	32.8	0.1	3.3	21.4
H1000	3.9	20.4	61.3	2.5	13.2	40.0		1.1	5.7	17.2	0.7	3.7	11.2
Total	11	82	319	7	53	207		3	23	89	2.1	15	58

8.2.15 Minama East Prospect

Minama East lies in the central part of the OML18 block, east of the main Minama field, southwest of Alakiri and northwest of Cawthorne Channel. The prospect is a narrow, complex faulted structural culmination bounded between two faults. The crest of the structure lies about 8.2 km to the east of the MINA-001 well, and 8.5 km west of the ALAK-010 well, which were both dry. This prospect is structurally higher than the MINA-001 well and so could have more prospective potential. It is also separated from the BILLE-001 gas discovery, 5 km to the

southwest, by a growth fault. Three main prospect levels have been identified from seismic interpretation (see Table 8-15). The main sources of uncertainty largely relate to a lack of clarity as a function of the poor seismic data at deeper levels and the risk of a fault breach due to the complex and highly faulted structure at the shallower levels.

Table 8-15: Summary of Minama exploration lead volumes & resources – gross on license

Oil Case (MMbbls)	Un-risked STOIP			Un-risked Oil RESOURCES			Risk Factor	Risked STOIP			Risked Oil RESOURCES		
	LOW	MID	HIGH	LOW	MID	HIGH		LOW	MID	HIGH	LOW	MID	HIGH
E1000	3.7	12.4	30.0	1.3	4.2	10.6	31%	1.2	3.8	9.3	0.4	1.3	3.3
G1000	5.1	33.2	111.4	1.7	11.4	39.1		1.6	10.3	34.5	0.5	3.5	12.1
T1000	0.2	16.3	130.0	0.1	5.6	45.3		0.1	5.1	40.3	0.0	1.7	14.1
Total	9	62	271	3	21	95		3	19	84	1	7	29
Gas Case (Bscf)	Un-risked GIIP			Un-risked Gas RESOURCES			Risk Factor	Risked GIIP			Risked Gas RESOURCES		
	LOW	MID	HIGH	LOW	MID	HIGH		LOW	MID	HIGH	LOW	MID	HIGH
E1000	5.3	17.7	42.6	3.4	11.4	27.7	31%	1.6	5.5	13.2	1.1	3.5	8.6
G1000	9.9	64.1	212.7	6.3	41.5	138.2		3.1	19.9	65.9	2.0	12.9	42.8
T1000	0.6	39.1	314.0	0.4	25.3	203.8		0.2	12.1	97.4	0.1	7.8	63.2
Total	16	121	569	10	78	370		5	37	176	3	24	115

8.2.16 Tema Discovery

The Tema Field straddles the north-western boundary of the OML18 block, about 5 km northwest of the developed Buguma Creek field. The Tema discovery is an elongated rollover anticlinal fault block structure identified in 1960 using 2D seismic data. It was discovered by the Tema-1 well which found six hydrocarbon bearing reservoirs, but an appraisal well (Tema-2) drilled to the east was found to be entirely water bearing over all the prospective intervals. The Tema structure is separated from the Buguma Creek field by a northwest trending fault and the field exhibits a stacked reservoir system with similar geological features to those in the Buguma Creek field. The key uncertainty for this interpretation is the quality of the 2D seismic data on which the interpretation is based together with the fact that the data do not fully cover the entire Tema field. The four shallowest horizons were gas bearing, the 5th oil and gas bearing and the deepest entirely oil bearing. Table 8-16 summarises the Tema discovery volumes (OML 18 only).

Table 8-16: Summary of Tema discovery volumes – gross on license (OML 18 area only)

Oil Case (MMbbls)	STOIP			OIL RESOURCES		
	LOW	MID	HIGH	LOW	MID	HIGH
U1000						
U1100						
U1200						
U1300						
U1400	8.2	14.5	23.0	2.7	5.0	8.4
U1500	5.1	9.4	16.2	1.7	3.2	5.9
Total	13	24	39	4	8	14
Gas Case (Bscf)	GIIP			GAS RESOURCES		
	LOW	MID	HIGH	LOW	MID	HIGH
U1000	16.9	23.4	31.6	10.7	15.2	20.9
U1100	21.2	34.3	54.0	13.5	22.2	35.5
U1200	23.1	35.2	52.2	14.7	22.8	34.4
U1300	30.0	43.4	61.3	19.0	28.0	40.4
U1400	26.9	44.0	69.2	17.2	28.4	45.5
U1500						
Total	118	180	268	75	117	177

APPENDIX III: RESERVE AND RESOURCE CLASSIFICATION & GLOSSARY OF TERMS

Petroleum resources are the estimated quantities of hydrocarbons naturally occurring on or within the Earth's crust. Resource assessments estimate total quantities in known and yet-to-be discovered accumulations; resources evaluations are focused on those quantities that can potentially be recovered and marketed by commercial projects. A petroleum resources management system (PRMS) provides a consistent approach to estimating petroleum quantities, evaluating development projects, and presenting results within a comprehensive classification framework.

PRMS Reserves and Resources Classification

RESOURCES as used herein is intended to encompass all quantities of petroleum naturally occurring on or within the Earth's crust, discovered and undiscovered (recoverable and unrecoverable), plus those quantities already produced. Further, it includes all types of petroleum whether currently considered "conventional" or "unconventional."

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 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 development and production status.

Developed and Undeveloped Reserves are grouped as **Discovered**

Proved Developed Reserves Expected quantities to be recovered from existing wells and facilities.

Proved Undeveloped Reserves (PUD) Quantities expected to be recovered through future significant investments

This report was prepared in accordance with generally accepted geoscience and engineering methods used in the petroleum industry. Reserves and Resources categorisation, definition and estimates used in this report are based on the June 2018 (SPE/WPC/AAPG/SPEE/SEG/SPWLA/EAGE/) Guidelines of Petroleum Resource Management System ("PRMS").

CONTINGENT RESOURCES are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. 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 their economic status. In this CPR they primarily refer to resources with uncertain fluid properties and sometimes volumes likely to be sub-economical.

PROSPECTIVE RESOURCES are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of discovery and a chance of development. Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity.

This report was prepared in accordance with generally accepted geoscience and engineering methods used in the petroleum industry. Reserves and Resources categorisation, definition and estimates used in this report are based on the June 2018 (SPE/WPC/AAPG/SPEE/SEG/SPWLA/EAGE/) Guidelines of Petroleum Resource Management System ("PRMS").

APPENDIX IV: RESERVE AND RESOURCE DEFINITIONS

Reserves

- 1P** Proved (equal to P1) Reserves; denotes low estimate scenario of Reserves (P90).
- 2P** Sum of Proved (P1) plus Probable (P2) Reserves; denotes best estimate scenario of Reserves (P50).
- 3P** Sum of Proved (P1) plus Probable (P2) plus Possible (P3) Reserves; denotes high estimate scenario of Reserves (P10).

Contingent Resources

- 1C** Denotes low estimate of Contingent Resources (equal to C1).
- 2C** Denotes best estimate of Contingent Resources of same technical confidence as Probable, but not commercially matured to Reserves. (C1+C2).
- 3C** Denotes high estimate of Contingent Resources of same technical confidence as Possible, but not commercially matured to Reserves. (C1+C2+C3).

Prospective Resources

- 1U** Denotes the un-risked low estimate qualifying as Prospective Resources (P90).
- 2U** Denotes the un-risked best estimate qualifying as Prospective Resources (P50).
- 3U** Denotes the un-risked high estimate qualifying as Prospective Resources (P10).

APPENDIX V: DESCRIPTION OF OML 18 ENTITIES

NNPC: Nigeria National Petroleum Corporation is the state oil corporation of Nigeria.

EROTON: Eroton Exploration and Production Company Limited is the current operator of OML 18 and has a 27% interest in the OML 18 license. Pursuant to the Eroton OML 18 Transactions, it is anticipated that Eroton's interest in OML 18 will rise to 45%.

- Eroton is an independent energy company based in Nigeria, focused on the full cycle from exploration to development of oil and gas. It was incorporated in 2013 to make the US\$1.1 billion bid for the 45% interest in OML 18 from Shell, Total and Eni, a transaction that was completed in March 2015. The divestment was part of Shell's strategic review of its onshore portfolio in Nigeria and was in line with the Government of Nigeria's aim of developing Nigerian companies in the country's upstream oil and gas sector.
- Eroton's principal asset is its 27% interest in OML 18 following a transfer of an 18% interest to Sahara and Bilton following the purchase in 2015. It also has a 'non operated venture partnership' with Newcross E & P Company Limited, as the operator of the Awoba field, which straddles OML 18 and OML 24, on a 50:50 equity ratio. NNPC has the remaining 55% interest in OML 18.
- The oil from OML 18 is processed for export, whilst the gas is sold to the Nigerian domestic gas market, with its principal customer being Notore Chemical, the owner of a fertiliser plant.

SAHARA: OML 18 Energy Resource Limited is a Nigerian company privately-owned by Sahara Field Production 18 Limited ("Sahara") and Sahara Charitable Foundation. Sahara currently holds an effective 16.2% stake in OML 18, which will be transferred in whole to Eroton via the Sahara OML 18 Transaction.

BILTON: Bilton Energy Limited is an indigenous company whose entry costs into OML 18 were carried by certain partners. Bilton has a 1.8% indirect interest in OML 18 held by its 100% owned subsidiary Bilton OML 18 Limited, which will be transferred in whole to Eroton via the Bilton OML 18 Transaction whereby the entire issued share capital of Bilton OML 18 Limited will be acquired by Eroton. Bilton also has a 50% voting interest in Eroton (Martwestern holds the remaining 50%) with a 2% initial economic interest, which will remain unchanged by the Bilton OML 18 Transaction.

MARTWESTERN: Martwestern Energy Limited is a Nigerian company 100% owned by MLPL. Martwestern owns 50% of the voting interests in Eroton (Bilton owns the remaining 50%). Martwestern has a 98% initial economic interest in Eroton.

MLPL: Midwestern Leon Petroleum Limited is a Mauritian-incorporated special purpose vehicle, which, as at the date of this Document, is 40% owned by San Leon with the remaining 60% held by Midwestern. MLPL is the 100% shareholder of Martwestern and therefore holds the combined OML 18 interest of both San Leon and Midwestern.

MIDWESTERN: Midwestern Oil and Gas Company Limited, an independent Nigerian exploration and production company with a diversified portfolio of hydrocarbon assets. The company was established in 2001 and commenced its upstream activities in 2005.

APPENDIX VI: GLOSSARY OF ABBREVIATIONS

Set below is a glossary of selected technical terms:

"ABEX"	Abandonment Expenditure
"ACOES"	Alternative Crude Oil Evacuation and Storage
"AG"	Associated gas
"AVO"	Amplitude Variation with Offset
"bbl"	barrel (of oil or condensate)
"blpd"	barrel of liquid per day
"boe"	barrel of oil equivalent
"bopd"	barrel of oil per day
"bpd"	barrel per day
"bscf"	billion standard cubic feet
"Bscfpd"	billion standard cubic feet per day
"Bstb"	Billion stock tank barrels
"BSW"	Basin sediments and water
"bwpd"	barrel of water per day
"CAPEX"	Capital Expenditure
"Contingent Resources"	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but where the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. Contingent resources are further significant in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or significant by their economic status. In the CPR, primarily refer to resources with uncertain fluid properties and sometimes volumes likely to be sub-economical.
"CHA"	Crude Handling Agreement
"CITA"	Companies Income Tax Act
"CP"	Condition Precedent
"CPR"	Competent Person Report
"CUMM"	Cumulative production
"DLD"	Delayed Liquidated Damages
"DRILLEX"	Drilling Expenditure
"DSCR"	Debt Service Coverage Ratio
"ELI"	Energy Link Infrastructure
"EUR"	Expected Ultimate Recovery
"FDP"	Field Development Plan
"FLCR"	Field Life Cover Ratio
"FSO"	Floating Storage and Offloading
"FTO"	Freedom to Operate
"FTSS"	Feet subsea (unit of depth measurement)
"G&A"	General and Administrative
"GDT"	Gas down-to
"GIIP"	Gas initially in place.
"GMOU"	General Memorandum of Understanding
"GOR"	Gas-Oil Ratio
"GR"	Gamma Ray
"GRV"	Gross rock volume
"Gross Reserves"	Reserves before deduction of royalty
"GWC"	Gas water contact
"HDT"	Hydrocarbon down to
"HWC"	Hydrocarbon water contact
"HWU"	Hydraulic Workover Unit
"IFD"	In-Field Dehydration
"ISPO"	Irrevocable Standing Payment Order
"JOA"	Joint Operating Agreement
"JV"	Joint Venture
"kbopd"	Thousand bbl per day
"km"	kilometres
"LLCR"	Loan Life Coverage Ratio
"LLI"	Long Lead Items
"LNG"	Liquefied Natural Gas
"LPG"	Liquid Petroleum Gas
"m"	Meters
"Mbbl"	Thousand barrels
"Mboepd"	Thousand boe per day
"Mbopd"	Thousand barrel of oil per day
"MMbbl"	Million barrels
"MMboe"	Million barrel of oil equivalent
"MMscf/d"	Million standard cubic feet per day
"MMstb"	Million stock tank barrels
"NAG"	Non-associated gas
"NCTL"	Nembe Creek Trunk Line
"NGC"	National Gas Company

“Net reserves”	Portion of the gross reserves attributable to San Leon's working interests after deducting royalties and interests owned by others
“NFA”	No Further Activities
“NTG”	Net to gross
“NPV”	Net present value
“OML”	Oil Mining Lease
“OPEX”	Operating Expenditure
“PDP”	Proved Developed Producing
“PDNP”	Proved Developed Non-Producing
“Proved reserves”	Reserves that have a ‘reasonable certainty’ of being recovered
“Probable reserves”	Reserves that are defined as ‘less likely’ to be recovered than proved, but more certain to be recovered than possible reserves
“Possible reserves”	Reserves that analysis of geological and engineering data suggests are less likely to be recoverable than probable reserves
“Prospective Resources”	Resources that are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of discovery and a chance of development. Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity
“PPT”	Petroleum Production Tax
“PUD”	Proved Undeveloped
“P_{sat}”	Saturation pressure
“ODT”	Oil down-to
“OWC”	Oil water contact
“rb”	Reservoir barrels
“RBL”	Reserve Based Lending
“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 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.
“Resources”	All quantities of petroleum naturally occurring on or within the earth's crust, discovered and undiscovered (recoverable and unrecoverable), plus those quantities already produced. Further, it includes all types of petroleum whether currently considered “conventional” or “unconventional”
“Undeveloped Resources”	Reserves that are quantities expected to be recovered through future investments
“STOIIP”	Stock tank original oil in place
“stb”	Stock tank barrels
“Tcf”	Trillion cubic feet
“TR”	Technical Recovery
“VSP”	Vertical Seismic Profile
“WUT”	Water Up-to (Shallowest water depth observed in a particular reservoir or compartment based on well log interpretation)

PART 8

FINANCIAL INFORMATION

Part 8A

Historical financial information on the Company

The Company has published its audited annual report and accounts for the three years ended 31 December 2021 (the “Annual Reports”).

Pursuant to Rule 26 of the AIM Rules for Companies, the Annual Reports are available free of charge from the Company's website at: <https://www.sanleonenergy.com/investors/reports-notice-shareholder-documents/annual-and-interim-reports/> and also from the Company's offices at 2 Shelbourne Buildings, Crampton Avenue, Shelbourne Road, Ballsbridge, Dublin 4, Ireland up to and including the date of Re-Admission and therefore have not been reproduced in this Document, instead being incorporated by reference.

The Accounts were prepared in accordance with IFRS and include, on the pages specified below, the following information:

Information incorporated by reference into this Document	Page number in reference document
Annual Report 2021	
Independent Auditor's report to the members of San Leon Energy plc	46 to 51
Consolidated income statement for the year ended 31 December 2021	52
Consolidated statement of other comprehensive income for the year ended 31 December 2021	53
Consolidated statement of changes in equity for the year ended 31 December 2021	54
Consolidated statement of financial position as at 31 December 2021	56
Consolidated statement of cash flows for the year ended 31 December 2021	57
Notes to the financial statements for the year ended 31 December 2021	58 to 107
Annual Report 2020	
Independent Auditor's report to the members of San Leon Energy plc	46 to 51
Consolidated income statement for the year ended 31 December 2020	52
Consolidated statement of other comprehensive income for the year ended 31 December 2020	53
Consolidated statement of changes in equity for the year ended 31 December 2020	55
Consolidated statement of financial position as at 31 December 2020	58
Consolidated statement of cash flows for the year ended 31 December 2020	60
Notes to the financial statements for the year ended 31 December 2020	62 to 118
Annual Report 2019	
Independent Auditor's report to the members of San Leon Energy plc	46 to 51
Consolidated income statement for the year ended 31 December 2019	52
Consolidated statement of other comprehensive income for the year ended 31 December 2019	53
Consolidated statement of changes in equity for the year ended 31 December 2019	55
Consolidated statement of financial position as at 31 December 2019	58
Consolidated statement of cash flows for the year ended 31 December 2019	60
Notes to the financial statements for the year ended 31 December 2019	62 to 120

Shareholders or other recipients of this Document may request a copy of the above information from the Company Secretary of the Company.

In accordance with rule 28 of the AIM Rules for Companies, this Document does not contain historical financial information on the Group which would otherwise be required by Section 18 of Annex 1 of the Prospectus Regulation Rules.

There is no other information incorporated in this Document by reference.

Part 8B

Accountants' report

Historical financial information on MLPL

MIDWESTERN LEON PETROLEUM (MLPL) GROUP HISTORICAL FINANCIAL INFORMATION

The following Part 8B contains the historical financial information on the MLPL, its subsidiaries and equity accounted joint venture (together MLPL Group).

The historical financial information of the MLPL Group presented in this Document reflects the historic ownership of the Group.

The financial information has been prepared under IFRS as adopted by the European Union.

The following historical financial information of the MLPL Group is presented in this Document:

- Section A: Historical financial information of the MLPL Group for the financial years ended 31 December 2021, 31 December 2020 and 31 December 2019;
- Section B: Reporting Accountants' report on the historical financial information of the MLPL Group

**Section A: Historical financial information of the MLPL Group for financial years ended
31 December 2021, 31 December 2020 and 31 December 2019**

Midwestern Leon Petroleum Limited

Financial Information for the three years ended 31 December 2021

Statement of profit or loss and other comprehensive income

	Notes	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Revenue from contracts with customers		—	—	—
Cost of sales		—	—	—
Gross profit		—	—	—
Administrative expenses	5	(6,400)	(9,703)	(2,110)
Share of profit/(loss) of equity accounted investments	8b	43,961	12,170	(8,343)
Other income	6	250	—	994
Profit/(loss) from operating activities		37,811	2,467	(9,459)
Finance income	7	28,385	25,886	23,881
Finance expense	7	(20,375)	(22,578)	(29,391)
Expected credit gains/(losses)		1,180	(317)	(113)
Profit/(loss) before income tax		47,001	5,458	(15,082)
Income tax	12	(9,969)	(7,898)	(7,953)
Profit/(loss) after tax		37,032	(2,440)	(23,035)
Profit/(loss) attributable to:				
– Owners of the parent		37,032	(2,440)	(23,035)
		37,032	(2,440)	(23,035)
Other comprehensive income				
Total comprehensive profit/(loss) for the period		37,032	(2,440)	(23,035)
Total comprehensive profit/(loss) attributable to:				
– Owners of the parent		37,032	(2,440)	(23,035)
		37,032	(2,440)	(23,035)

Statement of financial information

		31 December 2021 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
	Notes			
ASSETS				
Non-current assets				
Equity accounted investments	8	240,691	196,730	184,560
Other receivables	9	316,252	286,687	261,254
Deferred tax asset	12b	1,864	2,218	2,082
Total non-current assets		558,807	485,635	447,896
Current assets				
Other receivables	9	—	—	1,188
Total current assets		—	—	1,188
Total assets		558,807	485,635	449,084
LIABILITIES				
Current liabilities				
Borrowings from related party	10	99,251	87,436	118,746
Other payables	11	22,147	15,787	7,383
Other amounts owed to related parties	11	239,919	231,569	177,570
Current tax liabilities	12	50,905	41,290	33,392
Total liabilities		412,222	376,082	337,091
EQUITY				
Share capital	14	8	8	8
Other reserves	15	145,491	145,491	145,491
Retained earnings/accumulated deficit		1,086	(35,946)	(33,506)
Capital and reserves attributable to owners of Midwestern Leon Petroleum Limited		146,585	109,553	111,993
Total equity		146,585	109,553	111,993
Total equity and liabilities		558,807	485,635	449,084

Statement of changes in equity

	Attributable to equity holders of the parent			
	Share capital \$'000	Other reserves \$'000	Accumulated deficit \$'000	Total equity \$'000
As at 1 January 2019	8	145,491	(10,471)	135,028
Loss for the year	—	—	(23,035)	(23,035)
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	(23,035)	(23,035)
Balance at 31 December 2019	8	145,491	(33,506)	111,993
As at 1 January 2020	8	145,491	(33,506)	111,993
Loss for the year	—	—	(2,440)	(2,440)
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	(2,440)	(2,440)
Balance at 31 December 2020	8	145,491	(35,946)	109,553
As at 1 January 2021	8	145,491	(35,946)	109,553
Profit for the year	—	—	37,032	37,032
Other comprehensive income	—	—	—	—
Total comprehensive income	8	145,491	1,086	146,585
Balance at 31 December 2021	8	145,491	1,086	146,585

Notes to the financial information for the three years ended 31 December 2021

1 General information

This is the financial information of Midwestern Leon Petroleum Limited ("the Company") and its subsidiary, Martwestern Energy Limited (hereafter referred to as "the Group"). Midwestern Leon Petroleum Limited is owned by Midwestern Oil and Gas Company Limited (60%) and San Leon Energy Nigeria B.V (40%). The Company was incorporated in Mauritius on 1 July, 2011 under the Companies Act as Kyteo Resources Ltd. On 22 March 2016, it changed its name from Kyteo Resources Ltd and was incorporated as Midwestern Leon Petroleum Limited.

The Company's registered address is:

c/o Trident Trust Company (Mauritius) Limited
5th Floor, BarklyWharf
Le Caudan Waterfront, Port Louis
Republic of Mauritius

The Company's main purpose is the holding of the combined OML 18 interest of both Midwestern Oil and Gas Company Limited and San Leon Energy plc (SLE). SLE holds its interest through its wholly-owned subsidiary San Leon Energy Nigeria B.V. Midwestern Oil and Gas Company Limited, San Leon Energy Nigeria B.V., and Midwestern Leon Petroleum Limited entered into a shareholders agreement relating to the Company, dated 22 March 2016. This agreement governs the relationship between all parties, and regulates their rights and obligations with respect to the Company.

The objectives of the Company are to carry on and develop the business of exploration, production, marketing and sale of hydrocarbons derived from oil mining leases and other incidental services, in accordance with an agreed business plan, and to maximise the value of the Company, its subsidiary and Eroton in relation to OML 18 and any other oil mining lease.

The Company has 99.99999% holding in Martwestern Energy Limited.

On 30 September 2016, Midwestern Leon Petroleum Limited transferred 1 share in Marwestern to a director, Charles Odita.

Martwestern is a holding company that holds 50% of the interests (98% economic interest) in a joint venture entity involved in upstream oil and gas operations, Eroton. Eroton owns a 27% interest in OML 18. The other 50% (2% economic interest) of Eroton is held by Bilton Energy Limited, an indigenous company whose entry costs into OML 18 were carried by Martwestern.

Going concern

Whilst the MLPL Group made a profit after tax of \$37.0 million (December 31, 2020: net loss \$2.4 million), its net current liabilities stood at \$412.2 million (December 31 2020: \$376.0 million).

This performance reflects the difficulties encountered by Eroton Exploration and Production Company ('Eroton') as the MLPL Group is dependent on dividends paid by Eroton and Eroton had pipeline vandalism in 2021 resulting in production volume losses in 2021. This was immediately after the impact of the COVID-19 pandemic and the twin shock that led to an unprecedented slump in prices in 2020. The adverse events stated above indicate that a material uncertainty exists that may cast significant doubt on the MLPL Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Although the underlying Eroton performance and its ability to pay a dividend gives rise to a material uncertainty for the MLPL Group to continue as a going concern, the proposed reorganization of the MLPL Group to consolidate its shareholding to give San Leon Energy Nigeria BV 100% ownership of the MLPL Group will contribute to improve MLPL's financial position. The Midwestern Oil & Gas Company Limited's holding of 60% in MLPL will be transferred to San Leon Energy Nigeria BV in exchange for 344,334,257 shares in San Leon Energy Plc and the cancellation of the loan note owing to San Leon of \$99.3 million and the amount due to Midwestern \$239.9 million as at the reporting period. The resultant outcome of this, would mean the extinguishment of the MLPL Group's current liabilities. A pre-condition to this reorganization is that Eroton completes the purchase of an additional 18% of OML 18 and completes a refinancing with Afreximbank to allow the acquisition. The completion

of the OML 18 transaction is materially uncertain as the Sale and Purchase Agreements are yet to be signed. Furthermore, Eroton expects to increase production significantly and have access to ACOES by the end of 2022, which the Directors believe will allow Eroton to recommence payments to MLPL.

Having taken all the above factors into account, the directors continue to believe it is appropriate to prepare these financial statements on a going concern basis, noting the material uncertainty that exists on the completion of the Potential Transaction and restructuring which may cast significant doubt on the MLPL Group's ability to continue as a going concern. These financial statements do not reflect the adjustments to the carrying value of assets and liabilities or the classifications that would be necessary if the Group were unable to realise its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2 Summary of significant accounting policies

2.1 Introduction to summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.2 Basis of preparation

This historical financial information is prepared in conjunction with the proposed acquisition of the 60% interest in MLPL by San Leon Plc from Midwestern and readmission of San Leon Energy to AIM upon completion of the transaction. This consolidated financial information has been prepared in accordance with the requirements of AIM rules for companies and in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). The financial information relating to MLPL has been prepared in a form that is consistent with the accounting policies adopted by SLE's latest annual accounts.

The financial information comprises the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity and the notes to the financial information.

The financial information has been prepared in accordance with the going concern principle under the historical cost concept. All values are rounded to the nearest thousand, except when otherwise indicated. The functional currency for the Company and its subsidiaries is US Dollars and the presentation currency used for this Historical Financial Information is US Dollars.

The preparation of financial information in conformity with IFRS requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial information, are disclosed in Note 4.

(a) New standards, amendments and interpretations

The following standards and amendments are effective for the first time for their annual reporting period commencing 1 January 2021:

a. Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

In August 2020, the IASB made amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 to address the issues that arise during the reform of an interest rate benchmark rate, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide the following reliefs:

- When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes, that are necessary as a direct consequence of IBOR reform and which are considered economically equivalent, will not result in an immediate gain or loss in the income statement.

- The hedge accounting reliefs will allow most IAS 39 or IFRS 9 hedge relationships that are directly affected by IBOR reform to continue. However, additional ineffectiveness might need to be recorded.

These amendments had no impact on the financial information of the Group as at each reporting date.

The Group has applied the following other standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- Amendments to references to Conceptual Framework in IFRS Standards
- Amendments to IAS1 and IAS8 – Definition of Material
- Amendments to IFRS 3 – Definitions of a Business
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

The following standards and amendments are effective for the first time for their annual reporting period commencing 1 January 2019:

- IFRS 16 Leases
- Amendments to IFRS 9 Prepayment features with negative compensation
- Amendments to IAS 23 Borrowing costs
- Amendments to IFRS 11 Joint arrangements
- Amendments to IAS 19 Employee benefit
- Amendments to IAS 12 Income taxes
- IFRIC 23 Uncertainty over income tax treatment
- Amendments to IAS 28 Investments in associates and joint ventures

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

(b) New standards, amendments and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting period and have not been early adopted by the group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.3 Foreign currency translation

a) Functional and presentation currency

Items included in the financial information of the Group are measured using the currency of the primary economic environment in which the entities operate ('the functional currency'). The functional currency for the Group is US Dollars and the presentation currency used for this HFI is US Dollars.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the functional currency are recognized in profit or loss within other (loss)/income. Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

2.4 Share capital and other reserves

The Group has only one class of shares; ordinary shares. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Other reserves is a non-distributable reserve arising on the contribution of additional capital to the Group, by the shareholders of the Group.

2.5 Borrowings

Borrowings are recognized initially at fair value, as the proceeds received, net of any transaction cost incurred. Borrowings are subsequently recorded at amortized cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted in profit or loss using the effective interest method and are added to the carrying amount of the instrument to the extent they are not settled in the period in which they arise.

2.6 Interest income

For all financial instruments measured at amortized cost and interest-bearing financial assets, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

2.7 Financial Instruments

(b) Classification and measurement

i) Financial assets

It is the Group policy to initially recognise financial assets at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss which are expensed in profit or loss. The Group does not have any financial assets measured at fair value through profit or loss.

Classification and subsequent measurement is dependent on the Group's business model for managing the asset and the cash flow characteristics of the asset. On this basis, the Group may classify its financial instruments at amortised cost, fair value through profit or loss and at fair value through other comprehensive income.

All the Group's financial assets as at 31 December 2021, 31 December 2020 and 31 December 2019 satisfy the conditions for classification at amortised cost under IFRS 9.

Interest income from these assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in finance income/cost.

ii) Financial liabilities

Financial liabilities of the Group are classified and measured at fair value on initial recognition and subsequently at amortised cost net of directly attributable transaction costs, using the effective interest rate method.

(c) Impairment of financial assets

Recognition of impairment provisions under IFRS 9 is based on the expected credit loss (ECL) model. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

Expected credit losses are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk relative to initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Significant increase in credit risk

The Group considers the probability of default upon initial recognition of an asset and assesses whether there has been a significant increase in credit risk at each reporting date, relative to initial recognition. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable information. Especially the following indicators have been considered:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the expected performance and behaviour of the debtor, including changes in expected payment source of the debtor and changes in the operating results of the debtor.

(d) Derecognition

i) Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and the transfer qualifies for derecognition. Gains or losses on derecognition of financial assets are recognised as other income or loss in the statement of profit or loss and other comprehensive income.

ii) Financial liabilities

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised immediately in the statement of profit or loss.

(e) Fair value of financial instruments

On initial recognition, the fair value of the Group's financial instruments is determined by reference to the transaction price – i.e., the fair value of the consideration given or received. This is considered to be the best evidence of the fair value'.

2.8 Consolidation

i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

ii) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group only has joint ventures.

Joint ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

iii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group. The carrying amount of the equity-accounted investment is reviewed at each reporting date and, if there is any indication that the asset may be impaired, its recoverable amount is estimated. The recoverable amount is the higher of its fair value less costs to sell and its value in use.

Estimates of impairment are limited to an assessment by the Directors of any events or changes in circumstance that would indicate that the carrying amount of the asset may not be recoverable. Any impairment loss arising from the review is recognised in profit or loss to the extent the carrying amount of the asset exceeds its recoverable amount.

2.9 Current and deferred income tax

Income tax expense is the aggregate of the charge to the income statement in respect of current and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the relevant tax legislation. Education tax is provided at 2% of assessable profits.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Current and deferred income tax is determined using tax rates and laws enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax liability is settled/realized. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Unrecognised deferred tax assets are reassessed as each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance.

The Group has a risk management function that manages the financial risks relating to the Group's operations under the policies approved by the Board of Directors. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

3.1.1 Market risk

(i) Foreign exchange risk

'Foreign exchange risk arises when future commercial transactions and recorded assets and liabilities are denominated in a currency that is not the entity's functional currency e.g. foreign currency denominated receivables and payables etc. The Group is not significantly exposed to this risk as a significant portion of its transactions are denominated in its functional currency.

(ii) Price risk

The Group is exposed to commodity price risk – crude oil prices. The demand for, and price of crude oil is dependent on supply and demand, actions of governments and general global economic and political developments.

(iii) *Cashflow and fair value interest rate risk*

The Group was not exposed to cash flow and fair value interest rate risk in any years presented in this HFI.

3.1.2 **Credit risk**

The Group takes on exposure to credit risk, which is the risk that one party will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from other receivables. The carrying amount of financial assets represents the maximum credit exposure.

Concentration of risks of financial assets with credit risk exposure

Geographical sectors

All credit risk exposures (without taking into account any collateral held or other credit support) are maintained both within and outside Nigeria. An analysis of concentrations of credit risk at 31 December 2021, 31 December 2020 and 31 December 2019 is set out below:

	Other receivables \$'000
31-Dec-21	
Nigeria	316,249
Netherlands	3
	316,252
	Other receivables \$'000
31-Dec-20	
Nigeria	286,684
Netherlands	3
	286,687
	Group Other receivables \$'000
31-Dec-19	
Nigeria	262,439
Netherlands	3
	262,442

The following table provides information about the exposure to credit risk and expected credit losses on the company's financial assets:

	31 December 2021 \$'000	31 December 2019 \$'000	31 December 2018 \$'000
Counterparties without external credit ratings			
Gross carrying amount	322,469	294,084	268,198
Loss allowance	(6,217)	(7,397)	(6,944)
Carrying amount	316,252	286,687	262,442

3.1.3 Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligation as they fall due or will have to meet the obligations at excessive costs. This risk could arise from mismatches in the timing of cash flows. In extreme circumstances, lack of liquidity could result in reductions in the statement of financial position and sales of assets, or potentially an inability to fulfil lending commitments.

Management of liquidity risk

The Group's liquidity management process ensures that the following are carried out:

- (a) Active monitoring of the timing of cash flows and maturity profiles of assets and liabilities to ensure mismatches are within stipulated limits.
- (b) Managing the concentration and profile of debt maturities.
- (c) Monitoring liquidity ratios, maturity mismatches, behavioural characteristics of the Group's financial assets and financial liabilities, and the extent to which the Group's assets are encumbered and so not available as potential collateral for obtaining funding.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Liquidity analysis

The table below analyses financial liabilities of the Group into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. The table includes both principal and interest cash flows.

	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000
At 31 December 2021				
Other payables	22,147	—	—	—
Amounts owed to related parties	239,919	—	—	—
Borrowings from related party	99,251	—	—	—
	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000
At 31 December 2020				
Other payables	15,787	—	—	—
Amounts owed to related parties	231,569	—	—	—
Borrowings from related party	87,436	—	—	—
	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000
At 31 December 2019				
Other payables	7,883	—	—	—
Amounts owed to related parties	177,570	—	—	—
Borrowings from related party	118,746	—	—	—

3.2 Fair value of financial assets and liabilities

The Group considers relevant and observable market prices in its valuations where possible. The Group has no financial instruments subsequently measured at fair value. The fair values of financial assets and liabilities approximate their carrying amounts shown in the statement of financial position.

3.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may issue new capital or sell assets to reduce debt.

The Group monitors the gearing ratio, that is, the ratio of net debt to net debt plus equity, and reports to the Board on a quarterly basis to monitor and support the key objectives set out above. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt. Accordingly, in situations where these ratios are not met, the Group takes immediate steps to redress the potential negative impact on its financial performance.

	Group 31 December 2021 \$'000	Group 31 December 2020 \$'000	Company 31 December 2019 \$'000
Total borrowings	99,251	87,436	118,746
Less cash and cash equivalents	—	—	—
Net debt	99,251	87,436	118,746
Total equity	146,585	109,553	111,993
Total capital	245,836	196,989	230,739
Gearing ratio	40%	44%	51%

4 Uses of estimates and judgements

The preparation of financial information, in conformity with IFRS, requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Estimates and underlying assumptions are reviewed on an on-going basis, revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In particular, significant areas of estimation uncertainty and critical judgements used in applying accounting policies that have the most significant effect on the amounts recognised in the HFI include:

Judgements

- Going concern (Note 1)
- Recoverability of equity accounted investments (Note 8)
- Recoverability of other receivables (Note 9)

Estimates

- Impairment of other receivables (Note 9)
- Recognition of income taxes (current and deferred tax) (Note 12)

5 General and administrative expenses

	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Audit fees	100	100	110
Penalties and fines*	6,300	8,415	2,000
Bad debt written off	—	1,188	—
	<u>6,400</u>	<u>9,703</u>	<u>2,110</u>

* Penalties and fines relate to late filing of tax returns

All expenses of MLPL are settled on its behalf by its shareholders through intercompany arrangements.

6 Other income

	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Profit share of Bilton's available funds	—	—	994
Other income from related parties	250	—	—
	<u>250</u>	<u>—</u>	<u>994</u>

7 Finance income and costs

	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Finance income (Note 9)	<u>28,385</u>	<u>25,886</u>	<u>23,881</u>
Finance costs			
Interest expense on borrowings (Note 10)	13,965	15,189	20,095
Guarantee expense	6,410	7,389	9,296
Total finance costs	<u>20,375</u>	<u>22,578</u>	<u>29,391</u>
Net finance costs	<u>(8,010)</u>	<u>(3,308)</u>	<u>5,510</u>

In line with the shareholders' agreement among Midwestern Oil and Gas Company Limited, San Leon Energy Nigeria B.V. and Midwestern Leon Petroleum Limited, Midwestern Oil and Gas Company Limited will be entitled to receive a guarantee fee from the Company in the amount of 7% of the Loan Amount outstanding.

8 Equity accounted investment

	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
As at 1 January	196,730	184,560	199,113
Share of profit/(loss) of Eroton (Note 8b)	43,961	12,170	(8,343)
Dividend	—	—	(6,210)
As at 31 December 2020 (Note 8c)	<u>240,691</u>	<u>196,730</u>	<u>184,560</u>

The Company's subsidiary, Martwestern Energy Limited (Martwestern), has 50% shareholding of Eroton Exploration and Production Company Limited (Eroton). Eroton has share capital consisting solely of ordinary shares held by the Company and Bilton Energy Limited. Martwestern's investment in Eroton of \$240.7 million (2020: \$196.7 million; 2019: \$184.6 million) is made up principally of the cost of 50% investment in Eroton plus the share of profit/(loss).

Nature of investment

Name of entity	Place of business/country of incorporation	% Ownership interest	Measurement method
Eroton Exploration and Production Company Limited	Nigeria	50%	Equity

Eroton is principally engaged in oil and gas exploration and production. Eroton is a private company and there is no quoted market price available for its shares.

The Company identified potential impairment indicators, including reported operating losses by Eroton in 2019 – 2021. To test for a potential impairment, the carrying value of the equity interest in Eroton was compared against the fair value less cost of sale. This was estimated using a discounted cash flow model of the expected future cash flows from MLPL's share of the underlying OML 18 asset. Future cash flows of OML 18 were estimated using the following price assumptions of US\$57/bbl in 2022, 2023 and 2024 and a subsequent long-term price US\$62/bbl escalated at 2% annually, with the cash flows discounted using a post-tax discount rate of 10%. Assumptions involved in the impairment assessment include estimates of commercial reserves, production rates, future oil prices, discount rates and operating and capital expenditure profiles, all of which are inherently uncertain. This analysis identified that the carrying value of the equity interest in Eroton is not impaired.

If the recoverable amount was estimated taking into account a reduction in the oil price of 30% over the same period and an increase in the discount rate to 25%, then the carrying value of the equity interest in Eroton would still not be impaired.

The Directors recognize that the future realisation of the equity accounted investment is dependent on future successful exploration and appraisal activities and subsequent production of oil and gas reserves.

8b Summarised financial information for Eroton

The tables below provide summarised financial information for Eroton Exploration and Production Company Limited which is accounted for using the equity method.

	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Summarised statement of financial position			
Cash and cash equivalents	26,563	31,640	71,214
Other current assets	231,508	176,836	169,864
Non-current assets	1,197,630	1,055,809	845,867
Current financial liabilities excluding trade and other payables	(221,208)	(127,229)	(97,690)
Other current liabilities	(432,332)	(395,449)	(312,273)
Non-current liabilities	(320,180)	(348,148)	(307,862)
Net assets	481,381	393,459	369,120

	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Summarised statement of comprehensive income			
Revenue	83,191	38,413	293,334
Depreciation and amortization	(43,145)	(36,654)	(38,207)
Other cost of sales/operating expenses	(85,280)	(73,652)	(209,289)
(Impairment losses)/reversals of impairment losses/ on financial assets	(3,112)	(86,320)	1,630
Other (expenses)/income	(2,776)	7,583	(21,831)
Finance income	49	571	928
Finance cost	(45,796)	(45,331)	(46,608)
Income tax credit	184,791	219,729	3,357
Profit/(loss) from continuing operations	87,922	24,339	(16,686)
Other comprehensive income:	—	—	—
Total comprehensive income/(loss)	87,922	24,339	(16,686)
50% Martwestern share	43,961	12,170	(8,343)

The significant operating losses in 2020 and 2021 are considered to not be recurring as they were due to the twin shock (depressed demand due to the COVID 19 pandemic and supply glut due to OPEC+ group's initial failure to cut output) leading to unprecedented slump in prices and the loss of crude production largely due to pipeline vandalism in 2021. Prices are currently rising and management has made alternative crude transportation arrangements to mitigate the risk of loss of crude production. Hence, management believes the company will make future taxable profits to be able to recover the recognised deferred tax assets. For the year ended 31 December 2019, the company had an unrecognized deferred tax asset of \$154 million, which has subsequently been recognised in the year ended 31 December 2020.

8c Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in Eroton.

	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Summarised financial information			
As at 1 January	393,459	369,120	398,226
Impact of dividend paid	—	—	(12,420)
Profit/(loss) for the period	87,922	24,339	(16,686)
As at 31 December	481,381	393,459	369,120
Interest in Eroton	240,691	196,730	184,560
Carrying value	240,691	196,730	184,560

9 Other receivables

	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Receivable from Midwestern Oil and Gas Company Limited – Issue of shares	8	8	8
Receivable from San Leon Energy Nigeria B.V. – Issue of shares	3	3	3
WHT receivable on dividend	—	—	1,188
Receivable from Bilton Energy*	316,241	286,676	261,243
	<u>316,252</u>	<u>286,687</u>	<u>262,442</u>

* Receivable relates to payment made by Martwestern Energy Limited (subsidiary) on behalf of Bilton Energy as its share of investment in Eroton. In line with the Financial Services agreement. Between martwestern Energy Limited (subsidiary) and Bilton, an interest of 9.25% per annum will be accrued on the receivable amount until full repayment.

* Martwestern will recover the amounts paid on behalf of Bilton by way of its claim over 96% of Bilton's allocated dividend arising from Bilton's 50% shareholding in Eroton in any financial year. Interest for 2021 computed on the amount outstanding (based on 9.25% interest rate) is \$28.4m (2020:\$25.9m; 2019:\$23.9m) and has been recognised as finance income in profit or loss.

See summary below for movement during the financial years under review.

Receivable from Bilton Energy

	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
As at 1 January	294,073	268,187	249,522
Interest accrued for the year	28,385	25,886	23,881
Allocation of dividend	—	—	(5,216)
Gross carrying amount	322,458	294,073	268,187
Impairment loss	(6,217)	(7,397)	(6,944)
As at 31 December	<u>316,241</u>	<u>286,676</u>	<u>261,243</u>

The recovery of the receivable from Bilton is dependent on future successful exploration and appraisal activities and subsequent production of oil and gas reserves. Based on estimates of the expected future cash flows from the underlying OML 18 asset, the receivable from Bilton is expected to be fully recovered over the estimated useful life of the wells. The dividend cash flows due to Bilton will be paid directly from Eroton to Martwestern based on the contractual agreement, however, the exact timing of the dividend cashflows are not defined.

In calculating the expected credit loss on this receivable, the Company has applied the 3-stage general model. Due to the absence of entity specific data to model the default experience on the receivable from Bilton Energy Limited, the Group has leveraged on external proxy data from the 2021 Annual Global Corporate Default And Rating Transition Study from S&P Global for the estimation of probability of default (PD).

The probability of default was estimated using the default rates for a credit rating of 'B-' (credit rating for Nigeria).

The Loss Given default (LGD) was estimated using the Moody's average debt recovery rates for emerging economies adjusted with the federal reserve formulae to reflect downturn LGD.

In addition, management has reviewed the counterparty credit risk associated with measurement of the expected credit loss and has evaluated that the credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition. Therefore the receivable is classified as Stage 1 and 12-month expected credit loss recognised.

Historical and future macroeconomic information on variables such as crude oil price and inflation rate have been incorporated in the ECL calculations. Reasonable statistical processes have been performed to develop scalars across different scenarios which have been applied in the ECL calculations.

	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Current	—	—	1,188
Non-current	316,241	286,687	261,254
	<u>316,241</u>	<u>286,687</u>	<u>262,442</u>

10 Borrowings from related party

	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Non-current			
Loan note	—	—	—
Current			
Loan note	99,251	87,436	118,746
	<u>99,251</u>	<u>87,436</u>	<u>118,746</u>

The loan note is guaranteed by Midwestern Oil and Gas Company Limited and Mart Resources Limited. It is intended SLE will recover the loan through dividends from the Martwestern stake in Eroton.

On 06 April 2020 SLE (as noteholders) and MLPL agreed to a second amendment to the Loan Note Agreement whereby the final maturity date was extended to Dec 31, 2021. In 2022 SLE agreed to loan note waivers that have extended the due date to the completion of the Potential Transaction with Midwestern Oil and Gas Company Limited.

Reconciliation of loan note

	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
As at 1 January	87,436	118,746	141,898
Add: interest costs	13,965	15,189	20,095
Less: interest repayments	(2,150)	(15,189)	(20,095)
Less: principal repayments	—	(31,310)	(23,152)
As at 31 December	<u>99,251</u>	<u>87,436</u>	<u>118,746</u>

The interest and principal repayments for 2021, 2020, and part of the interest and principal repayments for 2019 were made by Midwestern Oil and Gas Company Limited based on the loan guarantee (see note 16 a(iii)). Payments made by Midwestern oil and Gas Company Limited were in its capacity as the guarantor.

11 Other payables

	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Audit fees – Midwestern Leon Petroleum Limited	160	80	90
Audit fees – Martwestern Energy Limited	40	20	20
Accrual for penalties and fines	21,967	15,687	7,273
Other payables	22,167	15,787	7,383
Due to related parties (Notes 16(b)(i), 16(b)(iii))	239,919	231,569	177,570
	<u>262,066</u>	<u>247,356</u>	<u>184,953</u>

12 Current tax liabilities

	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Company income tax	8,875	7,540	7,505
Education tax	740	494	496
Deferred tax	354	(136)	(48)
Income tax expense	<u>9,969</u>	<u>7,898</u>	<u>7,953</u>
The movement in the tax liability is as follows:			
As at 1 January	41,290	33,392	24,439
Tax charge	9,969	7,898	7,953
As at 31 December	<u>50,380</u>	<u>41,290</u>	<u>33,392</u>
Reconciliation of effective tax rate			
Profit/(loss) before tax	47,001	5,458	(15,082)
Income tax using the domestic tax rate (30%)	14,100	1,637	(4,525)
Education tax (2%)	740	494	496
Non-deductible expenses	1,890	9,661	13,986
Tax exempt income	(6,761)	(3,894)	(2,004)
Total income tax expense in the income statement	<u>9,969</u>	<u>7,898</u>	<u>7,953</u>

12b Deferred income tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Deferred tax assets			
1 January	2,218	2,082	2,034
Deferred tax impact of ECL	(354)	136	48
As at 31 December	<u>1,864</u>	<u>2,218</u>	<u>2,082</u>
The analysis of deferred tax asset is as follows:			
Current deferred tax asset	—	—	—
Deferred tax assets to be recovered after more than 12 months	1,864	2,218	2,082
Net deferred tax asset	<u>1,864</u>	<u>2,218</u>	<u>2,082</u>

The deferred tax asset recognized by the Group is dependent on the availability of taxable profit in the foreseeable future to utilize the deferred tax. The Group reviews the carrying amount of the deferred tax at the end of each reporting period and recognizes an amount such that it is probable that sufficient taxable profit will be available which the Group can use the benefit therefrom.

In determining the deferred tax asset recognized in the financial information, the Group has applied judgement in estimating the deferred tax recoverable in the foreseeable future. This involves the estimation of future income and expenses, and the consideration of non-taxable income and disallowable expenses in order to arrive at the future taxable profit/loss. The future cash flows used by management to assess whether the Group will be able to generate enough taxable economic earnings form part of management assumptions.

Taxes are paid by company under a number of different regulations and laws, which are subject to varying interpretations. In this environment, it is possible for the tax authorities to review transactions and activities that have not been reviewed in the past and scrutinize these in greater detail, with additional taxes being assessed based on new interpretations of the applicable tax law and regulations.

Accordingly, management's interpretation of the applicable tax law and regulations as applied to the transactions and activities of the company may be challenged by the relevant taxation authorities. The company's management believes that its interpretation of the relevant tax law and regulations is appropriate and that the tax position included in this financial information will be sustained.

13 Reconciliation of non-cash transactions

Midwestern Leon Petroleum Limited does not have a bank account and all expenses are settled on its behalf by its shareholders through intercompany arrangements. Therefore, no statement of cash flows has been presented in the historical financial information, however a reconciliation of the operating non-cash transactions is provided below.

	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Profit/(loss) before tax Adjustments for:	47,001	5,458	(15,082)
Finance cost	20,375	22,578	29,391
Finance income	(28,385)	(25,886)	(23,881)
Expected credit gains/(losses)	(1,180)	317	113
Other income	(250)	—	(994)
Bad debt written off	—	1,188	—
Share of (profit)/loss of equity accounted investments	(43,961)	(12,170)	8,343
Operating cash outflows before movement in working capital	(6,400)	(8,515)	(2,110)
Changes in working capital:			
Increases in other payables	6,400	8,515	2,110
	—	—	—

14 Share capital

	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Authorized			
11,223 ordinary shares of 1 dollar each	11	11	11
Issued but not fully paid			
8,261 ordinary shares of 1 dollar each	8	8	8

15 Other reserves

This is a non-distributable reserve which relates to Midwestern Oil and Gas Company Limited's transfer of Martwestern Energy Limited as part of the acquisition by Midwestern Leon Petroleum Limited.

	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Other reserves	145,491	145,491	145,491

16 Related party transactions and balances

The Company is owned by Midwestern Oil and Gas Company Limited (60%) and San Leon Energy Nigeria B.V. (40%).

(a) Transactions with related parties

The following transactions were carried out with related parties during the year:

(i) Interest on loan note

	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
San Leon Energy plc	13,965	15,189	20,095

This relates to the interest on the San Leon Loan notes.

(ii) Guarantee expense

	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Midwestern Oil and Gas Company Limited (Note 7)	6,410	7,389	9,296
	6,410	7,389	9,296

(iii) Debt settlement

	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Midwestern Oil and Gas Company Limited	2,150	46,500	32,015

This relates to principal and interest payment on the loan note made by Midwestern Oil and Gas Company Limited to San Leon Energy plc on behalf of Midwestern Leon Petroleum Limited.

(b) Year-end outstanding balances Amounts due to related parties

(i) Midwestern

	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
1 January	231,359	177,470	136,159
Guarantee expense	6,410	7,389	9,296
Debt settlement	2,150	46,500	32,015
31 December	239,919	231,359	177,470

The payable to Midwestern Oil and Gas relates to payments made on behalf of MLPL and an accrual of the debt guarantee expenses. It does not bear interest and is repayable on demand.

(ii) Loan from San Leon Energy plc.

	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
1 January	87,436	118,746	141,898
Interest charged	13,965	15,189	20,095
Principal repayments	—	(31,310)	(23,152)
Interest repayments	(2,150)	(15,189)	(20,095)
End of the year	<u>99,251</u>	<u>87,436</u>	<u>118,746</u>

(iii)

	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Payable to Shareholders	—	210	100
	<u>—</u>	<u>210</u>	<u>100</u>
Amounts due from related parties			
Midwestern Oil and Gas Company Limited	8	8	8
San Leon Energy Nigeria B.V.	3	3	3
	<u>11</u>	<u>11</u>	<u>11</u>

(c) Directors and employees

The Company's related parties also include its directors. The Company had no employees during the year. No director was paid any remuneration by the Company during the year.

17 Contingent liabilities

At the statement of financial position reporting date, there was no pending litigation arising in the ordinary course of business.

18 Commitments

The Group had no capital commitments as at 31 December 2021, 31 December 2020 and 31 December 2019.

19 Events after the reporting period

Oil Prices

Subsequent to year end, the oil price has improved significantly principally due to the invasion by Russia into Ukraine and global supply being affected as a result. It is not possible to predict what the extent of this development is, or for how long it may exist.

Potential transaction

On 24 June 2021 San Leon Energy Plc announced that it was in preliminary discussions about acquiring Midwestern's indirect interests in the OML 18 oil and gas block located onshore in Nigeria. Any transaction would involve San Leon acquiring the outstanding shares not already owned by San Leon in relation to MLPL. To effect the acquisition of the outstanding shares not already owned by San Leon in relation to MLPL, San Leon Plc will issue 344,334,257 shares to Midwestern and the Midwestern loan note (see note 15) will be transferred to San Leon Energy Plc. San Leon is not contemplating acquiring Midwestern. The acquisition by San Leon of the outstanding shares in MLPL not already owned by San Leon would constitute a reverse takeover under rule 14 of the AIM rules for companies. There is no guarantee that the potential transaction will complete and discussions are still ongoing between San Leon and Midwestern.

MLPL Loan note waivers

On 06 April 2020 SLE (as noteholders) and MLPL agreed to a second amendment to the Loan Note Agreement whereby the final maturity date was extended to Dec 31, 2021. The loan notes were not repaid by Dec 31, 2021 as a waiver for the repayment was agreed between San Leon Group Plc and Midwestern Leon Petroleum Limited. The current position is that the waiver has been granted until the completion of the potential transaction.

Section B: Reporting Accountants' report on the historical financial information of the MLPL Group



The Directors (the “**Directors**”)
San Leon Energy Plc
3300 Lake Drive Citywest Business Park
Dublin 24
Ireland

Allenby Capital Limited
5th Floor
5 St. Helen's Place
London
EC3A 6AB

8 July 2022

Dear Ladies and Gentlemen

Midwestern Leon Petroleum Limited (the “Company” and, together with its subsidiary the “Group”)

We report on the financial information of the Group for the years ended 31 December 2021, 31 December 2020 and 31 December 2019 set out in section A of Part 8B of the Admission Document to be dated 8 July 2022 (the “**Admission Document**”) (the “**Group Financial Information Table**”).

This report is required by Schedule Two of the AIM rules for Companies published by the London Stock Exchange plc (the “**AIM Rules**”) and is given for the purpose of complying with that schedule and for no other purpose.

Opinion on financial information

In our opinion, the Group Financial Information Table gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Group as at the dates stated and of its profits/losses, cash flows and statement of changes in equity for the years ended 31 December 2021, 31 December 2020 and 31 December 2019 in accordance with the basis of preparation set out in Note 2 to the Financial Information Table.

Conclusions Relating to Going Concern

We are required to report if we have anything material to add or draw attention to in respect of the Directors' statement in the Group Financial Information Table about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the Group Financial Information Table and the Directors' identification of any material uncertainties to the Group's ability to continue as a going concern over a period of at least twelve months from the date of this Admission Document.

Material Uncertainty Relating to Going Concern

We draw attention to Note 1 in the financial information which indicates that the Group reported a profit after tax of \$37.0 million (December 31, 2020: net loss \$2.4 million) and as of that date, its net current

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liabilities was \$412.2 million (December 31 2020: \$376.0 million). These conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities

The Directors of the Company are responsible for preparing the Group Financial Information Table in accordance with the basis of preparation set out in Note 2 to the MLPL Group Financial Information Table.

It is our responsibility to form an opinion on the Group Financial Information Table and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under paragraph (a) of schedule Two of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for, consenting to its inclusion in Admission Document

Basis of Preparation

The Group Financial Information Table has been prepared for inclusion in the Admission Document of the Company on the basis of the accounting policies set out in note 2 to the Group Financial Information Table.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council ("FRC") in the United Kingdom. We are independent in accordance with the FRC's Ethical Standard as applied to Investment Circular Reporting Engagements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the Group Financial Information Table. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Declaration

For the purposes of item paragraph (a) of Schedule Two of the AIM Rules, we are responsible for this report as part of the Admission Document and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that the report makes no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully,

PricewaterhouseCoopers
Chartered Accountants

Part 8C

Accountants' report

Historical financial information on ELI

ENERGY LINK INFRASTRUCTURE (MALTA) LIMITED (ELI) GROUP HISTORICAL FINANCIAL INFORMATION

The following Part 8C contains the historical financial information on the MLPL Group.

The historical financial information of the ELI Group presented in this Document reflects the historic ownership of the Group.

The financial information has been prepared under IFRS as adopted by the European Union.

The following historical financial information of the ELI Group is presented in this Document:

- Section A: Historical financial information of the ELI Group for the financial years ended 31 December 2021, 31 December 2020 and 31 December 2019;
- Section B: Reporting Accountants' report on the historical financial information of the ELI Group

**Section A: Historical Financial Information of the ELI Group for the financial years ended
31 December 2021, 31 December 2020, 31 December 2019**

**FINANCIAL INFORMATION FOR THE THREE YEARS ENDED 31 DECEMBER 2021
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Notes	2021 USD	2020 USD	2019 USD
Revenue from contracts with customers	3	—	5,684,689	—
Cost of sales		(7,378,215)	(5,321,950)	—
Gross (loss)/profit		(7,378,215)	362,739	—
Administrative expenses		(3,177,180)	(5,063,308)	(3,655,634)
Other income		16,539	254,187	20,004
Loss from operating activities		(10,538,856)	(4,446,382)	(3,635,630)
Finance expense		(15,691)	(7,118)	—
Finance income		60,145	58,097	40,825
Loss before income tax	4	(10,494,402)	(4,395,403)	(3,594,805)
Income tax	5	—	—	—
Loss for the financial year		(10,494,402)	(4,395,403)	(3,594,805)
Other comprehensive income for the year		—	—	—
Total comprehensive loss for the year		(10,494,402)	(4,395,403)	(3,594,805)

FINANCIAL INFORMATION FOR THE THREE YEARS ENDED 31 DECEMBER 2021
STATEMENT OF FINANCIAL INFORMATION

	Notes	2021 USD	2020 USD	2019 USD
ASSETS				
Non-Current Assets				
Assets under construction	6	190,251,489	155,561,997	102,577,420
Plant and equipment	7	329,371	400,447	5,544
Goodwill	8	626,068	626,068	626,068
		191,206,928	156,588,512	103,209,032
Current Assets				
Other financial assets	9	—	—	41,275,685
Receivables	10	649,649	466,261	6,247,190
Cash at bank	15	35,101,857	41,682,857	4,920,852
		35,751,506	42,149,118	52,443,727
Total Assets		226,958,434	198,737,630	155,652,759
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	11	4,573	4,573	4,268
Share premium reserve		14,999,359	14,999,359	14,999,359
Accumulated losses		(20,716,428)	(10,222,026)	(5,826,623)
		(5,712,496)	4,781,906	9,177,004
Liabilities falling due after one year				
Borrowings	12	55,598,720	99,847,948	112,498,720
Lease liability	14	191,667	282,298	—
		55,790,387	100,130,246	112,498,720
Liabilities falling due within one year				
Borrowings	12	61,738,647	37,710,772	27,500,000
Trade and other payables	13	115,057,795	56,046,942	6,477,035
Lease liability	14	84,101	67,764	—
		176,880,543	93,825,478	33,977,035
Total liabilities		232,670,930	193,955,724	146,475,755
Total equity and liabilities		226,958,434	198,737,630	155,652,759

FINANCIAL INFORMATION FOR THE THREE YEARS ENDED 31 DECEMBER 2021
STATEMENT OF CHANGES IN EQUITY

	Share capital USD	Share premium reserve USD	Accumulated losses USD	Total USD
As at 1 January 2019	286	—	(2,231,818)	(2,231,532)
Increase in share capital	3,982	14,999,359	—	15,003,341
Total comprehensive loss for the year	—	—	(3,594,805)	(3,594,805)
As at 31 December 2019	4,268	14,999,359	(5,826,623)	9,177,004
As at 1 January 2020	4,268	14,999,359	(5,826,623)	9,177,004
Increase in share capital	305	—	—	305
Total comprehensive loss for the year	—	—	(4,395,403)	(4,395,403)
As at 31 December 2020	4,573	14,999,359	(10,222,026)	4,781,906
As at 1 January 2021	4,573	14,999,359	(10,222,026)	4,781,906
Increase in share capital	—	—	—	—
Total comprehensive loss for the year	—	—	(10,494,402)	(10,494,402)
As at 31 December 2021	4,573	14,999,359	(20,716,428)	(5,712,496)

FINANCIAL INFORMATION FOR THE THREE YEARS ENDED 31 DECEMBER 2021
STATEMENTS OF CASH FLOWS

	Notes	Group 2021 USD	Group 2020 USD	Group 2019 USD
Cash generated from/(used in) operations	15	49,227,534	43,042,918	(10,268,605)
Cash used in investing activities				
Acquisition of plant and equipment and assets under construction		(34,716,917)	(45,157,424)	(98,545,813)
Proceeds from maturity of/(investment in) financial assets		—	41,275,685	(41,275,685)
Net cash used in investing activities		(34,716,917)	(3,881,739)	(139,821,498)
Cash (used in)/ generated from financing activities				
Issuance of share capital		—	305	15,003,341
Repayment of borrowings		(27,500,000)	(20,625,000)	—
Drawdown of borrowings		7,278,647	18,185,000	139,998,720
Repayments of lease liabilities		(74,294)	(49,914)	—
Interest paid on lease liabilities		(15,868)	(7,118)	—
Net cash (used in)/generated from financing activities		(20,311,515)	(2,496,727)	155,002,061
Movement in cash and cash equivalents before foreign exchange differences		(5,800,898)	36,664,452	4,911,958
Effects of foreign exchange differences on cash and cash equivalents		(780,102)	97,553	(272)
Cash and cash equivalents at the beginning of the year	16	41,682,857	4,920,852	9,166
Cash and cash equivalents at the end of the year	16	35,101,857	41,682,857	4,920,852

NOTES TO THE FINANCIAL INFORMATION FOR THE THREE YEARS ENDED 31 DECEMBER 2021

1. General information

This is the financial information of Energy Link Infrastructure (Malta) Limited. Energy Link Infrastructure (Malta) Limited is owned by Walstrand (Malta) Limited (c.48%), Umughini Petroleum Infrastructure Limited (c.28%), Ocean Pearl Maritime SA (c.14%) and San Leon ELI Limited (c.10%). The Company was incorporated in Malta on September 6, 2017.

The Company's registered address is 260 Triq San Gilbert, Gzira GZR 1150, Malta.

The objectives of the Company are to be the premier crude oil evacuation, storage and terminaling services provider to Oil Producers in the Eastern & Western Delta regions of Nigeria.

Going concern

The Group made a loss after tax of \$10.5 million (2020: \$4.4 million) while its net current liabilities were \$141.1 million (2020: \$51.7 million).

The Directors are expecting the Floating Storage and Offloading ("FSO") to be completed and operational within weeks of signing these financial statements and the Group has some 3rd party injectors who are indicating interest in using the facilities. Therefore, once the FSO is ready, injectors will commence injection of their crude and the Group will start generating revenues:

With regards to financing, the Group has obtained an approval for refinancing its existing debt. The facility agreement of US\$130 million has been signed and the drawdown is expected within one or two months from the signing of these financial statements. The drawdown has a number of conditions which are outside the Group's control, including a first lifting by the offtaker from the FSO and also completion of the Eroton refinancing. As these conditions are outside the Group's control, there is a material uncertainty that these conditions will be met to allow ELI to drawdown its loan and this casts significant doubt on the Group's ability to continue as a going concern.

In addition to the above refinancing, the Group has a commitment from San Leon Energy BV that it will invest a further US\$16 million to bridge a short-term working capital gap and to fund some further capital expenditure. This loan requires San Leon Energy BV to drawdown on an external loan and the timing of this drawdown cannot be certain and gives rise to a further material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and its ability to realise its assets and discharge its liabilities in the normal course of business.

Having taken all the above factors into account, the directors continue to believe it is appropriate to prepare these financial statements on a going concern basis. However, the Directors note that material uncertainties exist on the completion of the Potential Transaction and the restructuring and their impact the availability of the facilities needed by the Group may cast significant doubt on the Group's ability to continue as a going concern. These financial statements do not reflect the adjustments to the carrying value of assets and liabilities or the classifications that would be necessary if the Group were unable to realise its assets and settle its liabilities and continue as a going concern in the normal course of operations. Such adjustments could be material.

2. Principal Accounting Policies

(a) Basis of preparation

This consolidated financial information have been prepared in accordance with the requirements of International Financial Reporting Standards as adopted by the EU ('the applicable framework'), and all references in this financial information to IAS, IFRS, or SIC/IFRIC interpretations refer to those adopted by the EU.

The preparation of consolidated financial information in conformity with IFRSs requires the use of certain accounting estimates. It also requires the directors to exercise their judgement in the process of applying the company's accounting policies.

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonably possible under the circumstances. The directors believe that the accounting estimates and judgements made in the course of preparing this financial information are not difficult, subjective or complex to a degree which would

warrant their description as critical in terms of the requirements of IAS I (revised), except for going concern discussed in note 1 above.

(b) Changes in accounting policies

New and amended standards adopted by the group

Some accounting standards or amendments, which have become effective from 1 January 2021 and have therefore been applied, did not have a significant impact on the Group's financial information.

These were:

- i) Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform – Phase 2
- ii) COVID 19 Rent related concessions and its effect on IFRS 16

The company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- Amendments to References to Conceptual Framework in IFRS Standards
- Amendments to IAS1 and IAS8 – Definition of Material
- Amendments to IFRS3 – Definition of a Business
- Amendments to IFRS9, IAS39 and IFRS7– Interest rate benchmark reform

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

A number of new and revised standards were effective for annual periods beginning on or after 1 January 2019 and 1 January 2020. Amendments to IFRS's that became mandatorily effective in 2019 had no material impact on the group's financial results or position. Accordingly, the group made no changes to their accounting policies in 2019.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the group

Certain new accounting standards and interpretations have been published and have not been early adopted by the Group. These standards are not expected to have a material impact in the current or future reporting periods and on foreseeable future transactions. The main standard that will apply for reporting periods starting after 1 January 2021 is IFRS17 Insurance Contracts. The Group has considered whether there is any information that they should provide in this financial information of its potential impact.

Management anticipates that all relevant pronouncements will be adopted in the group's accounting policies for the first period beginning after the effective date of the pronouncement. No new standards, amendments and interpretations are expected to have a material impact on the group's financial information.

Amendments and interpretations to existing standards that are not yet effective and have been adopted early by the group

Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before intended use

The amendment to IAS 16 Property, Plant and Equipment (PP&E) is effective for annual periods commencing on or after 1 January 2022. The amendment prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset, however, the financial performance of the asset is not relevant to this assessment. The amendment also requires separate disclosure of the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. The Group has early-adopted this amendment and has presented the proceeds and costs incurred on the Floating and Storage Vessel (FSO) under construction separately in the income statement as revenue and cost of sales respectively (note 3).

(c) Change in reporting currency

By resolution dated 2 September 2019, the board and shareholders agreed that the denomination of the issued share capital is converted from Euro to United States Dollars with effect from 1 January 2019. The functional and presentation currency of the parent company was also changed from Euro to United States Dollars with effect from 1 January 2019.

The foreign currency conversion has been undertaken as follows:

- (i) Share capital was converted at the exchange rates applicable on the respective dates when the shares were issued.
- (ii) Non-monetary assets and liabilities were converted at the date of the transaction while monetary assets and liabilities were converted at the year-end exchange rate.
- (iii) Accumulated losses were converted at the average annual exchange rates or rates pertaining to the accounting period during which the losses from which such accumulated losses originated were incurred.

(d) Basis of measurement

Assets and liabilities are measured at historical cost.

(e) Basis of consolidation

The group's financial information consolidates those of the parent company and all of its subsidiaries as of 31 December 2021. All subsidiaries have a reporting date of 31 December.

All transactions and balances between group companies are eliminated on consolidation, including unrealised gains and losses on transactions between group companies. Where unrealised losses on intra group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial information of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal as applicable.

(f) Business combinations

Business combinations of entities not under common control are accounted for by applying the acquisition method in accordance with IFRS 3 "Business Combinations". The acquisition method involves the recognition at fair value of all identifiable assets and liabilities of the acquiree at the acquisition date, including contingent liabilities regardless of whether or not they were recorded in the financial information of the acquiree prior to acquisition. On initial recognition, the assets and liabilities of the acquiree are included in the statement of financial position of the group at their fair values, which are also used as the basis for subsequent measurement in accordance with the group's accounting policies. Goodwill is stated after separating out the identifiable intangible assets.

Goodwill represents the excess of the group's share of identifiable net assets of the acquiree at the date of acquisition over the acquisition cost.

(g) Foreign currencies

(i) Functional and presentation currency

Items included in the financial information of the group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial information is presented in United States Dollars, which is the functional currency of the parent company and the subsidiaries.

(ii) Transactions and balances

Transactions in foreign currencies have been converted into United States Dollars at the rates of exchange ruling on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(h) Revenue

Revenue is measured at the fair value of the consideration received or receivable.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when control of goods or service transfers to the customer.

The accounting policies for the group's revenue from contracts with customers are explained below. Under IFRS 15, a five-step process must be applied before revenue can be recognised:

- identify the contract(s) with a customer
- identify the separate performance obligations in the contract
- determine the transaction price
- allocate the transaction price to each of the separate performance obligations in the contract
- recognise revenue when (or as) each performance obligation is satisfied.

The group earns hire revenue by placing its vessel on time charter, bareboat charter, in pool arrangements and by offering exclusive rights.

The performance obligations within pool and time charter contracts include the bareboat charter and the operation of the vessel. Hire revenue is recognised over time as the company satisfies its obligation based on time elapsed between the delivery of a vessel to a charterer and the redelivery of a vessel from the charterer. For time charter, bareboat charter and exclusive rights contracts, hire is typically invoiced monthly in advance and hire revenue is accrued based on the daily hire rates. Other variable hire components of the contract, such as off-hire and speed claims, are recognised only to the extent that it is highly probable that a significant reversal will not occur when the uncertainty is subsequently resolved. A contract liability is recognised for payments received in advance or for which the performance obligation on the contract has not been fulfilled as at the reporting date

(h) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and the interest rate applicable, using the effective interest method.

(j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

(k) Cost of sales – direct costs

Direct costs are costs that can be identified specifically and are directly relating to the maintenance and operations of the group's assets or that can be directly assigned to such activities relatively easily with a high degree of accuracy. For the ELI Akaso Floating Storage and Offloading vessel (FSO), these costs relate specifically to Operating and Maintenance costs as stated in the contracts and other directly attributable costs including and not limited to costs of fueling and bunkers. Costs incurred for the same purpose in similar circumstances must be treated consistently direct costs.

(l) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company generates taxable income.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial information. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

(m) Leases

At inception of a contract, the group assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether:

- the contract involves the use of an identified asset
- this may be specified explicitly or implicitly. If the supplier has a substantive substitution right, then the asset is not identified;
 - a. the group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
 - b. the group has the right to direct the use of the asset. The group has this right when they have the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the group has the right to direct the use of the asset if either:
 - c. the group has the right to operate the asset; or
 - d. the group designed the asset in a way that predetermines how and for what purpose it will be used.

Lease liabilities

At the commencement date of a lease, the group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease liabilities include the net present value of the following lease payments:

- a. fixed payments (including in-substance fixed payments), less any lease incentives receivable
- b. variable lease payments that are based on an index or a rate
- c. amounts expected to be payable by the group under residual value guarantees

- d. the exercise price of a purchase option if the lessee is reasonably certain to exercise that option. and
- e. payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group where possible, use recent third-party financing received by the individual lessee as a starting point adjusted to reflect changes in financing conditions since third party financing was received. The group may also use a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the group and make adjustments specific to the lease.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced by the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset where applicable.

Right of use assets

Right-of-use assets are initially measured at cost, comprising of the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs. and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Extension and termination options

Extension and termination options are included in the group's lease arrangements. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations. Most of the extension options are subject to mutual agreement by the lessee and lessor and the termination options held are exercisable only by the lessee and the lessor. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or terminated).

(n) Plant and equipment and assets under construction

Recognition and measurement

The cost of plant and equipment and assets under construction is recognised as an asset when it is probable that the future economic benefits that are associated with the asset will flow to the entity and the cost can be measured reliably. Plant and equipment and assets under construction are initially measured at cost comprising the purchase price, any costs directly attributable to bringing the assets

to a working condition for their intended use, and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Subsequent costs are capitalized as part of the cost of plant and equipment only if it enhances the economic benefits of an asset in excess of the previously assessed standard of performance, or it replaces or restores a component that has been separately depreciated over its useful life. Borrowing costs directly attributable to qualifying assets under construction are capitalized until such time as those assets are ready for their intended use.

Depreciation

Depreciation is calculated to write down the carrying amount of the asset on a systematic basis over its expected useful life. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) or the date that the asset is derecognized. The depreciation charge for each period is recognized in profit or loss.

The depreciation method applied, the residual value and the useful life are reviewed on a regular basis and when necessary, revised with the effect of any changes in estimate being accounted for prospectively.

No depreciation is provided for on assets under construction since they have not yet been brought into use.

(m) Impairment of plant and equipment, assets under construction and goodwill

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, except for goodwill which is tested annually for impairment

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amounts exceeds its recoverable amount, which is the higher of fair value less costs to sell and value in use. To determine the value in use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by management. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount except for goodwill.

(o) Financial assets and liabilities Recognition and initial measurement

Other financial assets are initially recognised when the group and the company become a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the group change their business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL (Fair value through profit or loss):

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest the group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the group consider:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the group's and company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets – Subsequent measurement and gains and losses

The financial assets are subsequently measured at amortised cost using the effective interest method.

The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the group currently have a legally enforceable right to set off the amounts and they intend either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The group measures loss allowances at an amount equal to lifetime EC Ls. except for the following, which is measured at 12-month ECLs:

- a) Financial assets that are determined to have a low credit risk at the reporting date: and
- b) Other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the group considers reasonable and supportable information that is relevant and available without undue cost or effort. In this regard, the group has an internal credit scoring system in place that analyses the credit quality of the counterparties accordingly. Such credit scoring system takes into consideration both quantitative and qualitative information and analysis, based on the group's and company's historical experience and informed credit assessment, and also considers the counterparties' macroeconomic context.

The group has elected the rebuttable presumption from IFRS 9 by assuming that the credit risk on a financial asset has increased significantly if the financial asset is more than 30 days past due. Moreover, if the counterparty becomes downgraded by two notches (or more) based on the credit score assessment, the group deems the financial asset's credit risk to have increased significantly.

Moreover, the group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the group in full without recourse by the group or company to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due.

The maximum period considered when estimated ECLs is the maximum contractual period over which the group or company are exposed to credit risk.

ECLs are eventually measured by considering a probability-weighted estimate of credit losses, which are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive).

Derecognition

The group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when they transfer the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset.

Any interest in transferred financial assets that qualify for derecognition that is created or retained by the group is recognised as a separate asset or liability in the statement of financial position. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised), and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of comprehensive income.

Classification and measurement of financial liabilities

The group's financial liabilities include borrowings and trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the group or company designates a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the statement of comprehensive income are included within 'finance costs' or 'finance income'.

(p) Share capital and share premium

Ordinary shares issued by the company are classified as equity. Share premium includes premiums received on issue of share capital.

(q) Financial risk management

The group's activities potentially expose it to a variety of financial risks: market risk (including currency risk, and cash flow interest rate risk), credit risk and liquidity risk. The group's and company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's and company's financial performance. The group did not make use of derivative financial instruments to hedge certain risk exposures during the current and preceding financial years. The directors do not consider the impact of price risk material to affect the results of the group.

The directors provide principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the group's and company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The group does not carry out any type of hedging in order to hedge currency risk exposure.

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the group's and company's receivables from related parties. The credit risk exposure in respect of these receivables is not considered to be significant in view of the healthy liquidity position of these related parties.

Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with their financial liabilities that are settled by delivering cash or another financial asset. The group's to managing liquidity is to ensure, as far as possible, that sufficient liquidity is available to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

Management monitors liquidity risk by means of rolling forecasts on the basis of expected cash flows over a twelve-month period and ensures that no additional financing facilities are expected to be required over the coming year. The group's liquidity risk is not deemed material in view of the group's and company's committed borrowing facilities that it can access to meet liquidity needs as referred to previously. The carrying amounts of the group's assets and liabilities are analysed into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date in the respective notes to the financial information.

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for its shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

(t) Provisions and contingent liabilities

Provisions are recognised when present obligations will probably lead to an outflow of economic resources from the group and they can be measured reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, such as product warranties, legal disputes or onerous contracts. Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it.

Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Long term obligations are discounted to their present values, where the time value of money is material.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3. Revenue

Revenue consists of the following:

	2021 USD	2020 USD	2019 USD
Vessel charter hire	—	5,684,689	—
	<u>—</u>	<u>5,684,689</u>	<u>—</u>

In 2020, the group earned hire revenue by placing its vessel on time charter, bareboat charter and in pool arrangements

4. Loss before tax

The loss before tax is arrived at after charging the following:

	2021 USD	2020 USD	2019 USD
Audit fees	67,123	85,650	47,171
Director's remuneration	595,605	546,837	502,566
Depreciation of plant and equipment	8,533	2,409	1,849
Depreciation of right of use assets	89,968	20,907	—
	<u>671,229</u>	<u>554,803</u>	<u>551,585</u>

5. Tax charge

	2021 USD	2020 USD	2019 USD
Current tax expense	<u>—</u>	<u>—</u>	<u>—</u>

The income tax expense for the year differs from the theoretical amount that would arise using the standard rate of 35% as follows:

Loss before tax	(10,494,402)	(4,395,403)	(3,594,805)
Tax credit on loss at 35%	(3,673,041)	(1,538,391)	(1,258,182)
Non-deductible expenses	558,683	1,032,807	1,258,182
Unrecognised deferred taxes	3,114,358	505,584	—
Current tax expense	<u>—</u>	<u>—</u>	<u>—</u>

As at 31 December 2021, the directors deemed that it is not prudent to recognise potential deferred tax asset amounting to USD 3,135,192 (2020: USD 505,584) arising from unused trading losses, unabsorbed capital allowances and other temporary differences.

6. Assets under construction

	Floating storage & offloading vessel USD	Gas pipeline USD	Total USD
Year ended 31 December 2019			
Opening balance	—	4,039,000	4,039,000
Additions	70,478,330	28,060,090	98,538,420
Closing balance	70,478,330	32,099,090	102,577,420
	Floating storage & offloading vessel USD	Gas pipeline USD	Total USD
Year ended 31 December 2020			
Opening balance	70,478,330	32,099,090	102,577,420
Additions	16,849,308	36,135,269	52,984,577
Closing balance	87,327,638	68,234,359	155,561,997
	Floating storage & offloading vessel USD	Gas pipeline USD	Total USD
Year ended 31 December 2021			
Opening balance	87,327,638	68,234,359	155,561,997
Additions	12,219,984	22,469,508	34,689,492
Closing balance	99,547,622	90,703,867	190,251,489

Included in the asset under construction is interest incurred on the borrowings of the group that has been capitalised amounting to USD 17,471,108 (2020: 18,619,822; 2019: USD 11,988,493)

7. Plant and equipment

	Leased assets USD	Furniture and Fittings USD	Office Equipment USD	Total USD
Year ended 31 December 2019				
Opening net book amount	—	—	—	—
Additions	—	—	7,393	418,219
Depreciation charge	—	—	(1,849)	(23,316)
Closing net book amount	—	—	5,544	400,447
As at 31 December 2019				
Cost	—	—	7,393	425,612
Accumulated depreciation	—	—	(1,849)	(25,165)
Net book amount	—	—	5,544	400,447
Year ended 31 December 2020				
Opening net book amount	—	—	5,544	5,544
Additions	399,976	18,243	—	418,219
Depreciation charge	(20,907)	(561)	(1,848)	(23,316)
Closing net book amount	379,069	17,682	3,696	400,447
As at 31 December 2020				
Cost	399,976	18,243	7,393	425,612
Accumulated depreciation	(20,907)	(561)	(3,697)	(25,165)
Net book amount	379,069	17,682	3,696	400,447
Year ended 21 December 2021				
Opening net book amount	379,069	17,682	3,696	400,447
Additions	—	5,251	22,174	27,425
Depreciation charge	(89,968)	(4,643)	(3,890)	(98,501)
Closing net book amount	289,101	18,290	21,980	329,371
As at 31 December 2021				
Cost	399,976	23,494	29,567	453,037
Accumulated depreciation	(110,875)	(5,204)	(7,587)	(123,666)
Net book amount	289,101	18,290	21,980	329,371

8. Goodwill

	2020 USD	2019 USD	2018 USD
At 31 December	626,068	626,068	626,068

Goodwill is tested for impairment on an annual basis. In assessing goodwill for impairment the Company has compared the carrying value of goodwill and the recoverable amount of the underlying asset. The assessment was based on a discounted cashflow of expected future revenues and costs.

9. Financial assets

	2021 USD	2020 USD	2019 USD
Short-term U.S. Treasury Notes 1% per annum	—	—	41,275,685

10. Trade and other receivables

	2021 USD	2020 USD	2019 USD
Other debtors	1,945	1,945	47,545
Allowance for expected credit losses	—	—	(19,132)
	<u>1,945</u>	<u>1,945</u>	<u>28,413</u>
Advances to supplier	504,595	355,000	—
Prepayments	102,031	82,187	6,174,389
Indirect taxes refundable	41,078	27,129	44,388
Total trade and other receivables	<u>649,649</u>	<u>466,261</u>	<u>6,247,190</u>
Falling due within one year	649,649	466,261	6,247,190
Falling due after more than one year	—	—	—
Total trade and other receivables	<u>649,649</u>	<u>466,261</u>	<u>6,247,190</u>

11. Share capital

	2021 USD	2020 USD	2019 USD
Authorised, issued and 100% paid up: 389,981 Ordinary shares of USO 0.0117258 each (2019: 3,640 Ordinary shares of USDI.17258 each)	<u>4,573</u>	<u>4,573</u>	<u>4,286</u>

On 29 September 2020, the parent undertaking:

- Converted its authorised and issued share capital from Ordinary A class shares, Ordinary B class shares, Ordinary C class shares into Ordinary shares (share class removal).
- Re-denominated its 3,640 Ordinary shares with a nominal value of USD 1.17258 each into 364,000 Ordinary shares with a nominal value of USD 0.0117258 each.
- Increased its authorised share capital to from 364,000 Ordinary shares with a nominal value of USO 0.0117258 each to 389,981 Ordinary shares of USD 0.0117258 each.
- Allotted an additional 25,981 Ordinary shares at par value of USD 0.0117258 each.

In 2019, the parent undertaking:

- Re-denominated its share capital from EUR into USD and the exchange rate used on conversion was EUR 1: USD 1.17258.
- Allotted an additional 800 Ordinary shares on 28 January 2019 at par value and a further 1,640 Ordinary shares on 20 November 2019 at par value, except for 546 shares which were issued at a premium of USD 27,471.35 each.

12. Borrowings

	2021 USD	2020 USD	2019 USD
Non-current – falling due after more than one year			
Senior bank loan	34,375,000	61,875,000	82,500,000
Mezzanine loan from shareholder	12,762,181	22,972,948	29,998,720
Loan facility from related party	8,461,539	15,000,000	—
	<u>55,598,720</u>	<u>99,847,948</u>	<u>112,498,720</u>
Current – falling due within one year			
Senior bank loan	27,500,000	27,500,000	27,500,000
Mezzanine loan from shareholder	20,421,538	10,210,772	—
Loan facility from related party	6,538,462	—	—
Barging loan facility	7,278,647	—	—
	<u>61,738,647</u>	<u>37,710,772</u>	<u>27,500,000</u>

Senior bank loan – the senior bank loan secured by the company amounted to USD 110 million, is subject to interest at 13% per annum with a 12-month moratorium, and is repayable by February 2024. The loan is also subject to an annual consultancy fee of 1.5% per annum calculated on the outstanding investment amount on each annual anniversary date. The loan is secured by the assignment of proceeds from the finance lease agreement on the Floating Storage and Offloading vessel (FSO) entered into by the company which will start generating revenue to the group and the company on completion date, as well as the shares of the company which have been pledged in favour of Guaranty Trust Bank plc as the lender.

Mezzanine loan from shareholder – the mezzanine loan from Umigini Pipeline Infrastructure Limited (shareholder) amounted to USD30m. is unsecured and has been provided for the purpose of financing the design, construction, commission and operation of the Alternative Crude Oil Evacuation System (gas pipeline under construction). The term is of 60 months with a moratorium period of 12 months. The loan is subject to interest of 14% per annum. The loan is expected to be repaid by January 2024.

Loan facility from related party – the loan facility from related party amounting to USD 15 million, is unsecured and has been provided for the purpose of financing the design, construction, commission and operation of the Alternative Crude Oil Evacuation System and FSO. The loan is subject to interest of 14% per annum.

Barging loan facility – this is a short-term loan facility due to be repaid within six months. The purpose of this short-term facility is to bridge a funding gap required for the execution of a related party's barging project.

Accrued interest payable is included within Trade and other payables (note 13).

13. Trade and other payables

	2021 USD	2020 USD	2019 USD
Trade payables	12,454,264	5,406,453	2,301,378
Amounts due to other related parties	91,087,319	47,134,401	3,911,222
Accrued interest payable	8,554,362	3,096,032	109,993
Other taxes and social security	1,576,775	10,056	154,442
Other payables	1,385,075	400,000	—
Total trade and other payables	<u>115,057,795</u>	<u>56,046,942</u>	<u>6,477,035</u>

The amounts due to other related parties includes advance payments made by Eroton Exploration and Production in relation to a contract for use of the FSO facility upon completion (see Note 18). The advance payments are contract liabilities which will be recognised as revenue in subsequent periods as the performance obligations relating to Eroton's use of the FSO are satisfied.

Other payables: The group also received advance payments of \$1.39 million in 2021 from a third party contract for exclusive rights to the use of the remaining capacity in the terminal and off-take of dry crude volumes injected into the terminal facilities by third party injectors.

	2021 USD	2020 USD	2019 USD
Falling due within one year	113,672,795	56,046,942	6,477,035
Falling due after more than one year	—	—	—
Total trade and other payables	113,672,795	56,046,942	6,477,035

14. Leases

(a) The statement of financial position shows the following amounts relating to leases:

	Leasehold offices USD	Leasehold equipment USD	Solar power USD	Total USD
<i>Right of use assets</i>				
<i>(included within plant and equipment)</i>				
Additions	274,180	104,782	21,014	399,976
Depreciation charge for the year	(18,279)	(1,733)	(895)	(20,907)
At 31 December 2020	255,901	103,049	20,119	379,069
<i>Lease liabilities</i>				
Additions	274,180	104,782	21,014	399,976
Interest expense	5,484	1,310	324	7,118
Payments made during the year	(19,179)	(36,591)	(1,262)	(57,032)
Balance as at 31 December 2020	260,485	69,501	20,076	350,062
Current	52,328	11,785	3,651	67,764
Non-current	208,157	57,716	16,425	282,298
Total	260,485	69,501	20,076	350,062
	Leasehold offices USD	Leasehold equipment USD	Solar power USD	Total USD
<i>Right of use assets</i>				
<i>(included within plant and equipment)</i>				
As at 1 January 2021	255,901	103,049	20,119	379,076
Depreciation charge for the year	(54,853)	(29,395)	(5,738)	(89,968)
At 31 December 2021	201,066	73,654	14,381	289,101
<i>Lease liabilities</i>				
Balance as at 1 January 2021	260,485	69,501	20,076	350,062
Interest expense	5,210	8,628	2,030	15,868
Payments made during the year	(57,538)	(28,097)	(4,527)	(90,162)
Balance as at 31 December 2021	208,157	50,032	17,579	275,768
Current	53,376	26,198	4,527	84,101
Non-current	154,781	23,834	13,052	191,667
Total	208,157	50,032	17,579	275,768

(b) Amounts recognised in the statement of comprehensive income:

	2021 USD	2020 USD
Depreciation charge on right of use assets	89,968	20,907
Interest expense	15,868	7,118

(c) Amounts recognised in the statement of cash flows:

	2021 USD	2020 USD
Repayments of lease liability	74,294	49,914
Interest paid on lease liability	15,868	7,118

(d) Minimum lease payments:

	Not later than one year USD	Later than one but not later than five years USD	Total USD
31 December 2020			
Lease payments	57,538	218,163	275,701
Finance charges	(5,210)	(10,008)	(15,218)
Net present values	52,328	208,155	260,483
31 December 2021			
Lease payments	103,634	213,655	317,289
Finance charges	(19,553)	(21,988)	(41,521)
Net present values	84,101	191,667	275,768

15. Cash flow adjustments and net changes in working capital

	2021 USD	2020 USD	2019 USD
Loss before tax	(10,494,402)	(4,395,403)	(3,594,805)
Adjustments:			
Depreciation of plant and equipment	8,533	2,409	1,849
Depreciation of right of use assets	89,968	20,907	—
Allowance for expected credit losses	—	—	(160)
Interest income	(60,145)	(58,097)	(40,825)
Interest expense	15,868	7,118	—
Foreign exchange differences	780,102	(245,622)	1,547
Write-off of receivable	—	45,600	—
Changes in working capital:			
Receivables	(183,388)	(241,443)	(5,662,146)
Trade and other payables	59,010,853	47,849,352	(1,014,890)
Interest income received	60,145	58,097	40,825
Cash generated from/(used in) operations	49,227,534	43,042,918	(10,268,605)

16. Cash at bank

	2021 USD	2020 USD	2019 USD
Cash at bank	35,101,857	41,682,857	4,920,852

17. Capital Commitments

The parent company had no capital commitments at 31st December 2021, 2020 and 2019.

On the other hand, capital commitments contracted in 2021 by one of the subsidiaries but not recognised in the financial information amounted to USD 1,200,000, in view of a Framework Agreement entered into with Newcross Exploration and Production Limited (NEPL) to conduct a cost verification and route optimisation study for the possible construction of a pipeline that will traverse the OML 24 corridor. The total consideration for the study is USD 3 million, which will be paid in a ratio of 60:40 (the subsidiary's share is thus USD 1.2 million).

18. Related party transactions

The directors consider the shareholders, the subsidiary undertakings, the persons who exercise control over the group and the parent company and any other companies controlled by the same persons to be related parties.

Shareholders:

Ownership of the group and the company's shares is distributed as follows as at the date of approval of this financial information:

Ocean Pearl Maritime SA – 54,600 Ordinary Shares out of 389,981 Ordinary Shares in issue

San Leon ELI Limited – 38,998 Ordinary Shares out of 389,981 Ordinary Shares in issue

Umigini Pipeline Infrastructure Limited – 109,200 Ordinary Shares out of 389,981 Ordinary Shares in issue

Walstrand (Malta) Limited– 187,183 Ordinary Shares out of 389,981 Ordinary Shares in issue

The group entered into transactions with the shareholders as follows:

Transactions with equity owners:

	2021 USD	2020 USD	2019 USD
Issuance of share capital	—	305	15,003,341
Borrowings from Umigini Pipeline Infrastructure Ltd	—	—	29,998,720
Purchases from Ocean Pearl Maritime SA	—	1,328,920	61,109,108

Transactions with other related parties:

Advance payments from Eroton Exploration and Production Limited	43,952,918	43,223,179	3,911,222
Borrowings from San Leon Energy Financing Limited	—	15,000,000	—

The key management personnel of the company includes the directors. The director's remuneration paid during the year is included in Note 4 of this financial information.

19. Risk Management objectives and policies

The group is exposed to credit risk, liquidity risk and market risk through the use of financial instruments which result from both operating and investing activities. The group's risk management is coordinated by the directors and focuses on actively securing the group's and company's short to medium term cash flows by minimising the exposure to financial risk.

The most significant financial risks to which the group is exposed are described in the succeeding pages.

19.1 – Credit Risk

The group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2021 USD	2020 USD	2019 USD
Current Assets			
Financial assets	—	—	41,275,685
Receivables	1,945	1,945	28,413
Cash at bank and in hand	35,101,857	41,682,857	4,920,852
	35,103,802	41,684,802	46,224,950

The credit risk with respect to receivables is considered limited since the amounts are mostly due from related companies which are considered to be creditworthy.

The group's financial assets constitute US Treasury Bonds that had a contractual maturity period of three months, as well as money held exclusively with institutions having high quality external credit ratings and operating in a stable and regulated banking environment. The cash held with banks at each reporting date are callable on demand. The probability of default is considered to be minimal and the loss calculated using the 12-month expected credit loss model resulted in an insignificant amount. Therefore, based on the above, no loss allowance has been recognised by the group.

19.2 – Liquidity Risk

The group's exposure to liquidity risk arises from its obligations to meet financial liabilities, which comprise borrowings and trade and other payables (see notes 13 and 14). Prudent liquidity risk management includes maintaining sufficient cash to ensure the availability of an adequate amount of funding to meet the group's and company's obligations when they become due.

The group manages their liquidity needs through yearly cash flow forecasts by carefully monitoring expected cash inflows and outflows on a monthly basis.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 December 2021				
Other payables	22,585,476	—	—	—
Borrowings	61,738,647	48,723,720	6,875,000	—
Lease liability	103,634	213,655	—	—
	84,427,757	48,937,375	6,875,000	—
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 December 2020				
Other payables	8,912,542	—	—	—
Borrowings	37,710,772	57,032,649	42,815,299	—
Lease liability	57,538	218,163	—	—
	46,680,852	57,250,812	42,815,299	—
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 December 2019				
Other payables	2,565,813	—	—	—
Borrowings	27,500,000	57,032,649	55,466,071	—
	29,065,813	57,032,649	55,466,071	—

19.3 – Interest Rate Risk

The group's exposure to interest rate risk is limited to the variable interest rate of loans payable. However, since interest is currently being capitalised under the assets under construction, a change in interest rates would have no impact on the net result of the group .

19.4 – Foreign Exchange Risk

The group may be exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the group's expenses part of which may be denominated in foreign currencies. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the respective entity's functional currency. Management does not consider foreign exchange risk attributable to possible recognisable liabilities arising from purchase transactions to be significant since balances are settled within very short periods of time in accordance with the negotiated credit terms.

The following balances were denominated in currencies other than US Dollar at the period end:

	Company		
	2021 USD	2020 USD	2019 USD
Cash and cash equivalents			
Nigerian naira	39,894	213,221	3,803
Euro	3,638	18,037	—
Amounts due to related parties			
Nigerian naira	73,003	—	—
Other payables			
Nigerian naira	100,604	—	—
Net exposure	216,229	231,258	3,803

19.5 – Capital risk management

The group's capital management objectives are to ensure their ability to continue as a going concern and to provide an adequate return to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The directors consider the group's and the company's gearing level at year end to be appropriate for its business.

	Company		
	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Total borrowings	117,337,367	137,557,720	139,998,720
Less cash and cash equivalents	(35,101,857)	(41,682,857)	(4,920,852)
Net debt	82,235,510	95,875,863	135,077,868
Total equity	(4,327,496)	4,781,906	9,177,004
Total capital	77,908,014	100,657,769	144,254,872
Gearing ratio	106%	95%	94%

19.6 – Fair value of financial assets and liabilities

The Group has no financial instruments subsequently measured at fair value. The fair values of financial assets and liabilities approximate their carrying amounts shown in the statement of financial position.

20. Post-reporting date events

Potential transaction

On 24 June 2021 San Leon Energy Plc announced that it was in preliminary discussions about acquiring Midwestern's indirect interests in the OML 18 oil and gas block located onshore in Nigeria. Any transaction would involve San Leon acquiring the outstanding shares not already owned by San Leon in relation to MLPL. San Leon is not contemplating acquiring Midwestern. In addition, and connected to any acquisition of MLPL, the Company is considering making further debt and equity investments in Energy Link Infrastructure (Malta) Limited. The acquisition by San Leon of the outstanding shares in MLPL not already owned by San Leon would constitute a reverse takeover under rule 14 of the AIM rules for companies. There is no guarantee that the potential transaction will complete and discussions are still ongoing between San Leon and Midwestern.

Section B: Reporting Accountants' report on the historical financial information of the ELI Group



The Directors (the “**Directors**”)
San Leon Energy Plc
3300 Lake Drive Citywest Business Park
Dublin 24
Ireland

Allenby Capital Limited
5th Floor
5 St. Helen's Place
London
EC3A 6AB

8 July 2022

Dear Ladies and Gentlemen

Energy Link Infrastructure Limited (the “Company” and, together with its subsidiaries, the “Group”)

We report on the financial information of the Group for the years ended 31 December 2021, 31 December 2020 and 31 December 2019 set out in section A of Part 8C of the admission document to be dated 8 July 2022 (the “**Admission Document**”) (the “**Group Financial Information Table**”).

This report is required by Schedule Two of the AIM rules for Companies published by the London Stock Exchange plc (the “**AIM Rules**”) and is given for the purpose of complying with that schedule and for no other purpose.

Opinion on financial information

In our opinion, the Group Financial Information Table gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Group as at the dates stated and of its losses, cash flows and statement of changes in equity for the years ended 31 December 2021, 31 December 2020 and 31 December 2019 in accordance with the basis of preparation set out in Note 2 to the ELI Financial Information Table.

Conclusions Relating to Going Concern

We are required to report if we have anything material to add or draw attention to in respect of the Directors' statement in the Group Financial Information Table about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the Group Financial Information Table and the Directors' identification of any material uncertainties to the Group's ability to continue as a going concern over a period of at least twelve months from the date of this Admission Document.

PricewaterhouseCoopers Chartered Accountants

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Material Uncertainty Relating to Going Concern

We draw attention to Note 1 in the financial information which indicates that the Group reported a loss after tax of \$10.5 million (2020: \$4.4 million) and as of that date, its net current liabilities were \$141.1 million (2020: \$51.7 million). These conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities

The Directors of the Company are responsible for preparing the Group Financial Information Table in accordance with the basis of preparation set out in Note 2 to the ELI Financial Information Table.

It is our responsibility to form an opinion on the Group Financial Information Table and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under paragraph (a) of schedule Two of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for, consenting to its inclusion in the Admission Document.

Basis of Preparation

The Group Financial Information Table has been prepared for inclusion in the Admission Document of the Company on the basis of the accounting policies set out in note 2 to the Group Financial Information Table.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council ("**FRC**") in the United Kingdom. We are independent in accordance with the FRC's Ethical Standard as applied to Investment Circular Reporting Engagements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the Group Financial Information Table. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Declaration

For the purposes of item paragraph (a) of Schedule Two of the AIM Rules, we are responsible for this report as part of the Admission Document and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that the report makes no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

PricewaterhouseCoopers
Chartered Accountants

PART 9

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP

Set out below is an unaudited *pro forma* statement of net assets of the Enlarged Group (“the unaudited pro forma statement”), which has been prepared to illustrate the effect on the net assets of the Group as if the Proposals and New Facility arrangement, had been entered into at 31 December 2021. The unaudited *pro forma* statement has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and does not, therefore represent the actual financial position of the Enlarged Group.

The unaudited pro forma statement is based on the consolidated net assets of the Group at 31 December 2021 and has been prepared in a manner consistent with the accounting policies adopted in preparing such information and on the basis of the notes set out overleaf.

**PROFORMA STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

US\$'000	SLE plc net assets as at 31 December 2021 (Note 1)	MLPL net assets as at 31 December 2021 (Note 2)	Aggregated SLE Plc and MLPL net assets as at 31 December 2021	MLPL Re- organisation (Note 3a)	MLPL Re- organisation (Note 3b)	ELI Re- organisation (Note 4)	Proposed ELI investments (Note 5)	Proforma net assets as at 31 December 2021
Assets								
Non-current assets								
Equity accounted investments	58,634	240,691	299,325	(299,325)	149,443	17,615	29,449	196,507
Property, plant and equipment	2,510	—	2,510	—	—	—	—	2,510
Other receivables	—	316,252	316,252	(316,252)	—	—	—	—
Financial assets	10,657	—	10,657	—	143,465	8,669	16,000	178,791
Deferred tax asset	—	1,864	1,864	(1,864)	—	—	—	—
	71,801	558,807	630,608	(617,441)	292,908	26,284	45,449	377,808
Current assets								
Inventory	168	—	168	—	—	—	—	168
Trade and other receivables	13,642	—	13,642	—	—	—	—	13,642
Financial assets	91,159	—	91,159	(80,344)	—	10,397	—	21,212
Cash and cash equivalents	7,592	—	7,592	—	—	—	11,249	18,841
	112,561	—	112,561	(80,344)	—	10,397	11,249	53,863
Total assets	184,362	558,807	743,169	(697,785)	292,908	36,681	56,698	431,671
Non-current liabilities								
Lease liability	2,054	—	2,054	—	—	—	—	2,054
Borrowings	—	—	—	—	—	—	47,000	47,000
Deferred tax liability	1,282	—	1,282	—	—	—	—	1,282
	3,336	—	3,336	—	—	—	47,000	50,336
Current liabilities								
Borrowings from related party	—	99,251	99,251	(99,251)	—	—	—	—
Trade and other payables	4,752	22,147	26,899	(22,147)	—	3,966	—	8,718
Other amounts owed to related parties	—	239,919	239,919	(239,919)	—	—	—	—
Tax	—	50,905	50,905	—	—	—	—	50,905
Provisions	56	—	56	—	—	—	—	56
	4,808	412,222	417,030	(361,317)	—	3,966	—	59,679
Total liabilities	8,144	412,222	420,366	(361,317)	—	3,966	47,000	110,015
Total Net assets	176,218	146,585	322,803	(336,468)	292,908	32,715	9,698	321,656

Notes:

- (1) The financial information as at 31 December 2021 has been extracted from the San Leon Energy plc historical financial information, as set out in Part 8A, "Historical Financial Information".
- (2) The financial information as at 31 December 2021 has been extracted from the MLPL historical financial information, as set out in Part 8B, "Historical Financial Information".
- (3) (a) At 31 December 2021, SLE applied the equity accounting method to recognize its investment in MLPL. These adjustments reflect the change in accounting treatment which would have been required at 31 December 2021 had SLE's investment in MLPL met the necessary criteria to be consolidated in line with IFRS 10: Consolidated Financial Statements, derecognizing both its investment in MLPL of \$58.6 million and its investment in Eroton of \$240.7 million – a total adjustment of \$299.3 million, elimination of its receivable from Bilton of \$316.3 million, elimination of a receivable owed to SLE by MLPL (the "MLPL Loan") with a nominal value of \$99.3 million and an accounting value after expected credit losses of \$80.3 million and eliminating all creditors with related parties totaling \$361.3 million, all as set out in Part 8B, "Historical Financial Information"
- (b) These adjustments reflect the illustrative treatment by SLE of accounting for its investment in MLPL following completion of the MLPL Reorganisation. The following assumptions have been made in quantifying this adjustment:
 - Upon completion of the MLPL Reorganisation, SLE will issue 344,334,257 shares in exchange for a 60% shareholding in MLPL and the extinguishment of the \$239.9 million loan between MLPL and Midwestern (the "Midwestern Loan") as set out in Part 2, "The Proposed Midwestern Reorganisation". The value of the issued shares will be based on the share price of SLE at completion. For the proforma we have calculated a value of \$171.2 million (based on the closing share price of 40.75p on 24 June 2021 and an exchange rate of £1:\$1.22).
 - The value of the SLE shares issued to Midwestern represent 71.4% of the value of the Midwestern Loan, which as at 31 December 2021 amounted to \$239.9 million. The par value of the MLPL Loan to SLE as at 31 December 2021 is \$99.3 million and using the percentage calculated above gives a fair value of \$70.8 million.
 - The tax balance of \$50.9 million will also be included in the consolidated enlarged group following the completion of the RTO
 - The implied fair value of the reorganisation will therefore equate to \$292.9 million, consisting of shares issued in SLE of \$171.2 million, the fair value of the MLPL Loan of \$70.8 million and the tax liability of \$50.9 million. This implied fair value of \$292.9 million has been allocated as follows in the proforma:
 - o \$149.4 million allocated to the 50% equity investment in Eroton. This allocation has been calculated as 50% of the 98% economic value that SLE has in Eroton.
 - o \$143.5 million allocated to the receivable in Martwestern owed by Bilton. This has been calculated as the remaining 48% of the 98% economic value that SLE has in Eroton.
- (4) As set out in Part 2, "The Proposed Midwestern Reorganisation", SLE will issue 73,782,535 shares in exchange for 53,700 ELI shares (representing 13.77% of the existing share capital in ELI) and the assignment of the \$15.3 million (principal) loan with ELI. The value of the issued shares is expected to be \$36.7 million (based on the closing share price of 40.75p on 24 June 2021 and an exchange rate of £1:\$1.22). The loan in ELI assigned to SLE will amount to \$19.1 million, being \$15.3 million principal and \$3.8 million of accrued interest, split between \$8.7 million due within one year and \$9.1 million due in more than one year. The assumed fair value of SLE's investment in ELI is therefore \$17.6 million.
- (5) Transaction costs incurred by SLE for the Midwestern Reorganisation are expected to be \$4.0 million.
- (6) As set out in Part 3, "Further ELI investments", SLE intends to enter into a series of additional transactions with ELI, as follows:
 - The acquisition of 16,777 shares in ELI from Walstrand for consideration of \$6.5 million
 - The acquisition of 54,600 shares in ELI from Ocean Pearl for consideration of \$15.0 million
 - Issuing a loan with a value of \$16.0 million to ELI and receiving 48,748 Shares in ELI from newly issued shares with nominal value paid for the newly issued shares of \$571
 - Drawing down a \$50.0 million loan – 10% interest rate, 5 year term and 1st repayment due on 1st January 2024 and quarterly thereafter. Fees of \$3.00 million have been capitalised and will be amortised over the loan term.

The proforma includes the following:

- An equity accounted investment of \$29.4 million – this comprises \$6.5 million from the Walstrand acquisition, \$15.0 million from the Ocean Pearl acquisition and \$7.9 million for the ELI investment (this value has been calculated as the Fair Market Value of the acquisition based on the average price paid in the Walstrand and Ocean Pearl acquisitions);
- A financial asset of \$16.0 million for the new loan to ELI;
- Cash and cash equivalents of \$11.2 million, which is the cash remaining after paying \$37.5 million for the acquisitions detailed above; and
- A net loan of \$47.0 million after paying for the \$3.0 million fees associated with the \$50.0 million loan

PART 10

TAXATION

The following information deals with tax implications for Shareholders only, is given in summary form only and is based on tax legislation and practices as exist in Ireland and the UK at the present time. The tax legislation and practices of your home country of origin and those of Ireland and the UK may have an impact on income received from securities. This information is intended as a general guide only and is not professional tax advice. If you are in any doubt as to your tax position or you are subject to tax in a jurisdiction outside the UK and Ireland, you should consult an appropriate independent financial adviser before taking any action.

1 Irish taxation

The following paragraphs are intended as a general guide only for Shareholders who are resident and ordinarily resident in Ireland for tax purposes, holding Ordinary Shares as investments and not as securities to be realised in the course of a trade, or by reason of their or another person's employment, collective investment schemes, and insurance companies, and are based on current legislation and Irish Revenue Commissioners practice. They do not purport to be a complete analysis of all potential Irish tax consequences of acquiring, holding or disposing of Existing Ordinary Shares, New Ordinary Shares or Preference Shares. Any prospective purchaser or holder of Ordinary Shares who is in any doubt about his tax position or who is subject to taxation in a jurisdiction other than Ireland should consult his or her own professional adviser immediately.

1.1 Subdivision of shares

As further described in Resolution 2 the Existing Ordinary Shares of the Company are to be subdivided into one New Ordinary Share and one Preference Share. This reorganisation of the Company's Existing Ordinary Shares should not constitute a disposal nor an acquisition of shares for Irish tax purposes, and instead each shareholder should be treated as having acquired each New Ordinary Share and each Preference Share at the same time as they acquired their Existing Ordinary Shares in the Company, with the original cost of their Existing Ordinary Share being appropriately split between the New Ordinary Share and the Preference Share.

1.2 Withholding Tax

Withholding tax at the standard rate of income tax (currently 20 per cent.) applies to dividend payments and other profit distributions by an Irish resident company. Certain categories of Irish resident Shareholders are exempt from withholding tax if they make an appropriate declaration of entitlement to exemption to the Company in advance of payment of any relevant distribution, including (but not limited to):

- An Irish resident company;
- An Irish pension fund or an exempt Irish charity approved by the Irish Revenue Commissioners;
- A qualifying fund manager in an approved retirement fund or an approved minimum retirement fund or qualifying savings manager in accordance with section 172C(ba) of the Taxes Consolidation Act 1997 ("TCA"), who is receiving the relevant distribution as income arising in respect of assets held;
- A Personal Retirement Savings Account ("PRSA") administrator who is receiving the relevant distribution as income arising in respect of PRSA assets;
- A qualifying employee share ownership trust;
- A collective investment undertaking;
- A designated broker receiving the distribution for a special portfolio account;

- A person who is entitled to exemption from income tax under Schedule F on dividends in respect of an investment in whole or in part of payments received in respect of a civil action or from the Personal Injuries Assessment Board for damages in respect of mental or physical infirmity;
- Certain qualifying trusts established for the benefit of an incapacitated individual and/or persons in receipt of income from such a qualifying trust;
- A person entitled to exemption to income tax under Schedule F by virtue of section 192 (2) of the TCA; and
- A unit trust to which section 731(5)(a) of the TCA applies.

Certain categories of non-resident Shareholders are exempt from withholding tax if they make an appropriate declaration of entitlement to exemption to the Company in advance of payment of any dividend, including (but not limited to):

- Persons (other than a company) who (i) are neither resident or ordinarily resident in Ireland and (ii) are resident for tax purposes in (a) a country which has in force a tax treaty with Ireland (a “**tax treaty country**”) or (b) an EU Member State other than Ireland;
- Companies not resident in Ireland which are resident in an EU Member State or a tax treaty country, by virtue of the law of a tax treaty country or an EU Member State, and are not controlled, directly or indirectly, by Irish residents;
- Companies not resident in Ireland which are directly or indirectly controlled by a person or persons who are, by virtue of the law of a tax treaty partner country or an EU Member State, resident for tax purposes in a tax treaty country or an EU Member State other than Ireland and who are not controlled, directly or indirectly, by persons who are not residents for tax purposes in a tax treaty partner country or an EU Member State;
- Companies not resident in Ireland the principal class of shares of which is substantially and regularly traded on a stock exchange in Ireland, on one or more than one recognised stock exchange in a tax treaty country or in another EU Member State or such other stock exchange as may be approved of by the Minister of Finance; or
- Companies not resident in Ireland that are 75 per cent. subsidiaries of a single company, or are wholly-owned by two or more companies, in either case the principal class(es) of shares of which is/are substantially and regularly traded on a stock exchange in Ireland, on one or more than one recognised stock exchange in a tax treaty country or in another EU Member State or such other stock exchange as may be approved of by the Minister of Finance.

In the case of a non-resident individual Shareholder resident in an EU Member State or tax treaty country, the declaration must be accompanied by a current certificate of residence from the revenue authorities in the Shareholder's country of residence. In all cases, the declaration also must contain an undertaking by the non-resident person that he or she or the company will advise the relevant person accordingly if he or she or the company ceases to be non-resident. No declaration is required where the stockholder is a 25 per cent. parent company in another EU Member State pursuant to the Parent/Subsidiary directive. Neither is a declaration required on the payment by a company resident in Ireland to another company so resident where the company making the dividend is a 51 per cent. subsidiary of that other company.

This summary does not address the position for all types of Shareholder.

1.3 **Taxation of Dividends**

Irish resident Shareholders who are individuals will be subject to income tax and levies on the aggregate of the net dividend received and the withholding tax deducted. The withholding tax deducted will be available for offset as a credit against the individual's income tax liability. A Shareholder may claim to have the withholding tax refunded to him to the extent it exceeds his income tax liability.

An Irish resident Shareholder which is a company will not be subject to Irish corporation tax on dividends received from the Company in respect of the New Ordinary Shares. An Irish resident Shareholder which is a company will be subject to Irish corporation tax on dividends received from the Company in respect of the Preference Shares. Tax will not be withheld at source by the Company provided the appropriate declaration is made. A company, which is a close company as defined under Irish legislation, may be subject to a corporation tax surcharge on dividend income to the extent that it is not distributed.

1.4 Capital Gains Tax

The Company's New Ordinary Shares and Preference Shares constitute chargeable assets for Irish capital gains tax purposes and accordingly Shareholders who are resident or ordinarily resident in Ireland, depending on their circumstances, may be liable to Irish tax on capital gains on a disposal of New Ordinary Shares and Preference Shares. The Irish capital gains tax rate is currently 20 33 per cent. As it is not expected that the shares will derive the greater part of their value directly or indirectly from land or buildings within Ireland, the Shareholders of the Company who are neither resident or ordinarily resident in Ireland and who do not hold the New Ordinary Shares or the Preference Shares for the purposes of a trade carried on in Ireland should not be subject to Irish tax on capital gains arising on the disposal of the New Ordinary Shares and Preference Shares. An Irish resident individual, who is a shareholder who ceases to be an Irish resident for a period of less than five years or less and who disposes of New Ordinary Shares or Preference Shares during that period, may be liable, on a return to Ireland, to capital gains tax on any gain realised.

1.5 Stamp Duty

Irish stamp duty will be charged at the rate of 1 per cent. on the amount or value of the consideration on any conveyance or transfer on sale or voluntary disposition of New Ordinary Shares or Preference Shares. In relation to a conveyance or transfer on sale or voluntary disposition of New Ordinary Shares or Preference Shares under the CREST System, Irish stamp duty at the rate of 1 per cent. will be payable on the amount or value of the consideration. The person accountable for the payment of stamp duty is generally the transferee. Stamp duty is normally payable in practice within 30 44 days following the date of execution of the transfer. Late or inadequate payments of stamp duty will result in a liability for interest, penalties and surcharges.

Under an arrangement between Ireland and the United Kingdom, credit is given in Ireland for stamp duty payable on the transfer of New Ordinary Shares or Preference Shares where the instrument of transfer is stampable in both jurisdictions (see paragraph 2.3 of this Part 11 as regards UK Stamp Duty).

2. UK taxation

The following statements are intended only as a general guide to 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 Existing Ordinary Shares, New Ordinary Shares or Preference Shares. The following statements are based on current UK legislation and what is understood to be the current practice of HMRC as at the date of this Document, both of which may change, possibly with retroactive effect. They apply only to Shareholders who are resident (and, in the case of individual Shareholders, domiciled) for UK tax purposes in (and only in) the UK (except insofar as express reference is made to the treatment of non-UK residents), who hold their Ordinary Shares as an investment (other than under tax exempt arrangements such as individual savings accounts), and who are the absolute beneficial owners of both their Ordinary Shares and any dividends paid on them. The tax position of certain categories of Shareholders who are subject to special rules (such as persons acquiring Ordinary Shares in connection with employment, dealers in securities, insurance companies and collective investment schemes) or trustees and beneficiaries as regards shares held in trust is not considered.

Any person who is in any doubt about their taxation position or who may be subject to tax in a jurisdiction other than the UK is strongly recommended to consult their own professional advisers.

2.1 Taxation of Chargeable Gains

2.1.1 Subdivision of shares

As further described in Resolution 2 the Existing Ordinary Shares of the Company are to be sub-divided into one New Ordinary Share and one Preference Share. This reorganisation of the Company's Existing Ordinary Shares should not constitute a disposal nor an acquisition of shares for UK tax purposes, and instead each shareholder should be treated as having acquired each New Ordinary Share and each Preference Share at the same time as they acquired their Existing Ordinary Shares in the Company, with the original cost of their Existing Ordinary Share being appropriately split between the New Ordinary Share and the Preference Share.

2.1.2 UK tax resident Shareholders

The Company's New Ordinary Shares and Preference Shares constitute chargeable assets for UK capital gains tax purposes and accordingly individual Shareholders who are resident in the UK, depending on their circumstances, may be liable to UK tax on capital gains on a disposal of New Ordinary Shares and Preference Shares. The UK capital gains tax rates are currently 10 and 20 per cent depending on a Shareholder's level of taxable income.

HMRC have confirmed that securities dealt with on AIM will not fall to be treated as listed or quoted securities for tax purposes. There are a number of tax reliefs available for unquoted securities and ordinary shares in unlisted companies (subject to a number of different requirements in each case) and anyone who requires further information on their availability should consult an appropriate professional adviser.

Shareholders who are UK corporates may be liable to UK corporation tax on any gains realised on disposal of their New Ordinary Shares or Preference Shares at the prevailing corporation tax rate at the time of disposal (currently 19 per cent rising to 25 per cent as from 1 April 2023). Such gains realised by UK corporate Shareholders holding 10 per cent or more of the Company's issued ordinary share capital may qualify for the substantial shareholding exemption if certain conditions are met at the time of disposal. Shareholders within the charge to corporation tax should consult their own professional advisers to confirm the availability of this exemption based on their own circumstances.

2.1.3 Non-UK tax resident Shareholders

As it is not expected that the shares will derive the greater part of their value directly or indirectly from land or buildings in the UK, any Shareholder, whether an individual or corporate, who is not resident for tax purposes in the UK will not generally be subject to UK capital gains tax on a disposal of New Ordinary Shares or Preference Shares unless the Shareholder is carrying on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a corporate Shareholder, liable to corporation tax on chargeable gains, a trade in the UK through a permanent establishment) in connection with which the shares are used, held or acquired.

Such Shareholders may be subject to non-UK taxation on any gain under local law.

An individual Shareholder who has ceased to be resident for tax purposes in the UK for a period of five years or less and who disposes of all or part of his shareholdings in the Company during that period may be liable to capital gains tax on his return to the UK, subject to available exemptions or reliefs.

2.2 Taxation of Dividends

2.2.1 Withholding tax on dividends

Dividends paid to Shareholders resident for tax purposes in the UK may be subject to a reduced withholding tax of 15 per cent. of the gross dividend in Ireland in accordance with the provisions of the UK: Ireland Double Taxation Treaty. For most UK Shareholders this withholding tax will be credited against and thereby reduce, their UK tax liability on the dividends (see below). For both individuals and companies having insufficient taxable income to give rise to a UK tax charge, the investor can elect to treat Irish withholding tax as an expense to be deducted from the gross dividend so that the taxable receipt is reduced to the amount of the dividend net of withholding tax.

It is possible for certain non-Irish resident persons to claim exemption from Irish Dividend Withholding Tax on making an appropriate declaration to the Company (see paragraph 1.1 of this Part 11).

2.2.2 Dividends paid to UK tax resident individuals

An individual Shareholder who is resident for tax purposes in the UK is entitled to a tax-free dividend allowance. This allowance currently exempts from tax the first £2,000 of dividend income received by such an individual. However, dividends within the allowance will count as taxable income when determining how much of the basic rate band or higher rate band has been used.

For tax year 2022/23, dividend income in excess of £2,000 will be taxable at the rate of 8.75 per cent to the extent it falls within an individual's basic rate band, 33.75 per cent to the extent it falls within an individual's higher rate band and 39.35 per cent to the extent it is taxed as additional rate income. For the purposes of determining which of the taxable bands dividend income falls into, dividend income is treated as the highest part of the individual's total income.

2.2.3 Dividends paid to UK tax resident companies

Corporate Shareholders who are UK resident are potentially liable to corporation tax on dividends paid by an Irish resident company: most dividends paid on the Ordinary Shares to UK resident corporate Shareholders are likely to fall within one or more of the classes of dividend qualifying for exemption from corporation tax (although the exemptions are not comprehensive and are also subject to anti-avoidance rules). Shareholders within the charge to corporation tax should consult their own professional advisers to confirm the tax treatment on their dividend receipts.

2.3 UK Stamp Duty and Stamp Duty Reserve Tax (SDRT)

No stamp duty or SDRT should arise on the issue or allotment of the New Ordinary Shares or Preference Shares by the Company. For as long as the New Ordinary Shares are admitted to trading on AIM (and are not listed on any market), no stamp duty or SDRT will arise on transfers or agreements to transfer the New Ordinary Shares by virtue of an exemption from stamp duty and SDRT for shares traded on AIM (and not listed on any market). If the New Ordinary Shares cease to qualify for this exemption by becoming listed on a market their transfer on sale will be subject to stamp duty and/or SDRT (generally at the rate of 0.5% of the consideration subject to a *de minimis* threshold for stamp duty), save in respect of shares held in a clearance service or in a depositary receipt arrangement in respect of which other provisions may apply.

The statements in this paragraph 2.3 apply to any holders of New Ordinary Shares or Preference Shares irrespective of their residence, summarise the current position and are intended as a general guide only. Special rules apply to persons such as, amongst others, intermediaries and persons connected with depositary arrangements or clearance services.

PART 11

EUROCLEAR SYSTEM AND CREST

1. INTRODUCTION

In order for the *Existing Ordinary Shares, the New Ordinary Shares and the Preference Shares* to be settled electronically, they must be in registered form and admitted to the Euroclear System operated by Euroclear Bank. Settlement of trades may then also take place in the CREST System through a CREST Depository Interest (or CDI) over the securities in the Euroclear System.

The regulation of central securities depositories, which operate securities settlement systems, is harmonised across the EU. Euroclear Bank is a Central Securities Depository (CSD) incorporated in Belgium and is a recognised CSD for the purposes of the CSD Regulation.

Euroclear Nominees will be entered into the Register of Members of the Company as holder of all Ordinary Shares and Preference Shares admitted to the Euroclear System (together the **“Relevant Shares”**). The Euroclear System is an “intermediated” or “indirect” system, under which the rights of EB Participants in the Euroclear System in respect of securities deposited in the Euroclear System are governed by Belgian law. For so long as securities remain in the Euroclear System, Euroclear Nominees will be recorded in the Register of Members as the holder of the Relevant Shares and trades in the securities will instead be reflected by a change in Euroclear Bank’s book-entry system (as described in further detail in paragraph 2 of this Part 11).

Under the Euroclear System, Belgian Law Rights (as described in further detail in paragraph 2 of this Part 11) representing any Relevant Shares admitted to the Euroclear System will automatically be granted to participants in the Euroclear System. The Belgian Law Rights will entitle persons who are or become EB Participants to direct the exercise of certain rights relating to the relevant shares in accordance with the terms of the EB Services Description and to hold the Belgian Law Rights directly. A holder who is not entitled to become an EB Participant but who wishes for their Relevant Shares, New Ordinary Shares and/or Preference Shares to be admitted to the Euroclear System will either need to make arrangements for an existing EB Participant to hold the Belgian Law Rights on their behalf, or else they may hold their interests in the Relevant Shares through CDIs. A CDI is a security constituted under English law issued by EUI that represents an entitlement to international securities. CDIs are a technical means by which interests in the Relevant Shares can be held in the CREST System as an alternative to holding Belgian Law Rights directly as an EB Participant. CDIs will allow a holder to hold interests in the CREST System (albeit indirectly) and to settle trades electronically.

The holders of Belgian Law Rights or CDIs will not have direct rights as members of the Company in respect of the underlying Relevant Shares. The holders in the Euroclear System will be required to utilise the services offered by Euroclear Bank in relation to their exercise as EB Participants. Should a holder wish to exercise any Relevant Shares rights attaching to the Relevant Shares, such holder would have to withdraw the Relevant Shares from the Euroclear System as set out in paragraph 5 below and be entered onto the Register of Members as the holder of such Relevant Shares.

2. OVERVIEW OF CERTAIN BELGIAN LAW RIGHTS

A description of the Belgian Law Rights that, as a matter of Belgian law, are granted to EB Participants in respect of the Relevant Shares credited to them in the Euroclear System is set out below. This description reflects Belgian law as it applies as at the date of this Document.

2.1 Legal framework

Section 4(b) of the Euroclear Terms and Conditions lists the various pieces of legislation which govern securities held in the Euroclear System, namely: (a) the coordinated Royal Decree No. 62 on the deposit of fungible financial instruments and the settlement of transactions involving such instruments (**“Royal Decree No. 62”**), which applies to all types of securities admitted in the Euroclear System which are in principle not governed by one of the specific pieces of legislation listed in items (b) to (d) below; (b) the Act of 2 January 1991 on the market in public debt securities and monetary policy instruments, which applies to dematerialised debt instruments

issued by the Belgian federal government or other public-sector entities; (c) the Act of 22 July 1991 on commercial paper and certificates of deposit, which applies to certain short- or medium-term dematerialised debt instruments issued by Belgian issuers or foreign issuers that have specifically chosen to use one of these types of securities; (d) the Belgian Companies and Associations Code (section 5:30 et seq. and section 7:35 et seq.), which apply to dematerialised securities issued by certain Belgian companies, it being understood that, notwithstanding the statement above under (a), certain provisions of the Royal Decree No.62 also apply to these types of securities; or (e) other applicable pieces of Belgian legislation providing for a regime of fungibility, as the case may be and as the same may be amended, supplemented or superseded from time to time (note that there are currently no such other pieces of legislation).

The asset protection rules set out in the pieces of legislation listed at sub-paragraphs (b) to (d) above provide a protection which is equivalent, in substance, to the protection afforded by Royal Decree No. 62. In addition, some of the pieces of legislation do not apply to shares issued by an Irish issuer (for example because they only apply to securities issued by a Belgian issuer or by a Belgian public authority) and the remainder of this summary, therefore, relates only to those rules provided for by Royal Decree No. 62.

2.2 Scope of Royal Decree No. 62

Royal Decree No. 62 applies to all securities (other than with a limited number of exceptions those governed by one of the specific pieces of legislation mentioned in paragraphs 2(b) to (d)) deposited with Euroclear Bank by EB Participants, irrespective of whether. (a) the securities have been initially deposited with Euroclear Bank or have first been deposited with another CSD before being transferred to a Securities Clearance Account opened on the books of Euroclear Bank; (b) Euroclear Bank sub-deposits these securities with sub-custodians or CSDs in Belgium or elsewhere; and (c) where relevant, under the law governing the securities, it is the EB Participant, Euroclear Bank itself or a nominee (e.g. Euroclear Nominees) that has legal title to the securities.

2.3 Fungibility

Securities held by Euroclear Bank on behalf of EB Participants are fungible (Article 6 of Royal Decree No. 62). This means that once the securities have been accepted by Euroclear Bank for deposit in the Euroclear System, it is no longer possible to identify (whether on the books of Euroclear Bank or in the books of the relevant depository) a specific security (by means of a serial number or otherwise) as belonging to a particular EB Participant. Owing to this fungibility, securities held in the Euroclear System are treated on a book-entry basis. Rights to such securities (i.e., the co-ownership right on the pool of securities of the same issue held in the Euroclear System discussed below) are evidenced by entries to the Securities Clearance Account of the relevant EB Participant.

2.4 Rights attaching to the securities

The rights that EB Participants have in respect of securities held in the Euroclear System are twofold: an EB Participant has a right to claim back the underlying securities initially deposited or transferred to a Securities Clearance Account under the fungibility regime but also, as long as the securities are held in the Euroclear System, a co-ownership right on all securities of the same issue held under the fungibility regime. The deposit of securities in the Euroclear System amounts to the exchange by the depositor of an ownership interest in specific securities for an intangible co-ownership right over the pool of securities of the same issue as such specific securities held in the Euroclear System by all EB Participants. It is this co-ownership right that is the subject of book-entry transfers between the Securities Clearance Accounts in the Euroclear System. If an EB Participant wishes to take possession of or recover an ownership interest in specific securities it may at any time request the delivery of an amount of underlying securities corresponding to the amount of such securities the co-ownership right of which are recorded on the EB Participant's Securities Clearance Account. As from such delivery, the securities will no longer be held in the Euroclear System. Such delivery would satisfy the recovery claim the EB Participant has against Euroclear Bank, as evidenced by the credit to the EB Participant's Securities Clearance Account.

2.5 Nature of the co-ownership right

Royal Decree No. 62 offers enhanced protection to holders of book-entry securities compared with mere contractual rights. Under Royal Decree No. 62 EB Participants are granted an intangible co-ownership right over the pool of book-entry securities of the same issue held by Euroclear Bank (or its nominee) on behalf of all EB Participants that hold securities of that issue (Article 2 of Royal Decree No. 62). Securities of the same issue are securities that have been issued by the same issuer and have the same maturity and rights (i.e., the same ISIN) and are therefore fungible. The existence of this co-ownership right affords EB Participants specific rights with respect to the securities recorded on their Securities Clearance Account which would not otherwise arise under Belgian Law in favour of holders of pure contractual rights, namely: (a) a right to directly exercise voting rights (subject to the laws applicable to the underlying securities); and (b) a right of recovery (*terugvorderingsrecht/droit de revendication*), i.e. a proprietary right to receive back the relevant quantity of securities in the event of the bankruptcy of Euroclear Bank (or any other proceedings in which the rule of equal treatment of creditors applies (*geval van samenloop/situation de concours*)). These rights are regarded as the two essential attributes of ownership under Belgian Law. As a consequence of the fungibility of the securities deposited with Euroclear Bank, Article 12 of Royal Decree No. 62 provides that the right of recovery is a collective right, to be exercised collectively by all EB Participants that have deposited the relevant securities (rather than an individual right to be exercised by each EB Participant). This right is as a matter of principle to be exercised by the administrator of Euroclear Bank's bankruptcy or any other procedure where the rule of equal treatment of creditors applies (*geval van samenloop/situation de concours*), and it is the administrator that would, on behalf of all EB Participants having deposited the securities concerned, claim those securities back from the depositories. Where the administrator would fail to take any action to effect recovery of the securities held on behalf of EB Participants, it is considered that each EB Participant may directly make a claim with the depositories for the portion of securities held by it in the Euroclear System as evidenced by the entries in the Securities Clearance Account(s) of the EB Participant.

2.6 Absence of proprietary right of Euroclear Bank

Euroclear Bank has no proprietary right in respect of securities recorded in EB Participants' Securities Clearance Accounts. This is without prejudice to the other rights Euroclear Bank may have with respect to securities held in the Euroclear System as described elsewhere in this Part 12 (see in particular the statutory liens and other rights described further below).

2.7 Insolvency of Euroclear Bank

Under Belgian Law, were bankruptcy proceedings (*faillissement/faillite*) to be opened in respect of Euroclear Bank, the assets of Euroclear Bank would be placed under judicial control to be conserved, administered and liquidated by one or more bankruptcy administrators (curator/curateur), in order to reimburse the creditors of Euroclear Bank. The administrator(s) would also be responsible for returning to each EB Participant the number of securities it held in the Euroclear System.

The National Bank of Belgium ("NBB") may also commence resolution measures in respect of Euroclear Bank in accordance with Title VIII of the Act of 25 April 2014 on the status and supervision of credit institutions and stock brokerage firms ("**Banking Act**") which has implemented amongst others, Directive 2014/59/EU of the 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms ("**BRRD**") in Belgium. The impact of such resolution measures on EB Participants would depend on the measures taken. Section 288 of the Banking Act provides that the resolution authority should ensure that the exercise of its resolution powers does not affect the operation of and regulation of payment and settlement covered by Directive 98/26/EC of 19 May 1998 on settlement finality in payment and securities settlement systems.

2.8 Securities held on behalf of EB Participants are not part of bankruptcy estate

EB Participants are granted an intangible co-ownership right over the pool of book-entry securities of the same issue held by Euroclear Bank on behalf of all EB Participants that hold securities of that issue (Article 2 of Royal Decree No. 62). Such securities would not form part of the assets of Euroclear Bank that would be available for the satisfaction of the claims of

Euroclear Bank's creditors where bankruptcy proceedings (*faillissement/failite*) are commenced before the Belgian courts in respect of Euroclear Bank or where resolution measures affecting Euroclear Bank are taken.

2.9 Recovery of securities

Securities held with Euroclear Bank would be recoverable in kind by the EB Participants in the event of bankruptcy proceedings (*faillissement/failite*) or resolution measures affecting Euroclear Bank. As noted above, EB Participants have a right of recovery (*terugvorderingsrecht/droit de revendication*), i.e. a proprietary right to receive back the relevant quantity of securities in the event of bankruptcy proceedings (*faillissement/failite*) or any other procedure where the rule of equal treatment of creditors applies (*geval van samenloop/situation de concours*). This recovery right must be brought collectively in respect of the pool of securities of the same issue held by EB Participants with Euroclear Bank. Article 12 of Royal Decree No. 62 provides that where the pool of securities is insufficient (i.e. if there is a securities loss) to allow complete restitution of all due securities of a specific issue held on account with Euroclear Bank by all EB Participants, the pool must be allocated among the EB Participants/owners in proportion to their rights. If Euroclear Bank itself is the owner of a number of securities of the same issue it will only be entitled to the number of securities remaining after the total number of securities of the same issue which it held for third parties has been returned.

2.10 Recovery procedure

In order for an EB Participant to be entitled to the recovery of securities held in the Euroclear System in the case of a bankruptcy (*faillissement/failite*) of Euroclear Bank, the EB Participant must file a claim for recovery with the clerk's office of the Brussels business court before the submission of the first report of verification of claims (*neerlegging van het eerste proces-verbaal van verificatie/dépôt du premier procès-verbal de vérification des créances*) (section XX.194 of the Belgian Code of Economic Law). The judgment pursuant to which the bankruptcy has been declared would contain the date by which the first report of verification of claims must be submitted (generally between 30 and 45 days after the bankruptcy declaration). Any claim for recovery submitted after that date would be inadmissible. The administrator of the bankruptcy would then allocate the securities of each issue between those EB Participants having filed a claim for recovery in accordance with the rules set out in this Part 9 of this Document.

2.11 Attachment prohibited

Pursuant to Article 11 of Royal Decree No. 62, attachments (*derden-beslag/saisie-arrêt*) of Securities Clearance Accounts opened with Euroclear Bank are prohibited. The prohibition prevents Euroclear Bank, other EB Participants and third parties (such as creditors of the account holder), depositories or service providers from being able to attach (*in beslag nemen/saisir*) securities recorded in a Securities Clearance Account. Article 11 also stipulates that no attachment of securities deposited by Euroclear Bank with depositories is permissible. Further, Article 14 of Royal Decree No. 62 provides that the dividend, interest and principal amount cash payments relating to fungible securities paid to Euroclear Bank by issuers of securities held in the Euroclear System may not be attached by the creditors of Euroclear Bank.

2.12 Statutory liens, other rights and pledge

Pursuant to section 31, §2 of the Act of 2 August 2002 on the supervision of the financial sector and financial services ("**Act of 2 August 2002**"), Euroclear Bank has: (a) a statutory lien over financial instruments (including securities), cash, currencies and other rights held in the books of Euroclear Bank as an EB Participant's own (i.e. proprietary) assets, which secures any claim Euroclear Bank has against the EB Participant in connection with the settlement of securities subscriptions, transactions in securities or currency-forward transactions, including claims resulting from loans or advances; and (b) a statutory lien over financial instruments (including securities), cash, currencies and other rights held in the books of Euroclear Bank on behalf of the EB Participant's underlying clients, which may only be used to secure any claim Euroclear Bank has against the EB Participant in connection with the settlement of securities subscriptions, transactions in securities or currency-forward transactions, including claims resulting from loans or advances, which are carried out on behalf of the EB Participant's underlying clients.

2.13 Other liens and rights

In addition to the section 31 statutory lien referred to above, Belgian Law provides for: (a) a retention right in favour of the depository (e.g. Euroclear Bank) to guarantee its claim for the full payment of any amount owed to it in connection with the deposit (section 1948 of the old Belgian Civil Code); (b) a statutory lien which covers any expenses made for the preservation of an asset (e.g. securities) (section 20, 4° of the Mortgage Act); and (c) a statutory lien in favour of the unpaid seller on the sold, movable assets (e.g. securities) which exists as long as the buyer is in possession of such assets (section 20, 5° of the Mortgage Act). Reflecting the statutory rights referred to above, Section 14(e) (limb (i) and (ii) of the Euroclear Terms and Conditions provides for a contractual right of set-off and retention in favour of Euroclear Bank pursuant to which Euroclear Bank may (upon the effectiveness of any termination or resignation of an EB Participant): (a) set off or retain from the amounts to be returned by Euroclear Bank to the EB Participant any amounts which are due to, or which may become due to, Euroclear Bank from the EB Participant and (b) retain securities held in the Securities Clearance Account(s) opened in the name of the EB Participant to provide for the payment in full of any amounts which are due to, or which may become due to, Euroclear Bank from the EB Participant. Belgian law provides that holders of interests through the Euroclear Bank CSD have the right to exercise other “**associative rights**” directly against the Company under Article 13 of the Royal Decree No. 62. These associative rights would include, for example, the right to attend and vote at a general meeting, the right to subscribe in rights issues and the right to commence derivative claims against the directors. EB Participants would request evidence of their shareholding from Euroclear Bank in connection with the exercise of such associated rights.

2.14 General pledge

In order to secure any claim Euroclear Bank may have against an EB Participant in connection with the use of the Euroclear System (in particular any claim resulting from any extension of credit or conditional credit made in connection with the clearance or settlement of transactions or custody services), each EB Participant agrees, pursuant to section 3.5.2 of the EB Operating Procedures, to pledge to Euroclear Bank: (a) all securities and cash such EB Participant holds in the Euroclear System; (b) all right, title and interest in and to such securities and cash; and (c) all existing and future contractual claims such EB Participant may have against Euroclear Bank in connection with the use of the Euroclear System and in particular any claim to receive from Euroclear Bank securities from a local market as a result of either: (i) stock exchange trade orders where such transactions are automatically fed by the local stock exchange into the local clearance system; or (ii) receipt instructions that Euroclear Bank sends to the local market on such EB Participant's behalf. This general pledge is without prejudice to (i) any collateral arrangements that Euroclear Bank may enter into with the EB Participant and (ii) the section 31 statutory lien referred to in paragraph 2.13 above.

2.15 Waivers

Pursuant to section 3.5.1(b) of the EB Operating Procedures, Euroclear Bank waives the statutory lien provided by section 31, §2 of the Act of 2 August 2002 (referred to in paragraph 2.12 above) with respect to all securities held by the EB Participant on behalf of clients, provided such securities are credited to a Securities Clearance Account separately and specifically identified in writing by the EB Participant as an account to which only client securities are credited.

Pursuant to section 3.5.2(b) of the EB Operating Procedures, Euroclear Bank waives the general pledge referred to above with respect to all securities held by the EB Participant on behalf of clients, provided such securities are credited to a Securities Clearance Account separately and specifically identified in writing by the EB Participant as an account to which only client securities are credited except where it secures claims arising in connection with the clearance or the settlement of transactions through, or in connection with, the Euroclear System, carried out on behalf of the EB Participant's customers.

2.16 Securities Losses

Section 17 of the Euroclear Terms and Conditions contains a general loss-sharing rule which is without prejudice to the rules contained in section 12 of Royal Decree No. 62. The rules set out in section 17 are also without prejudice to any liability that Euroclear Bank may have to compensate EB Participants for negligence or wilful misconduct on its part. Where all or a portion of the securities of a particular issue held in the Euroclear System is lost or otherwise becomes unavailable for delivery (such loss or unavailability being referred to as a “**Securities Loss**”), then the reduction in the amount of securities of such issue (i.e., those having the same ISIN) held in the Euroclear System arising therefrom will be borne by those EB Participants holding securities of such issue in the Euroclear System at the opening of the business day on which Euroclear Bank makes a determination that a Securities Loss has occurred (or if such day is not a business day, at the opening of business on the immediately preceding business day). The loss sharing is to be *pro rata* with the amount of securities of such issue so held by each EB Participant at the time of such determination and is effected by means of debits to the Securities Clearance Accounts on which securities of such issue are credited. This is subject to appropriate adjustment in the event that any portion of the securities of such issue held in the Euroclear System is for any reason not credited to Securities Clearance Accounts. Any reduction in the amount of securities available for delivery which arises from a Securities Loss with respect to securities held with any depository or other CSD shall be shared at the time as of which such reduction is attributed to Euroclear Bank. In the case of any Securities Loss with respect to any issue of securities which arises under circumstances in which any depository, any EB Participant, any other CSD, any sub-custodian, or any other person is or may be legally liable (or if any other remedy may be available for making good the Securities Loss), Euroclear Bank may take such steps to recover the securities that are the subject of such Securities Loss or damages (or to obtain the benefits of any such other remedy) as Euroclear Bank reasonably deems appropriate under all the circumstances (including without limitation the bringing and settling of legal proceedings).

Unless Euroclear Bank is liable for such Securities Loss due to its negligence or wilful misconduct, Euroclear Bank will charge those sharing the reduction in securities arising out of such Securities Loss (proportionately in accordance with the amount of such sharing) the amount of any cost or expense incurred in connection with any action taken referred to in the preceding paragraph.

Any cash amounts or securities which Euroclear Bank recovers in respect of a Securities Loss relating to a particular issue of securities or for which Euroclear Bank is liable in connection with a Securities Loss will be credited to the appropriate cash accounts or Securities Clearance Accounts of those sharing the reduction in the amount of securities of such issue arising from such Securities Loss.

2.17 Euroclear System — overview of voting, dividends and corporate actions

Set out below is an overview of the Euroclear Bank service offering in respect of voting, dividends and certain other corporate actions, to the extent that they attach to the Relevant Shares. However it should be noted that the Preference Shares do not have a right to vote. Please see paragraph 22 of Part 1 of this Document for details of the rights attaching to each of the Relevant Shares. For further information, please refer to the EB Operating Procedures and the EB Services Description, copies of which are available from the Euroclear website.

2.17.1 Voting

Section 5.3.2.7 of the EB Operating Procedures describes the specific contractual aspects of how the voting service is operated by Euroclear Bank. This section is further supplemented by the ‘Online Market Guides (“**Online Market Guides**”) for market specific operational elements (currently the EB Services Description) (the Online Market Guides forming part of the contractual relationship between Euroclear Bank and EB Participants).

Section 5.3.2.7 of the EB Operating Procedures makes clear that Euroclear Bank has no discretion in exercising any corporate action, including a voting instruction, and will act only upon instruction of the EB Participant (where an instruction is needed).

All material information regarding the manner in which the voting rights are exercised can be found in the EB Services Description (Version 4) at section 6 — Custody-Meeting Services.

2.17.2 Dividend and corporate actions

The general framework for processing corporate actions within the Euroclear System is described in section 5.3 of the EB Operating Procedures, with further detail on certain corporate actions being set out in section 5.3.2.

Section 5.3.2.7 of the EB Operating Procedures indicates that where an instruction is needed in respect of a corporate action, Euroclear Bank does not have discretion in exercising any corporate action and confirms that Euroclear Bank will act only upon instruction of an EB Participant (where an instruction is needed). Certain corporate actions may have a default action which will be taken by Euroclear Bank if no instruction is received by the appropriate deadline.

Section 5 of the Euroclear Terms and Conditions governing use of the Euroclear System provides that income/dividends received by Euroclear Bank will be distributed pro-rata to the holders of the relevant securities (i.e. the relevant EB Participants).

Further details on the process of collection, distribution and payment of dividends are provided for in section 5.3 of the EB Operating Procedures, with reference to the Online Market Guides for market specific operational elements (currently the EB Services Description).

All material information regarding the manner in which receipt of dividends and participation in corporate actions is processed is described in section 5 of the EB Services Description (Version 4) — Custody — Income and Corporate Actions.

3 OVERVIEW OF CREST DEPOSITORY INTERESTS

3.1 Form of CDIs

Holders of CDIs will not be the registered holders of the Relevant Shares to which they are entitled. Rather, their interests will be held through an intermediated chain of holdings, whereby Euroclear Nominees will hold the legal interest in the Relevant Shares transferred to it on trust for Euroclear Bank, and will be the registered holder of such shares entered on the relevant Register of Members. Euroclear Bank will credit its interest in such shares to the account of the CREST Nominee, CIN (Belgium) Limited and the CREST Nominee will hold its interest in such Relevant Shares (i.e. the Belgian Law Rights) as nominee and for the benefit of the CREST Depository. The CREST Depository will, in turn, hold its interest in such shares on trust and for the benefit of the holders of the CDIs.

3.2 CDI terms and conditions

The terms and conditions upon which CDIs are issued and held in CREST are set out in the CREST Deed Poll and the CREST International Manual. An international custody fee and a transaction fee, as determined by EUI from time to time, is charged at user level for the use of CDIs and/or transactions. The rights of prospective holders of CDIs in relation to the CREST Depository in respect of CDIs held through CREST are set out in the CREST Deed Poll.

3.3 Rights attaching to CDIs

The holders of CDIs will have an indirect entitlement to the Relevant Shares but will not be the registered holders thereof. Accordingly, the holders of CDIs will be able to enforce and exercise any rights relating to the Relevant Shares through and in accordance with the arrangements described below. As a result of certain aspects of Irish law which govern the Relevant Shares, the holders of CDIs will not be able directly to enforce or exercise certain rights, including (where applicable) voting and pre-emption rights but, instead, will be entitled to enforce them indirectly via Euroclear Nominees as further explained below. Holders of CDIs will, at their option, be able to effect the cancellation of their CDIs in CREST and receive a transfer of the underlying shares to which they are entitled by appointing an agent or custodian which is an EB Participant to receive the relevant Belgian Law Rights and arranging for that agent or custodian to take the necessary steps to effect the transfer of the relevant shares from the CREST Nominee. Such

holders may also choose to receive the benefit of the Belgian Law Rights either directly (if they are an EB Participant) or via a shareholding account with a depository financial institution that is an EB Participant.

The CDIs will be created and issued pursuant to the terms of the CREST Deed Poll and as described in the CREST International Manual.

The CDIs will have the same security code (ISIN) as the relevant underlying shares and will not be separately quoted on AIM.

CDIs are capable of being credited to the same member account as all other CREST securities of any particular investor.

Holders of CDIs will only be able to exercise their rights attached to CDIs by instructing the CREST Depository to exercise these rights on their behalf, and, therefore, the process for exercising rights (including where applicable to the Relevant Shares the right to vote at general meetings and the right to subscribe for new Ordinary Shares on a pre-emptive basis) will take longer for holders of CDIs than for holders of the Relevant Shares or Belgian Law Rights. Consequently, it is expected that the CREST Depository shall set a deadline for receiving instructions from all CDI holders regarding any corporate event. The holders of CDIs may be granted shorter periods in which to exercise the rights carried by the CDIs than the holders have in which to exercise rights carried by the Relevant Shares or EB Participants have in which to exercise rights carried by Belgian Law Rights. The CREST Depository will not exercise voting rights in respect of CDIs for which it has not received voting instructions within the established term.

EUI has an SRD II-like solution in place in respect of Irish securities held as CDIs in the CREST System. Voting confirmations, where relevant may not be provided by Euroclear Bank to EB Participants or to underlying CDI holders.

3.3.1 Voting rights

EUI, has arranged for voting instructions relating to the CDIs held in CREST relating to the Ordinary Shares to be received via a third-party service provider, currently Broadridge. Any CREST member who has a holding in the relevant CDIs before the expiry of the Broadridge voting deadline will be notified by Broadridge of the corporate action event following Broadridge's receipt of such notification from Euroclear Bank.

The notification will be made available to all CREST members (those either having or receiving a position in that CDI) within 48 hours of receipt by Broadridge of complete information. The relevant record date is determined by the issuer and is a market-wide applicable date.

CREST members can complete and submit proxy appointments (including voting instructions) electronically through Broadridge. The same voting options as in Euroclear Bank will be available (i.e. electronic votes by means of chair proxy appointments or appointing a third party proxy).

The voting service will process and deliver proxy voting instructions received from CREST members on the Broadridge voting deadline date to Euroclear Bank, by their cut-off and to agreed market requirements. Voting instructions cannot be changed or cancelled after Broadridge's voting deadline.

There is no facility to appoint a corporate representative other than through the submission of third-party proxy appointment instructions.

Holders of CDIs wishing to use the voting rights attached to the Ordinary Shares underlying their CDIs personally in their capacity as a shareholder (and not as proxy), by attending a general meeting of the Company, will first have to effect the cancellation of their CDIs by receiving the relevant Belgian Law Rights (via an EB Participant if they are not an EB Participant) and then effecting a transfer of their underlying Ordinary Shares so that such Ordinary Shares are held by such holder in time for the record date of the relevant general meeting. On so doing, they will, subject to and in accordance with the Articles of Association, be able to attend and vote in person or appoint a corporate representative at the relevant shareholders' meeting.

3.3.2 Dividends

The entitlement of CREST members holding CDIs to a dividend will be based on their holdings in the CREST System on the relevant record date. Upon receipt of funds and successful reconciliation by CREST, CREST members will be credited an amount based on their record date holdings.

Holders of CDIs held in the CREST System, whilst Euroclear Bank continues to provide such service, will be able, if they wish, to have amounts in respect of dividends paid on the Relevant Shares in euro by an issuer converted into, and paid to them in, Sterling, or any other CREST currency

3.3.3 Other corporate actions

Chapter 4 of the CREST International Manual outlines the broad principles surrounding the management of corporate actions in the CREST System for CDIs.

EUI notifies CREST members of an event as soon as possible after receipt of complete notification of the corporate action from Euroclear Bank (normally shortly after the announcement by the issuer).

The notification will inform the CREST member of the relevant deadlines (EUI deadline, record date, election date etc.) as well as the actions the CREST member needs to undertake (i.e. is it a mandatory event, elective event, is there a default action or not).

Upon receipt by CREST of the corporate action instructions from the CDI holders by the CREST deadline, CREST will send the instructions to Euroclear Bank who in turn will include these instructions in the aggregated instructions Euroclear Bank sends to the issuer/agents.

The issuer/agents in turn credit the relevant proceeds to Euroclear Bank and upon receipt of the proceeds, Euroclear Bank credits the entitled EB Participants (including CREST as an EB Participant) with their respective entitlement.

The relevant EUI deadline for elections will be earlier than the Euroclear Bank deadline, as CREST needs to ensure it sends its instructions to Euroclear Bank within the Euroclear Bank deadline.

Upon receipt of the relevant proceeds, CREST will credit the CREST members with their entitlement based on either their elections or the holdings they had on the relevant record date.

CREST members' remedies are set out in the English law contract entered into with EUI.

Given that Euroclear Bank will not credit fractions of securities proceeds, CREST members will not be credited with fractional entitlements.

3.4 Cancellation of CDIs for underlying Belgian Law Rights or for underlying Relevant Shares

Holders of CDIs will, at their option, be able to effect the cancellation of their CDIs in the CREST System and receive the Belgian Law Rights to which they are entitled into a shareholding account with a depository financial institution which is an ER Participant or, alternatively to be registered as holder of the underlying Relevant Shares by arranging for that EB Participant to take the necessary steps to effect the transfer of the Relevant Shares from Euroclear Nominees. It is envisaged that receipt of Belgian Law Rights on cancellation of CDIs can be accomplished within the same business day, that entry on the Register of Members as holder of the underlying Relevant Shares can be accomplished within one business day and that receipt of the relevant share certificate can be accomplished within 10 business days. Certain transfer fees will generally be payable by a holder of CDIs who makes such a transfer.

4 EUROCLEAR BANK AND EUI SERVICE OFFERINGS

Relevant Shares which are held through the Euroclear System via Belgian Law Rights will be subject to the service offering set out in the EB Services Description. Relevant Shares which are held through the CREST System via CDIs will be subject to the service offering expected to be set out in the CREST International Manual.

Holders should be aware that the timeline for exercising certain corporate actions on securities held as a CDI in EUI will be different from the timelines to exercise equivalent corporate actions in respect of securities held directly in Euroclear Bank. This is because EUI, being an EB Participant through the CREST Nominee, will receive notifications later and will have to set earlier deadlines for the receipt of instructions from CDI holders in order to be able to communicate those instructions to Euroclear Bank by the deadline set by Euroclear Bank.

Holders who expect to hold their interests in Relevant Shares through a custodian, nominee or other intermediary should be aware that earlier deadlines for some corporate actions may apply under the arrangements between the holder and that custodian, nominee or other intermediary. Holders intending to hold their interests in Existing Ordinary Shares or New Ordinary Shares through the Euroclear System or the CREST System via CDIs should carefully review the EB Services Description and the EB Rights of Participants Document and, in the case of CDIs, the CREST Deed Poll and the CREST International Manual and consult with their stockbroker or other custodian in making any decisions with respect to manner in which they hold any interests in Existing Ordinary Shares or New Ordinary Shares. Holders of Preference Shares should have similar regard to such documents although, as non-voting shares and not participating in any pre-emptive rights relating to Ordinary Shares they are less likely to be involved in taking steps relating to corporate actions.

The Company is not making any recommendation with respect to the manner in which holders should hold their interests in the Company on, or after Re-Admission. No reliance should be placed on the contents of this Document for the purposes of any decision in that regard.

5 EXCHANGE FOR REGISTERED INTERESTS

The rights of shareholders under the Irish Companies Act 2014 are not directly exercisable under the EB Services Description or CREST International Manual by holders of Belgian Law Rights and CDIs. The Directors may at their discretion extend some of the rights of shareholders to holders of Belgian Law Rights and CDIs as set out in the Articles of Association. Otherwise, in order to exercise these rights directly, the relevant intermediated holder will need to arrange to have its interests in Relevant Shares withdrawn from the Euroclear System (and the CREST System in the case of CDI holders) and held in certificated (i.e. paper) form. The process for doing so is set out below:

5.1 Actions to be taken by EB Participants

EB Participants can withdraw their Relevant Shares from Euroclear Nominees into a direct name on register (mark-down). For a detailed description as to what EB Participants would need to do, please refer to the EB Services Description section 4.2.3 -Mark-up and Mark-down.

5.2 Actions to be taken by the holder of a CDI

A CDI only exists in the CREST System as a settlement mechanic. It is not possible to directly rematerialise a CDI. Please see Clause 6 of the CREST Deed Poll set out in Chapter 8 of the CREST International Manual. There are two distinct steps in this process:

- (a) if a CREST member no longer wishes to hold their interest in the underlying Irish security by way of a CDI, they can choose to deliver the interest out to an EB Participant. Once the delivery in Euroclear Bank is settled, EUI will debit the CDI; and
- (b) Euroclear Bank enables EB Participants to withdraw their Relevant Shares from Euroclear Nominees into a direct name on register (mark-down). For a detailed description as to what EB Participants need to do, please refer to section 4.2.3 (Mark-up and Mark-down) of the EB Services Description.

In order to comply with Article 3(2) of CSD Regulation, settlement of trades in Relevant Shares has to take place within a CSD. Consequently, any Relevant Shares that have been withdrawn from the Euroclear System to be held in certificated (i.e. paper) form must be redeposited into the Euroclear System and, if required, the CREST System for a subsequent sale.

6 CSD REGULATION

Article 3(1) of CSD Regulation requires Irish listed PLCs to arrange for their securities to be represented in book-entry form. This obligation will apply from 1 January 2023 with respect to new issues of shares. From 1 January 2025, this requirement will apply to all transferable securities. Article 3(2) CSD Regulation requires that where brokers undertake a transaction in transferable securities on a trading venue the relevant securities shall be recorded in book-entry form in a CSD on or before the intended settlement date, unless they have already been so recorded.

PART 12

ADDITIONAL INFORMATION

1 RESPONSIBILITY

- 1.1 The Company and the Directors (whose names and functions appear on page 62 of this Document) accept responsibility, both individually and collectively, for the information contained in this Document. To the best of the knowledge and belief of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and makes no omission likely to affect the import of such information. All of the Directors accept individual and collective responsibility for compliance with the AIM Rules for Companies.
- 1.2 PetroVision Energy Services Limited, whose registered address is at 35 Maxwell Road, London, SW6 2HT, and whose business address is at Fairfax House, 3rd Floor, 461-465 Northend Road, London SW6 1NZ accepts responsibility for its report set out in Part 7 of this Document. To the best of the knowledge and belief of PetroVision Energy Services Limited (which has taken all reasonable care to ensure that such is the case) the information contained in its report is in accordance with the facts and makes no omission likely to affect the import of such information.

2 INCORPORATION AND STATUS OF THE COMPANY

- 2.1 The Company was incorporated and registered in the Republic of Ireland on 4 September 1995 under the Companies Acts with registered no 237825 as a private company limited by shares with the name Fondville Limited. Fondville Limited changed its name to Pioneer Resources Limited on 29 September 1995. On 9 July 2008, the Company was re-registered as a public company with limited liability under the name San Leon Energy plc, pursuant to the Companies Acts. San Leon Energy plc is also the commercial name of the Company.
- 2.2 The Company is governed by the Existing Memorandum and Articles of Association and the principal legislation under which the Company operates is the Irish Companies Act 2014 and the regulations made thereunder.
- 2.3 The Company is domiciled in the Republic of Ireland.
- 2.4 The registered office of the Company is at 2 Shelbourne Buildings, Crampton Avenue, Dublin 4, D04 W3V6 and the principal place of business is at 3300 Lake Drive, Citywest Business Campus, Dublin 24, Ireland. Its telephone number is +353 (0)1 2916292.
- 2.5 The address of the Company's website which discloses the information required by Rule 26 of the AIM Rules for Companies is www.sanleonenergy.com. The information on the website does not form part of this Document unless that information is incorporated by reference into this Document.
- 2.6 The Company's legal entity identifier is 213800KA6RMGIPCDRZ19.

3 THE COMPANY AND ITS SUBSIDIARIES

3.1 The Company is the ultimate holding company of the Group and, following the MLPL Reorganisation, the ELI Reorganisation and the Further ELI Investments, the Enlarged Group.

3.2 As at the date of this Document, the Company has the following subsidiaries and other undertakings likely to have a significant effect on the assessment of the assets and liabilities, financial position or profits and losses of the Company:

Name	Country of registration or incorporation	Principal activity	Percentage of issued share capital held by the Company and (if different) proportion of voting power held
San Leon Energy B.V.	Netherlands	Holding company	100%
San Leon Services Limited	Jersey	Service company	100%
San Leon Energy Nigeria B.V.	Netherlands	Holding company	100%
San Leon Energy Financing Limited	Ireland	Financing company	100%
San Leon Holdings Limited	England	Holding company	100%
San Leon Nigeria Limited	Nigeria	Service company	100%
San Leon Energy (UK) Limited	England	Service company	100%
San Leon Energy Eli Limited	England	Holding company	100%
San Leon Energy Oza Limited	England	Holding company	100%
San Leon Morocco Ltd	British Virgin Islands	Holding company	100%
San Leon USA Ltd	Ireland	Holding company	100%
San Leon (Netherlands) Ltd	British Virgin Islands	Holding company	100%
San Leon Energy Srl	Italy	Holding company	100%
Aurelian Oil & Gas Limited	England	Holding company	100%
AOG Finance Ltd	England	Holding Company	100%
Aurelian Oil & Gas Poland SPZ	Poland	Holding company	100% (99.8% held by Aurelian Oil & Gas Limited and 0.2% held by AOG Finance Ltd)
Real Energy International Co-op UA	Netherlands	Holding company	100%
Real Energy International Holding BV	Netherlands	Holding company	100%
Frontera Energy SL	Spain	Holding company	100%
Braniewo Energy BV	Netherlands	Holding company	100%
San Leon Services SPZ	Poland	Service company	100%
Seisquest BV	Netherlands	Service company	100%
Novaseis SPZ	Poland	Service/Holding company	100%
San Leon Tarfaya Shale BV	Netherlands	Dormant company	100%
San Leon Morocco BV	Netherlands	Holding company	100%
San Leon Durresi BV	Netherlands	Holding company	100%
MLPL	Mauritius	Holding Company	40%
MartWestern	Nigeria	Holding and Financing Company	40% (100% subsidiary of MLPL)
Eroton	Nigeria	Operating company of OML 18	20% (100% subsidiary of MartWestern)
ELI Malta	Malta	Holding company	13.323%
ELI Nigeria		Operating Company of the ACOES	10% (99.99% subsidiary of ELI Malta)

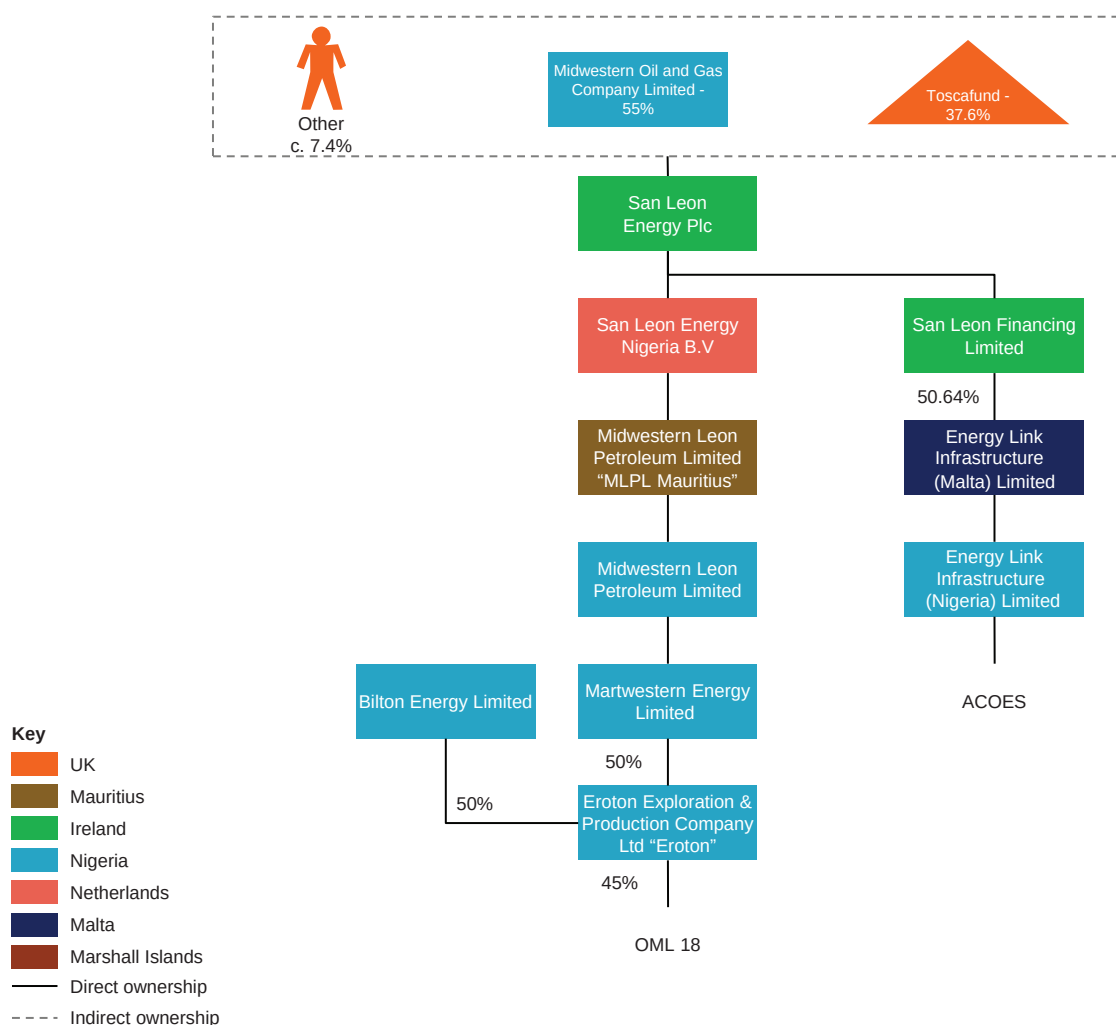
- 3.3 Following the MLPL Reorganisation, the Company will have the following increased interests in the following subsidiaries and other undertakings likely to have a significant effect on the assessment of the assets and liabilities, financial position or profits and losses of the Company and its Group at that time:

Name	Country of registration or incorporation	Principal activity	Percentage of issued share capital held by the Company and (if different) proportion of voting power held
MLPL	Mauritius	Holding Company	100%
Martwestern	Nigeria	Holding Company	100% (100% subsidiary of MLPL)
Eroton	Nigeria	Operating company of OML 18	50% (100% subsidiary of Martwestern)

- 3.4 Following ELI Reorganisation and assuming that all of the Further ELI Investments have completed at that time, the Company will have the following increased interests in the following subsidiaries and other undertakings likely to have a significant effect on the assessment of the assets and liabilities, financial position or profits and losses of the Company and its Group at that time:

Name	Country of registration or incorporation	Principal activity	Percentage of issued share capital held by the Company and (if different) proportion of voting power held
ELI	Malta	Operating Company of the ACOES	50.64%

- 3.5 A structure chart showing the expected principal members of the Enlarged Group following the completion of the MLPL Reorganisation, ELI Reorganisation and Further ELI Investments is shown below:



4 SHARE CAPITAL

- 4.1 As at the Latest Practicable Date the issued share capital of the Company is:

Class of shares	Nominal value	Issued ⁽ⁱ⁾	
		EUR	number
Ordinary Shares	EUR0.01	4,499,130.26	449,913,026
(i) All shares are fully paid.			

- 4.2 Immediately following the MLPL Reorganisation (and assuming that no further shares will be issued between the Latest Practicable Date and the completion of the MLPL Reorganisation) the issued share capital is expected to be:

Class of shares	Nominal value	Issued ⁽ⁱ⁾	
		EUR	number
Ordinary Shares	EUR0.005	3,971,236.42	794,247,283
Preference Shares	EUR0.005	2,249,565.13	449,913,026
(i) All shares are fully paid.			

- 4.3 Immediately following the ELI Reorganisation (and assuming that other than pursuant to the MLPL Reorganisation no further shares will be issued between the Latest Practicable Date and the completion of the ELI Reorganisation) the issued share capital is expected to be:

Class of shares	Nominal value	Issued ⁽ⁱ⁾	
		EUR	number
Ordinary Shares	EUR0.005	4,340,149.09	868,029,818
Preference Shares	EUR0.005	2,249,565.13	449,913,026

(i) All shares are fully paid.

- 4.4 As at the Latest Practicable Date the Company holds no shares in treasury.

- 4.5 The following table shows the changes to the share capital (which includes treasury shares) of the Company which have occurred between 1 January 2019 and the Latest Practicable Date:⁽ⁱ⁾⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾

Date	Issued share capital	
	Number of shares	Nominal value
22 March 2019	San Leon announced the result of the Tender Offer set out in the shareholder circular published by the Company on 20 February 2019 (the “ 2019 Circular ”) at which time there were 505,847,127 Ordinary Shares (with a nominal value of EUR0.01 each) in issue. Under the Tender Offer 50,475,000 Ordinary Shares were acquired by the Company. This represented approximately 9.97% of the issued ordinary share capital of the Company as at 22 March 2019. The Ordinary Shares were purchased by Cantor Fitzgerald Europe pursuant to the Tender Offer and the Company purchased such Ordinary Shares from Cantor Fitzgerald Europe under the terms of the repurchase agreement described in the 2019 Circular.	Ordinary Shares with a nominal value of EUR0.01 each
26 March 2019	Pursuant to the exercise of warrants, an additional 250,000 Ordinary Shares in the Company were issued at a price of 30 pence per Ordinary Shares and admitted to trading on AIM. Following the issue of the new Ordinary Shares, the Company had 506,097,127 Ordinary Shares in issue. No Ordinary Shares were held in treasury.	Ordinary Shares with a nominal value of EUR0.01 each
22 March 2019	The Company cancelled the Ordinary Shares purchased by it under the Repurchase Agreement, reducing the total number of Ordinary Shares in issue from 506,097,127 Ordinary Shares to 455,622,127 Ordinary Shares.	Ordinary Shares with a nominal value of EUR0.01 each
21 January 2020	Pursuant to the authority granted by shareholders in the Annual General Meeting of the Company on 27 September 2019, the Company purchased for cancellation through Cantor Fitzgerald Europe acting as the Company's broker 42,933 Ordinary Shares of EUR 0.01 each in the Company.	Ordinary Shares with a nominal value of EUR0.01 each

Date	Issued share capital Number of shares	Nominal value
21 January 2020	The Company also announced that it had completed the buyback programme initially announced on 18 October 2019 (the “Buyback Programme”). Under the Buyback Programme, the Company had repurchased 5,709,101 Ordinary Shares in total for an aggregate value of £1,570,085.49. Following cancellation of the 42,933 Ordinary Shares repurchased on 21 January 2020, the total number of Ordinary Shares in issue with voting rights was 449,913,026.	Ordinary Shares with a nominal value of EUR0.01 each
27 April 2020	The Board announced that it had approved a special dividend of approximately £27 million (US\$33 million), or 6 pence per Ordinary Shares. The Company paid the dividend on 29 May 2020 to those shareholders on the register on 11 May 2020.	Ordinary Shares with a nominal value of EUR0.01 each
(i) At the extraordinary general meeting of the Company held on 15 March 2019, Shareholders authorised the Company to purchase up to 50,475,000 Ordinary Shares in the market. This authority expired at the close of business on 30 April 2019, subject to being previously varied, revoked or renewed.		
(ii) At the Annual General Meeting of the Company held on 27 September 2019, Shareholders authorised the Company to make purchases on a securities market (as defined by Section 1072 of the Irish Companies Act 2014) of shares of any class in the Company on such terms and conditions and in such manner as the directors may determine. The maximum number of ordinary shares authorised to be acquired pursuant to this resolution cannot exceed 45,562,213 (representing 10% of the issued ordinary share capital). This authority expired at the earlier of the close of business on 26 December 2020, or the conclusion of the next annual general meeting of the Company, subject to being previously varied, revoked or renewed.		
(iii) At the Annual General Meeting of the Company held on 30 September 2020, Shareholders authorised the Company to make purchases on a securities market (as defined by Section 1072 of the Irish Companies Act 2014) of shares of any class in the Company on such terms and conditions and in such manner as the directors may determine. The maximum number of ordinary shares authorised to be acquired pursuant to this resolution cannot exceed 44,991,302 (representing 10% of the issued ordinary share capital). This authority expired at the earlier of the close of business on 29 December 2021, or the conclusion of the next annual general meeting of the Company, subject to being previously varied, revoked or renewed.		
4.6	There are no shares in the Company held by or on behalf of the Company itself or by any of its subsidiaries.	
4.7	Save as disclosed in this Document, no person has any rights to purchase and there are no obligations over or undertakings to increase the authorised but unissued capital of the Company.	
4.8	The Company does not have in issue any securities not representing capital.	
4.9	Save as disclosed in this Document, no shares of 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. In addition to the payment of the Preference Amount of US\$40,000,000 and any Shortfall Amount as detailed in paragraph 9.4 of Part 4 of this Document, the Preference Shares when issued will have the following rights and attributes:	
	(a) the right to the payment of the preference dividend in priority to the payment of dividends or on a winding up of the Company right to the payment of the preference dividend before the repayment of capital to the holders of any other class or classes of shares in the Company;	
	(b) may be freely transferred;	
	(c) confer no right to attend, speak or vote at any general meeting of the Company;	
	(d) will not be listed or traded on any stock exchange or other trading facility; and	
	(e) on the payment in full of the Preference Amount and any Shortfall Amount, each Preference Share will automatically convert into one Deferred Share.	
4.10	Save as disclosed in this Document, there has been no issue of share or loan capital of the Company or any other member of the Group (other than intra-group issues by wholly owned	

subsidiaries) in the three years immediately preceding the date of this Document and (other than as disclosed in this Document) no such issues are proposed.

- 4.11 Save as disclosed in this Document, no commissions, discounts, brokerages or other special terms have been granted by the Company or any other member of the Group in connection with the issue or sale of any share or loan capital of the Company or any other member of the Group in the three years immediately preceding the date of this Document.
- 4.12 Save as disclosed in this Document, no share or loan capital of the Company or any other member of the Group or the Enlarged Group will be under option or has been agreed conditionally or unconditionally to be put under option.
- 4.13 The Existing Ordinary Shares as at the date of this Document are in registered form and the Existing Ordinary Shares are capable of being held in certificated or uncertificated form. The Existing Ordinary Shares have been admitted to trading on AIM with the ISIN IE00BWVFTP56. The New Ordinary Shares are in registered form and the New Ordinary Shares are capable of being held in certificated or uncertificated form. The New Ordinary Shares will be admitted to trading on AIM with the ISIN IE000T8L9GL3. The Preference Shares are in registered form and the Preference Shares are capable of being held in certificated or uncertificated form. The Preference Shares will not be admitted to trading on AIM but will have the ISIN IE000PFONV96.
- 4.14 Save as disclosed in this Document, there are no outstanding convertible or exchangeable securities or securities with warrants issued by the Company.
- 4.15 Between 1 January 2019 and the Latest Practicable Date, no more than 10% of capital of the Company has been paid for with assets other than cash.
- 4.16 The Existing Ordinary Shares were created under the Companies Acts while the New Ordinary Shares and the Preference Shares will be created under the Irish Companies Act 2014.

5 MEMORANDUM AND ARTICLES OF ASSOCIATION

5.1 Memorandum of Association

The principal objective of the Company set out in clause 2 of Memorandum of Association enables the Company to carry on the business of exploiting natural resources of every nature including oil exploration and the development and production of oil, gas and other energy substances and to *inter alia* purchase, lease or otherwise acquire such rights as may be considered necessary for the purposes of carrying on this business. The Company is also authorised to carry on the business of an investment holding company and to acquire and hold shares and stocks of any class or description, debentures, debenture stocks, bonds, bills, mortgages, obligations, investments and securities of all descriptions. The Company has other ancillary powers necessary to carry on its business, including the power to borrow and raise money and to develop and turn to account all or any part of the property and rights of the Company.

5.2 Articles of Association

The Existing Articles and Memorandum of Association contain provisions, *inter alia*, to the effect set out below in this section 5.2.

Subject to and conditional upon the passing of Resolutions 1-3 and 5-6 at the EGM (as set out in section 26 of Part 1 of this Document) and with effect from immediately prior to Re-Admission, the New Memorandum and Articles of Association are to be adopted in substitution for and the exclusion of the Existing Memorandum and Articles of Association. The only material difference between the Existing Memorandum and Articles of Association and the New Memorandum and Articles of Association is the inclusion in the New Memorandum and Articles of Association of the rights and attributes of the Preference Shares and the Deferred Shares, the arrangements for the settlement of the Preference Shares and the amendment to the capital clause resulting from the Subdivision, details of which are set out in section 22 of Part 1 of this Document.

5.3 **Authorised capital**

The authorised share capital of the Company is EUR28,474,060.25 divided into 2,847,406,025 Existing Ordinary Shares of €0.01 each which are denominated in Euros. The New Ordinary Shares are denominated in Euros.

5.4 **Participating Securities**

All Participating Securities were registered in the name of Euroclear Nominees which is acting as the nominee for Euroclear Bank upon Migration. This recognises the fact that Euroclear Nominees shall have no beneficial interest in such Ordinary Shares and all rights attaching to such Ordinary Shares may be exercised on the instructions of Euroclear Bank and the Company shall have no liability to Euroclear Nominees where it acts in response to such instruction. Where a notice under the Articles is served on a holder of a Share that is a central securities depository (or its nominee) acting in its capacity as operator of a Securities Settlement System, the obligations of that holder are limited to disclosing to the Company such information relating to the ownership of or interests in the share concerned as has been recorded by it pursuant the rules and practices of the central securities depository.

5.5 **Central Securities Depository**

The Board, in its absolute discretion, may confer on the owner of a Share (where such Share is registered in the name of a nominee of a CSD acting in its capacity as operator of a Securities Settlement System), which is recorded in book-entry form in a CSD, the benefit of all of the rights conferred on a member with respect to those Shares by the Articles and sections 37(1), 105(8), 112(2), 146(6), 178(2), 178(3) and 180(1) of the Irish Companies Act 2014 provided that such owner has notified the Company in writing that it is the owner of such Share and that the notification is accompanied by such other information and other evidence as the Directors may reasonably require to confirm such ownership of that Share.

Any notice or other information to be given, served or delivered by the Company pursuant to the Articles shall be in writing (whether in electronic form or otherwise) and served or delivered in any manner determined by the Directors (in their absolute discretion) in accordance with the provisions of the Articles. The Company shall not be obliged to give, serve or deliver any notice or other information to any person pursuant to the Articles where the Company is not in possession of the information necessary for such information to be given, served or delivered in the manner determined by the Directors in accordance with the preceding sentence.

Article 3(1) of CSDR, which requires the Company to arrange for all of its Ordinary Shares which are admitted to trading or traded on trading venues to be represented in book-entry form as immobilisation or subsequent to a direct issuance in dematerialised form, is applied. Article 3(1) of CSDR shall apply to new shares issued after 1 January 2023 and from 1 January 2025, it will apply to all Ordinary Shares in the Company which are admitted to trading or traded on trading venues.

5.6 **Migration**

The transfer of Participating Securities to Euroclear Bank in accordance with the Migration is facilitated by the Articles.

The holders of the Migrating Shares agree that none of the Company, Directors, the Company's Registrar or the Company's Secretary will be liable in any way in connection with any of the actions taken in respect of the Migrating Shares in connection with the Migration and/or any failures/errors in the systems, processes or procedures of Euroclear Bank and/or EUI which adversely impacts the implementation of the Migration.

5.7 **Voting rights of Ordinary Shares**

Subject to any special rights or restrictions as to voting attached by or in accordance with the Articles to any shares or class of shares, on a show of hands every member who holds Ordinary Shares and who is present in person shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every Ordinary Share of which he is the holder.

No member shall, unless the Board otherwise determines, be entitled to vote:

- (a) if any call or other sum presently payable by the member to the Company in respect of the shares remains unpaid; or
- (b) if the member has been served with a notice requiring disclosure of information regarding shares held by the member and has failed to provide the Company with information concerning the interest in those shares.

5.8 **Transfer of shares**

Form of transfers

Transfers of shares may be effected by an instrument of transfer in any usual form or in any other form approved by the Board or alternatively for and on behalf of the transferor by the Secretary on behalf of the Company, and the Company, the Secretary (or relevant nominee) shall be deemed to have been irrevocably appointed as agent for the transferor of such share or shares with full power to execute, complete and deliver in the name of and on behalf of the transferor of such share or shares all such transfers of shares held by the holder. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. The Company can allow Ordinary Shares to be transferred without a written instrument and also the execution of an instrument of transfer by or on behalf of the Company is facilitated. Title to any shares may also be evidenced and transferred by electronic means without a written instrument in accordance with the Articles of Association. The Articles facilitate the payment of stamp duty on relevant transfers.

Right to refuse to register a transfer

The Board may in its absolute discretion and without assigning any reason for its actions refuse to register any transfer of any share which is not a fully paid share. The Board may decline to recognise any instrument of transfer unless the duly stamped instrument of transfer:

- (a) is in respect of only one class of share;
- (b) is lodged at the registered office or such other place as the Board may determine;
- (c) is accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
- (d) in the case of a transfer to joint holders, the number of joint holders does not exceed four; and
- (e) the instrument of transfer is duly stamped (if so required)

5.9 **Class of shares admitted to trading on AIM**

Notwithstanding the right of the Board to refuse to register a transfer, the Board shall not refuse to register a transfer of a class of share admitted to trading on AIM if the refusal would prevent dealings in those shares from taking place on an open and proper basis.

5.10 **Dividends and distributions**

The Company may by ordinary resolution declare dividends but no such dividends shall exceed the sum recommended by the Board. The Company has agreed under the MLPL Reorganisation Agreement not to declare dividends up to completion of the MLPL Reorganisation Agreement, further details of which are set out in paragraph 4.3.5 of Part 2 of this Document.

Interim and fixed dividends

The Board may pay such interim dividends (including any dividend payable at a fixed rate) as appear to the Board to be justified by the financial position of the Company. The Board may pay such interim dividends on shares that rank after shares conferring preferential rights (if any), unless at the time of payment any preferential dividend is in arrears.

Retention of dividends

The Board may retain any dividend or other moneys payable on or in respect of a share on which the Company has a call or otherwise, and may apply the same in or towards satisfaction of all sums of money in respect of which the call exists.

Unclaimed dividends

Any dividend unclaimed after a period of 12 years from the date the dividend became due for payment shall be forfeited and shall revert to the Company.

Issue of Ordinary Shares in lieu of cash dividend

The Directors may, subject to the approval of the Company at general meeting in respect of any dividend declared or proposed to be declared at that general meeting offer holders of ordinary shares the right, prior to or contemporaneously with their announcement of the dividend in question, to elect to receive in lieu of such dividend an allotment of additional ordinary shares credited as fully paid.

Dividend in specie

A general meeting declaring a dividend may, upon the recommendation of the Directors, direct that it shall be satisfied wholly or partly by the distribution of assets.

Distribution of assets on liquidation

If the Company shall be wound up and the assets available for distribution among the members of a class as such shall be insufficient to repay the whole of the paid up or credited as paid up share capital of that class, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of that class in proportion to the capital paid up or credited as paid up at the commencement of the winding up on the shares of that class held by them respectively. If on a winding up the assets available for distribution among the members of a class shall be more than sufficient to repay the whole of the share capital paid up or credited as paid up at the commencement of the winding up, the excess shall be distributed among the members of that class in proportion to the capital at the commencement of the winding up paid up or credited as paid up on the said shares held by them respectively.

5.11 Capitalisation of profits and reserves

The Company in general meeting may, upon the recommendation of the Directors, resolve that any sum standing to the credit of any of the Company's reserve accounts or any other sum standing to the credit of the profit and loss account be capitalised and applied on behalf of the members in issuing shares to members in proportion to their holdings of ordinary shares and applying such sum on their behalf in paying up in full unissued shares or debentures of the Company or applying such sums towards paying up any amounts unpaid on any shares.

5.12 Share capital

Variation of rights

The special rights attached to any class of shares may, subject to the provisions of the Irish Companies Act 2014, be varied either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class.

Purchase of own shares

Subject to the provisions of the Irish Companies Act 2014, the Company may purchase any of its own shares.

Variation of share capital

From time to time by ordinary resolution, the Company may increase its authorised share capital by such sum to be divided into shares of such amount as the resolution shall prescribe.

The Company, by ordinary resolution may:

- (a) consolidate and divide all or any of its share capital into shares of larger amounts; or
- (b) subject to the provisions of the Irish Companies Act 2014, subdivide its shares, or any of them, into shares of smaller amounts; or
- (c) cancel any shares which, at the date of the passing of the resolution have not been taken or agreed to be taken by any person and reduce the amount of its authorised share capital by the amount of the shares to be cancelled.

Subject to the Irish Companies Act 2014, the Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account.

5.13 **Forfeiture and lien**

Notice on failure to pay a call

If a member fails to pay in full any call or instalment of a call on the due date for payment the Board may at any time after the failure serve a notice on the member requiring payment and shall state that in the event of non-payment in accordance with such notice the shares on which the call was made will be liable to be forfeited.

Disposal of shares

Where the Company is entitled under the Irish Companies Act 2014 or the Articles of Association to dispose of, forfeit, enforce a lien over or otherwise procure the sale of any shares, the Directors shall have the power to take such steps as may be required to effect such disposal, forfeiture, enforcement or sale.

5.14 **Directors**

Number of Directors and quorum

Unless otherwise determined by ordinary resolution, the number of Directors shall not be less than three, nor more than 15.

The quorum for any meetings of the Directors may be fixed by the Directors, but shall be no less than three. If a situation occurs where there are less than three Directors, the Directors may act only for the purpose of filling vacancies or of calling a general meeting.

Ordinary remuneration

Each Director shall be paid a fee for the services (which shall be deemed to accrue from day to day) at such rate as may from time to time be determined by the board. Without prejudice to any amounts payable under any other provision of these Articles, the ordinary remuneration of Directors who do not hold executive office shall not exceed in aggregate £750,000 per annum or such higher amount as the Company may from time to time by ordinary resolution determine and shall be divisible (unless such resolution shall provide otherwise) among the Directors as they may agree, or, failing agreement, equally.

Directors' expenses and use of Company property

The Directors may be paid all reasonable travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of Directors or committees of Directors or general meetings or separate meetings of the holders of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties.

A Director is expressly permitted (for the purposes of Section 228(1)(d) of the Act) to use the Company's property subject to such conditions as may have been approved by the Board pursuant to such authority as may be delegated by the Board in accordance with these articles.

Retirement by rotation

At each annual general meeting of the Company one- third of the Directors or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office.

Restrictions on voting

A Director shall not vote (save as provided in the Articles) in respect of any contract or arrangement or any other proposal whatsoever in which he has, directly or indirectly, a material interest or a duty which conflicts or may conflict with the interests of the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which the Director is not entitled to vote.

A Director shall (in the absence of material interest other than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution relating to:

- (a) the giving of any security, guarantee or indemnity to the Director in respect of money lent by the Director or obligations undertaken by the Director for the benefit of the Company or any subsidiary;
- (b) the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any subsidiary which the Director has himself guaranteed or indemnified or secured in whole or in part;
- (c) any issue or offer of shares, debentures or other securities of the Company or any subsidiary in respect of which the Director is or may be entitled to participate as a holder of securities, or in the underwriting or sub-underwriting of which the Director is to participate;
- (d) any contract or arrangement concerning any other company in which he is interested provided the Director does not own one per cent. or more of any class of the equity share capital or voting rights;
- (e) any arrangement for the benefit of the employees which does not provide in respect of any Director any privilege or benefit not generally accorded to the employees to whom such arrangement relates;
- (f) the purchase or maintenance of insurance for the benefit of Directors or for the benefit of persons including Directors;
- (g) any proposal concerning the adoption or operation of a pension or similar retirement scheme which relates both to Directors and employees and does not award the Director any privilege or benefit not generally accorded to the employees to whom such arrangement relates; and
- (h) any proposal concerning the giving of any indemnity pursuant to the Articles or the discharge of the cost of any insurance cover purchased or maintained pursuant to the Articles.

5.15 Borrowing powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets both present and future and uncalled capital, or any part thereof, 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.

5.16 General meetings

Calling of general meeting

The Company shall in each year hold an AGM. All general meetings, other than AGMs, shall be called extraordinary general meetings. The Directors may convene general meetings. If at any time, there are not within Ireland sufficient Directors capable of acting to form a quorum any Director or any two members of the Company may convene an extraordinary general meeting in the same manner or nearly as possible as that in which general meetings may be convened by the Directors.

Notice period

Subject to the provisions of the Irish Companies Act 2014, an AGM and a general meeting convened for the passing of a special resolution shall be convened by not less than 21 clear days'

notice in writing. All other general meetings shall be convened by not less than 14 clear days' notice in writing. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by any person entitled to receive notice shall not invalidate proceedings at the meeting.

Content of notice

The notice shall specify the date, time and place of the meeting and the general nature of business to be transacted. It shall also give particulars of any Directors who are to retire by rotation or otherwise at the meeting, and of any person who are recommended by the Directors for appointment or reappointment.

Quorum

Except as provided in the Articles of Association in relation to an adjourned meeting, two persons entitled to vote upon the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporate member shall be a quorum.

5.17 Redemption of shares

Subject to the provisions of the Irish Companies Act 2014 relating to authority, pre-emption or otherwise in regard to the issue of new shares and to any resolution of the Company in general meeting passed pursuant thereto, all unissued shares (including treasury shares) shall be at the disposal of the Directors, and they may (subject to the provisions of the Irish Companies Act 2014) allot, grant options over or otherwise dispose of them to such persons on such terms and conditions and at such times as they may consider to be in the best interests of the Company and its shareholders.

5.18 Conversion of shares

The Company may by ordinary resolution convert any paid up shares into stock, and reconvert any stock into paid up shares of any denomination.

5.19 Rights attached to shares

Subject to the provisions of the Acts any share in the Company may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, including restrictions on transferability (where, in the case of shares admitted to trading on any market operated by any of The Irish Stock Exchange plc Euronext Dublin, London Stock Exchange plc (or such body or bodies as may succeed to their respective functions) and any other stock and/or investment exchange(s) which may be approved at any time by the Board ("Approved Market(s)"), compatible with the requirements of such Approved Market(s)) as the Company may from time to time by ordinary resolution determine.

5.20 Miscellaneous

The Articles of Association impose the following conditions that are more stringent than is required by the laws of Ireland:

- (a) Article 7 of the Articles of Association provides that the Company shall not make a purchase of shares in the Company unless the purchase has first been authorised by a resolution passed by a majority representing three-fourths of the voters at a separate general meeting of the holders of the Company's loan stock (if any), which, at the date on which the purchase is authorised by the Company in general meeting, entitle them, either immediately or at any time subsequently, to convert all or any of the shares or loan stock of that class held by them into equity share capital of the Company. This is not a requirement of the Irish Companies Act 2014.
- (b) Article 10 of the Articles of Association provides that in circumstances where any significant Shareholder increases or decreases his holding (a "Relevant Transaction") such that, immediately following such Relevant Transaction, that person's holding has increased or decreased through any single percentage, or where any significant

Shareholder ceases to be a significant Shareholder, or where any person becomes a significant Shareholder, that person shall be obliged to notify the Company in writing of the following information within one business day concerning the Relevant Transaction. The Irish Companies Act 2014 requires notification within a period of five days while the Articles of Association require such notification within one business day.

There are no provisions of the Memorandum or Articles of Association that would have an effect of delaying, deferring or preventing a change in control of the Company.

5.21 Pre-emption

Pursuant to section 1022(1) of the Irish Companies Act 2014 and the Articles of Association, the Company cannot allot any equity securities:

- (a) to any non-member, unless it has made an offer to each person who holds relevant shares or relevant employee shares in the Company to allot to it, on the same or more favourable terms, a proportion of those securities which is equal to the proportion in nominal value held by it of the aggregate of the relevant shares of that class and relevant employee shares; and,
- (b) to any person who holds relevant shares or relevant employee shares in the Company, unless it has made an offer to each person who holds relevant shares of that class or relevant employee shares in the Company to allot to it, on the same or more favourable terms, a proportion of those securities of that class which is equal to the proportion in nominal value held by it of the aggregate of the relevant shares and relevant employee shares.

The restriction in section 1022(1) is referred to as the “Pre-Emption Right”. In this regard “equity security” means a relevant share in the Company (other than bonus shares generally) or a right to subscribe for, or to convert any securities into, relevant shares in the Company. “Relevant shares” are shares in the Company other than: (i) shares which as respects dividends and capital carry a right to participate up to a specified amount in a distribution; and, (ii) shares which are held by a person under an employees’ share scheme, or, in the case of shares which have not been allotted, are to be allotted in pursuance of such a scheme. “Relevant employee shares”, are shares of the Company which would be relevant shares in the Company but for the fact that they are held by a person who acquired them in pursuance of an employees’ share scheme.

The Pre-Emption Right will not apply in relation to an allotment of equity securities if the securities are wholly or partly paid up otherwise than in cash. In addition, pursuant to resolution 5 passed at the annual general meeting of the Company held on 30 September 2021, the Shareholders authorised the allotment of equity securities for cash as if the Pre-Emption Right did not apply to any such allotment subject to the following limits: (i) the allotment of equity securities in connection with any offer of securities, open for a fixed period, by way of rights, open offer or otherwise in favour of ordinary shareholders and/or any persons having a right to subscribe for ordinary shares; and, (ii) the allotment of equity securities up to a maximum nominal value of EUR449,913 being ten per cent. of the aggregate nominal value of the issued ordinary share capital of the Company at the close of business at the date of the meeting.

The authority expires on the earlier of the close of business on 29 December 2022 or the conclusion of the next annual general meeting of the Company, unless previously renewed, varied or revoked by the Company.

If Resolution 5 to be passed at the AGM held on 5 August 2022, is adopted, the Shareholders will have authorised the allotment of equity securities for cash as if the Pre-Emption Right did not apply to any such allotment subject to the following limits: (i) the allotment of equity securities in connection with any offer of securities, open for a fixed period, by way of rights, open offer or otherwise in favour of ordinary shareholders and/or any persons having a right to subscribe for ordinary shares; and, (ii) the allotment of equity securities up to a maximum nominal value of €449,913 being ten per cent. of the aggregate nominal value of the issued ordinary share capital

of the Company at the close of business at the date of the meeting. The powers thereby conferred shall expire on the earlier of Re-Admission and the close of business on 4 November 2023.

6 SHARE SCHEMES

6.1 Current Incentive Plan

- 6.1.1 The Share Schemes comprise two schemes being: (i) the share-based payment scheme for executives and senior employees of the Group in place prior to 31 December 2012 (the “share based payment scheme”); and, (ii) a formal unapproved share option plan (the “formal option plan”) adopted in 2013. The formal option plan replaced the share-based payment scheme and since its date of adoption, has governed all awards of share options made by the Company. Options in respect of Ordinary Shares under the share-based payment scheme have continued to be governed by the terms and conditions set out in that scheme.
- 6.1.2 In accordance with the provisions of the share-based payment scheme, as previously approved by Shareholders, executives and employees were granted options to purchase new Ordinary Shares. Each such share option converts into one Ordinary Share on exercise and options do not carry rights to dividends or voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. The options vest in tranches subject to the achievement of certain service and non-market performance conditions. Market conditions in relation to the achievement of share price trading levels also apply in the case of certain options granted to the Directors.
- 6.1.3 Under the formal option plan, all employees, executive directors and non-independent, non-executive directors and consultants of the Group, and any other person authorised by the Board, may from time to time be eligible to receive a grant of options over Ordinary Shares in the Company. These options are equity settled based payments as defined in IFRS2: Share Based Payments.
- 6.1.4 The formal option plan is administered by the Board subject to the terms and conditions of the plan. No options will be granted if such grant would be prohibited by, or in breach of any law, regulation, guidelines or code of the Company, such as the Company’s share dealing code and the AIM Rules for Companies, or after the tenth anniversary of the plan’s adoption, unless the Company agrees otherwise. No option may be granted under the formal option plan if on the date of that grant, the total number of shares which have been issued on the exercise of options granted or in satisfaction of any award made under any share incentive scheme, including this plan, within the shorter of 10 years from the date of that grant and the date the shares were first admitted to trading on AIM, plus the total of any options awarded by the Company under any other share incentive scheme, will exceed 10 per cent. of the entire issued share capital of the Company.
- 6.1.5 Options may be granted subject to exercise conditions, which may include performance related objectives, which must be satisfied before the option can be exercised. Options granted under this plan may not be transferred or assigned or have any charge or other security interest created over them. Options may not be exercised if the exercise is prohibited by, or would be a breach of any law, regulation, the AIM Rules for Companies or any other legislation, code, or set of guidelines adopted by the Company, including the Company’s share dealing code. The Company may at its discretion settle any option exercise by paying to the option holder a cash amount equal to: (i) the current market value of the number of Ordinary Shares over which the option was exercised, less (ii) the total exercise price that would have been payable on that exercise.
- 6.1.6 As at the Latest Practicable Date 17,722,222 shares are under option pursuant to the Share Schemes. Details of the current option awards to persons discharging managerial responsibilities (PDMRs) under these option plans is set out in paragraph 7.1 of this Part 12 of this Document.

6.2 New Incentive Plan

On 6 July 2022, the Company adopted a discretionary share plan called the San Leon Energy Long Term Incentive Plan (the “**LTIP**”). Adoption of the LTIP by the Company is not conditional on Re-Admission. Awards under the LTIP may be satisfied by Ordinary Shares, Shares purchased in the market or by the transfer of Ordinary Shares held in treasury Shares. The principal features of the LTIP are summarised below:

6.2.1 *Remuneration Committee*

The Remuneration Committee will be responsible for determining the basis on which the executive directors and other selected senior executives will participate in the LTIP from time to time.

6.2.2 *Structure of awards*

Awards can take the form of:

- (a) a conditional right to Ordinary Shares which will be receivable at the end of a specified period;
- (b) an option to acquire Ordinary Shares which becomes exercisable at the end of a specified period. An option may be nominal-cost or require payment of an exercise price; or
- (c) an up-front allocation of Ordinary Shares, which are at risk of forfeiture until the end of a specified period (“**Forfeitable Share Award**”); or
- (d) a right to receive cash calculated by reference to the share price.

The Board can decide to satisfy a share award (other than a Forfeitable Share Award) in cash if the participant agrees.

The vesting of awards may be subject to the achievement of performance conditions set at the time of grant. Awards can be satisfied by new issue, treasury or market purchase Ordinary Shares subject to the share dilution limits explained below.

Awards are not transferable (other than on death) and are not pensionable.

6.2.3 *Eligibility*

Awards may be made under the LTIP to directors and employees of the Group.

6.2.4 *Individual limits*

The market value of the Ordinary Shares over which awards are granted to any person in any financial year will not exceed 200% of their basic salary save that in exceptional circumstances awards may be made up to 300% of basic salary.

6.2.5 *Dilution limits*

In any ten-year period, not more than 10 per cent. of the issued ordinary share capital of the Company may be issued or committed to be issued (or transferred out of treasury) under the LTIP and any other share incentive plan.

Not more than 10 per cent. of the issued ordinary share capital of the Company may be issued or committed to be issued (or transferred out of treasury) under the LTIP and any other discretionary share incentive plan where participation does not have to be offered to all or substantially all eligible participants.

6.2.6 *Timing of operation*

Grants under the LTIP may only be made within the period of six weeks after the adoption of the LTIP or the announcement of the Company's results for any period or during any other period in which it has been decided to grant an award due to exceptional circumstances which justify such a decision. No awards can be made under the LTIP after the tenth anniversary of its adoption by the Board.

6.2.7 *Leaving employment*

Unvested awards will normally lapse on termination of service. However, if service ends because of injury, ill health, disability, redundancy or the sale or transfer of the company or business in which the participant works or for other reasons specifically approved by the Board, the award will continue.

Awards will vest on the original vesting date, subject to the satisfaction of any applicable performance conditions over the performance period. There will be a *pro rata* reduction in the number of Ordinary Shares vesting to take account of the proportion of the vesting period during which the participant was not in service.

In the event of death, unvested awards will vest at the date of death subject to any applicable performance testing and time pro rating.

6.2.8 *Holding period*

Share awards may be made subject to a post-vesting holding period. In which case Ordinary Shares may not be sold during the retention period other than to cover any tax charge and option exercise price. The retention period will come to any end if there is a change of control or similar event or the Board so determines in any other circumstances.

6.2.9 *Change of control, etc.*

If there is a change of control, participants may be allowed (or may be required) to exchange their awards (in whole or in part) for equivalent awards in the acquiring company. Alternatively, awards may vest immediately and any applicable performance conditions will be applied. There will be a *pro rata* reduction in the number of Ordinary Shares vesting to take account of the proportion of the vesting period falling after the change of control.

If there is an extraordinary distribution to shareholders including a demerger or special dividend which might substantially prejudice participants, the Board may vest awards as if the event were a change of control.

6.2.10 *Variation of share capital*

In the event of a variation in the share capital of the Company or an extraordinary distribution to shareholders including a demerger or special dividend, the Board may adjust awards under the LTIP as they consider appropriate.

6.2.11 *Malus and clawback*

The Board can decide to prevent the vesting of all or part of an award and/or may clawback vested awards in certain circumstances including those relating to material misstatement of accounts, material failure of risk management, errors in calculating the award and a participant's misconduct.

6.2.12 *Amendments*

The rules of the LTIP may be altered by the Board. Separate employee share plans or schedules to the LTIP may be adopted for participants based in overseas territories but the same limits on participation and dilution must apply.

6.2.13 *Dividend equivalents, etc.*

Excluding Forfeitable Share Awards, participants will not have dividend or voting rights in respect of Ordinary Shares under awards or options until such Ordinary Shares have been issued or transferred to them. The Board has flexibility to decide that on the vesting of awards, participants may receive a payment in cash or Ordinary Shares equal to the value of dividends which would have been payable on the vested Ordinary Shares during the period from the date of grant to the date of vesting.

Participants may not exercise any voting rights in respect of unvested Forfeitable Shares. The Board will determine on grant the extent to which holders of unvested Forfeitable Shares are entitled to dividends thereon.

6.2.14 Other provisions

Shares issued or transferred under the LTIP will rank equally with Ordinary Shares in issue on the date of allotment or transfer, except in respect of rights by reference to a record date prior to the date of allotment or transfer.

6.2.15 Other provisions

Following publication of this Document, the Company proposes to issue options pursuant to the LTIP over 18,938,209 Ordinary Shares (representing 4.21 per cent. of the current issued Ordinary Share Capital and 2.18 per cent. of the Fully Enlarged Ordinary Share Capital) to certain of its employees and the Board. The options being issued to Persons Discharging Managerial Responsibility are as follows:

Name	Number	Percentage of Fully Enlarged Ordinary Share Capital	Exercise Price per share
Oisin Fanning	10,365,122	1.19%	Nil
Joel Price	3,975,814	0.46%	Nil
Julian Tedder	2,484,884	0.29%	Nil

6.3 Consultants Plan

Eligibility

The Company has also adopted a new discretionary share plan for making awards to certain consultants to the Company (the “**Consultant Plan**”).

The terms of the Consultant Plan are the same as those of the LTIP save that:

Individual limits – The market value of the Shares over which awards are granted to any person in any financial year will not exceed 200% of their basic consultancy fees save that in exceptional circumstances awards may be made up to 300% of basic consultancy fees.

Leaving Employment – references to leaving employment shall be to the consultancy agreement terminating in those circumstances.

On Re-admission, the Company proposes to issue options pursuant to the Consultants Plan over 657,940 Ordinary Shares (representing 0.15 per cent. of the current issued Ordinary Share Capital and 0.08 per cent. of the Fully Enlarged Ordinary Share Capital) to certain of its consultants.

7 DIRECTORS' INTERESTS

- 7.1 As at the Latest Practicable Date the interests (all of which are beneficial) of the Directors (including any interest known to that Director or which could with reasonable diligence be ascertained by him or any person connected with a Director) in the Company's issued share capital are or are expected to be as follows:

Director	Number of Ordinary Shares	Percentage of issued ordinary share capital	Number of Ordinary Shares under option ¹
Oisin Fanning	9,495,864	2.11%	1,500,000
Mutiu Sunmonu	0	0	1,000,000
Joel Price	0	0	3,500,000
Adekolapo Ademola	0	0	1,000,000
Julian Tedder	0	0	0
John Brown	0	0	0

¹ before the proposed grants detailed in paragraph 6 of this Part 12 of this Document

- 7.2 Immediately following the MLPL Reorganisation (and assuming that no shares will be sold or acquired or, save as otherwise disclosed in this Document, that no further shares will be issued from the Latest Practicable Date until the completion of the ELI Reorganisation), the interests (all of which are beneficial) of the Directors (including any interest known to that Director or which could with reasonable diligence be ascertained by him or any person connected with a Director) in the Company's issued share capital are expected to be as follows:

Director	Number of Ordinary Shares	Percentage of total issued New Ordinary Shares at completion of the MLPL Reorganisation	Percentage of issued Preference Shares at completion of the MLPL Reorganisation	Number of Ordinary Shares under option or agreed conditionally or unconditionally to be put under option
Oisin Fanning	9,495,864	1.20%	2.11%	11,865,122
Mutiu Sunmonu	0	0	0	1,000,000
Joel Price	0	0	0	7,475,814
Adekolapo Ademola	0	0	0	1,000,000
Julian Tedder	0	0	0	2,484,884
John Brown	0	0	0	0

- 7.3 Immediately following the ELI Reorganisation (and assuming that no shares will be sold or acquired or, save as otherwise disclosed in this Document, that no further shares will be issued from the Latest Practicable Date until the completion of the ELI Reorganisation, other than pursuant to the MLPL Reorganisation), the interests (all of which are beneficial) of the Directors (including any interest known to that Director or which could with reasonable diligence be ascertained by him or any person connected with a Director) in the Company's issued share capital are expected to be as follows:

Director	Number of Ordinary Shares	Percentage of total issued New Ordinary Shares at completion of the ELI Reorganisation	Percentage of issued Preference Shares at completion of the ELI Reorganisation	Number of Ordinary Shares under option or agreed conditionally or unconditionally to be put under option
Oisin Fanning	9,495,864	1.09%	2.11%	11,865,122
Mutiu Sonmonu	0	0	0	1,000,000
Joel Price	0	0	0	7,475,814
Adekolapo Ademola	0	0	0	1,000,000
Julian Tedder	0	0	0	2,484,884
John Brown	0	0	0	0

- 7.4 Save as disclosed in this Document, none of the Directors or a member of their family (as defined in the AIM Rules for Companies) has any interest, whether beneficial or non-beneficial, in the share capital of the Company or any of its subsidiaries or is interested in any related financial product referenced to the Ordinary Shares (being a financial product whose value is, in whole or in part, determined directly or indirectly by reference to the price of the Ordinary Shares, including a contract for difference or a fixed odds bet).
- 7.5 The Directors do not have voting rights that differ from those of other Shareholders.
- 7.6 No Director has any interest in any transactions which are or were unusual in their nature or conditions or which are or were significant to the business of the Group and which were effected by any member of the Group in the current or immediately preceding financial year or which were effected during an earlier financial year and which remain in any respect outstanding or unperformed.
- 7.7 Save as disclosed, there are no outstanding loans or guarantees provided by any member of the Enlarged Group for the benefit of any of the Directors nor are there any loans or any guarantees provided by any of the Directors for any member of the Enlarged Group.

- 7.8 The Directors currently hold, and have during the five years preceding the date of this Document held, the following directorships or partnerships:

Name	Current directorships/partnerships	Previous directorships/partnerships
Oisin Fanning	San Leon Energy Plc San Leon Energy (Iraq) Limited Martwestern Petroleum Limited Eroton Exploration & Production Company Limited Source Energy Exploration and Production Company San Leon (USA) Limited Outpost Properties Limited Midwestern Leon Petroleum Limited San Leon Services Sp. z o.o. Liesa Energy Sp. z o.o. Baltic Oil & Gas Sp. z o.o. Gora Energy Sp. z o.o. Aurelian Oil & Gas Poland Sp. Z o.o. Energia Cybinka Sp. z o.o. Energia Cybinka Sp. z o.o. Sp. K. Energia Torzym Sp. z o.o. Energia Torzym Sp. z o.o. Sp. K. Energia Karpaty Zachodnie Sp. z o.o. Energia Karpaty Zachodnie Sp. z o.o. Sp. K. Novaseis Sp. z o.o. Braniewo Energy Sp. z o.o. Prusice Energy Sp. z o.o. Kotlarka Energy Sp. z o.o. TK Exploration Sp. z o.o. Gdansk Energy Szczawno Energy San Leon (Morocco) Ltd Real Energy (BVI) Corporation Frontera Energy Corporation sl 48 Grosvenor Square Freehold Limited	Helland Energy Sp. z o.o.
Joel Price	San Leon Energy Plc Aurelian Oil and Gas Limited AOG Finance Limited Energy Link Infrastructure (Malta) Limited San Leon ELI Limited San Leon Energy (UK) Limited San Leon Energy Financing Limited San Leon Holdings Limited San Leon Oza Limited	—
Julian Tedder	San Leon Energy Plc Cornerstone Resources Group Limited Speeder Property Services LLP	Dart Energy (Lothian) Limited Star Energy (East Midlands) Limited IGAS Exploration UK Limited Dart Energy (Carbon Storage) Limited Star Energy Oil & Gas Limited Shop With The School Limited Dart Energy (East England) Limited Star Energy Limited IGAS Energy Production Limited Dart Energy (Europe) Limited

Name	Current directorships/partnerships	Previous directorships/partnerships
Julian Tedder (continued)		IGas Energy Enterprise Limited Island Gas (Singleton) Limited Greenpark Energy Transportation Limited Island Gas Operations Limited Dart Energy (West England) Limited IGas Energy Development Limited Island Gas Limited Star Energy Group Limited Star Energy Weald Basin Limited
Adekolapo Ademola	San Leon Energy Plc Loyalty Solutions Limited Energy Link Infrastructure Malta Limited Bilton Energy Limited Bilton OML 18 Ltd Bilton Nominees Limited Midwestern Oil & Gas Company Limited Eroton Exploration & Production Company Limited Akka Energy Limited A2 Business International Limited Martwestern Energy Limited San Leon Energy Plc K.A.T. Ventures Ltd Wickham and Gate Concepts Limited Otran Nig Ltd Glues and Quays Nigeria Ltd Mayfield Resources Ltd Persley Row Limited	—
Mutiu Sunmonu	San Leon Energy Plc Imperial Homes Mortgage Bank Julius Berger Petalon Energy Resources Unilever Nigeria Limited The Mutiu Sunmonu Foundation Northridge Engineering Limited	—
John Brown	San Leon Energy Plc	GMS Jersey HoldCo 1 Limited GMS Jersey HoldCo 2 Limited Gulf Marine Middle East FZE GMS Global Commercial Investment LLC Gulf Marine Services (UK) Ltd Gulf Marine Services WLL Gulf Marine Services LLC MENA Marine Limited Offshore Holding Investment SA Offshore Logistics Investment SA Offshore Accommodation Investment SA Offshore Jack-up Investment SA Offshore Craft Investment SA Offshore Structure Investment SA Offshore Maritime Investment SA

Name	Current directorships/partnerships	Previous directorships/partnerships
John Brown (continued)		Offshore Tugboat Investment SA Offshore Boat Investment SA Offshore Kudeta Investment SA Offshore Endurance Investment SA GMS Enterprise Investments SA GMS Scirocco Investments SA GMS Shamal Investments SA GMS Sharqi Investments SA GMS Kelo Investment SA GMS Evolution Investment SA GMS Pepper Investment SA

- 7.8 None of the Directors has any unspent convictions in relation to indictable offences.
- 7.9 None of the Directors have been the subject of any public criticism by any statutory or regulatory authority (including a recognised professional body).
- 7.10 Save as provided below, none of the Directors has been a director of a company at the time of, or within the 12 months preceding the date of, that company being the subject of a receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors. Oisin Fanning was a director of MMI (Ireland) 1998. The business was sold in December 1998 and went into liquidation 11 months following completion of the sale.
- 7.11 None of the Directors has been a partner of a partnership at the time of, or within 12 months preceding the date of, that partnership being placed into compulsory liquidation or administration or being entered into a partnership voluntary arrangement nor in that time have the assets of any such partnership been the subject of a receivership.
- 7.12 No asset of any Director has at any time been the subject of a receivership.
- 7.13 None of the Directors is or has been bankrupt nor been the subject of any form of individual voluntary arrangement.
- 7.14 None of the Directors is or has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

8 DIRECTORS' AND SENIOR MANAGEMENT'S SERVICE AGREEMENTS

8.1 Executive Directors

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

- (a) a service agreement dated 18 September 2008 between (1) San Leon Services Limited and (2) Oisin Fanning pursuant to which Mr Fanning is to be employed as Chief Executive Officer of the Company, terminable by either party on 12 months' written notice, at a salary (subject to annual review) of €1,100,000 per annum and other benefits commensurate with his position including participation in any discretionary bonus, profit share, option arrangements and/or pension scheme. Pursuant to this agreement, Mr Fanning has agreed to a twelve month non-compete and six-month non-solicitation period following termination of his service agreement;
- (b) a service agreement dated 26 August 2016 between (1) the Company and (2) Joel Price pursuant to which Mr Price is to be employed as Chief Operating Officer of the Company terminable by either party on 6 months' written notice, at a salary (subject to annual review) of £350,000 per annum and other benefits commensurate with his position including health insurance and life assurance; and participation in any pension scheme. Mr Price has agreed to a six month non-compete and non-solicitation period following termination of his service agreement (less any period of garden leave);

- (c) a service agreement dated 30 November 2021 between (1) the Company and (2) Julian Tedder pursuant to which Mr Tedder is to be employed as Chief Financial Officer of the Company terminable by either party on 6 months' written notice, at a salary (subject to annual review) of £350,000 per annum and other benefits commensurate with his position including health insurance and life assurance and participation in any pension scheme. In addition to his salary, by virtue of him agreeing to act as a director of the Company, Mr Tedder is entitled to a non-contractual director's fee of £50,000 per annum. Mr Tedder has agreed to a six month non-compete and non-solicitation period following termination of his service agreement.

8.2 Non-executive Directors

The following agreements have been entered into between the non-executive Directors and the Company:

- (a) a letter of appointment was entered into on 8 July 2022 to confirm the terms which applied with effect from 26 August 2016 to Mr Mutiu Sonmonu's appointment as a non-executive director and chairman of the Company at an annual fee (exclusive of VAT) of £120,000; If the appointment is terminated at a general meeting, compensation will be payable amounting to six months of the annual fee;
- (b) a letter of appointment dated 6 May 2021, terminable by either party on 6 months' written notice, pursuant to which Mr John Brown is to be appointed as an independent non-executive director of the Company at an annual fee (exclusive of VAT) of £50,000. If the appointment is terminated at a general meeting, compensation will be payable amounting to six months of the annual fee; and
- (c) a letter of appointment dated 7 April 2020, terminable by either party on 6 months' written notice, pursuant to which Mr Adekolapo Ademola is to be appointed as non-independent non-executive director of the Company at an annual fee (exclusive of VAT) of £50,000. If the appointment is terminated at a general meeting, compensation will be payable amounting to six months of the annual fee.

There are no Directors service contracts, or contracts in the nature of services, with the Company, other than those that expire or are terminable without payment of compensation or other benefits on no more than 12 months' notice.

The aggregate remuneration paid (including pension fund contributions and benefits in kind) to the Directors by members of the Group in respect of the year ended 31 December 2021 was approximately £3,828,000. It is estimated that the aggregate remuneration (including pension fund contributions and benefits in kind but excluding bonuses payable to the Directors by members of the Group in respect of the current financial year (under the arrangements in force at the date of this Document)) is expected to be £2,310,000.

9 MAJOR SHAREHOLDERS

In addition to the interests of the Directors disclosed in paragraph 7 above, the Directors are aware of the following persons who, as at the Latest Practicable Date, are directly or indirectly interested in 3 per cent. or more of the Company's issued share capital or voting rights:

Shareholder	As at Latest Practicable Date	
	Number of Ordinary Shares	Percentage of current issued share capital
Funds managed by Toscafund Asset Management LLP	326,736,082	72.62%
Midwestern Oil & Gas Company Limited	59,299,608	13.18 %

Immediately following the MLPL Reorganisation (and assuming that no shares will be sold or acquired and no further shares will be issued from the Latest Practicable Date prior to the date of this Document until the completion of the MLPL Reorganisation) the following persons are expected to be, directly or indirectly, interested in 3 per cent. or more of the Company's issued share capital or voting rights immediately following the MLPL Reorganisation:

Shareholder	Expected at completion of the MLPL Reorganisation			
	Number of Ordinary Shares	Percentage of issued New Ordinary Shares at completion of MLPL Reorganisation	Number of Preference Shares	Percentage of issued Preference Shares at completion of MLPL Reorganisation
Midwestern Oil & Gas Company Limited	403,633,865	50.82%	59,299,608	13.18%
Funds managed by Toscafund Asset Management LLP	326,736,082	41.14%	326,736,082	72.62%

Immediately following the ELI Reorganisation (and assuming that no shares will be sold or acquired and no further shares will be issued from the Latest Practicable Date prior to the date of this Document until the completion of the ELI Reorganisation, other than pursuant to the MLPL Reorganisation), the following persons are expected to be, directly or indirectly, interested in 3 per cent. or more of the Company's issued share capital or voting rights at completion of the ELI Reorganisation:

Shareholder	Expected at completion of the ELI Reorganisation			
	Number of Ordinary Shares	Percentage of issued New Ordinary Shares at completion of ELI Reorganisation	Number of Preference Shares	Percentage of issued Preference Shares at completion of ELI Reorganisation
Midwestern Oil & Gas Company Limited	477,416,400	55.00%	59,299,608	13.18%
Funds managed by Toscafund Asset Management LLP	326,736,082	37.64%	326,736,082	72.62%

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 save for the right of Midwestern to appoint a director under the Relationship Agreement. There are no measures in place to ensure that Toscafund Asset Management LLP's control of the Company is not abused.

In relation to other measures that are designed to ensure that control of the Company is not abused, details of the Relationship Agreement between Midwestern, Allenby Capital and the Company that is designed to ensure that the Group's business shall be managed for the benefit of the Shareholders as a whole and independently from Midwestern can be found in paragraph 10.2 of this Part 12.

Save as disclosed in this Document, the Company is not aware of any person who directly or indirectly, jointly or severally, exercises or could exercise control over the Company nor is it aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

10 MATERIAL CONTRACTS

In addition to the material contracts summarised in paragraphs 3 to 5 in Part 2 in relation to the Eroton OML 18 Transactions, Eroton, the MLPL Reorganisation, ELI and the ELI Reorganisation and the contracts summarised in paragraphs 4 and 5 of Part 3 of this Document in relation to the Further ELI Investments, the following material contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group, MLPL or ELI in the two years immediately preceding the date of this Document and are material or contain obligations or entitlements which are material to the Group or are subsisting agreement which relate to the assets and liabilities of the Group (notwithstanding that such agreements are (i) within the ordinary course; or (ii) were entered into outside of the two years immediately preceding the date of this Document):

10.1 Lock-In Arrangements

The Locked-in Persons, being Midwestern and the Directors, entered into lock in agreements dated 8 July 2022 pursuant to which they have undertaken to the Company and Allenby Capital, that they will not sell or dispose of, any of their respective interests in the New Ordinary Shares and Preference Shares, including any acquired after Re-Admission, from the date of publication of this Document until the first anniversary of Re-Admission or, if sooner, termination of the MLPL Reorganisation, except in certain limited circumstances permitted under Rule 7 of the AIM Rules for Companies and, in the case of Midwestern pursuant to the GTB Debenture as set out below. In addition, Midwestern and the Directors have further undertaken that they will be subject to orderly market arrangements during the following twelve months after the initial one-year lock-in period.

Midwestern entered into two all-assets debentures with GTB dated 29 July 2013 (the "2013 GTB Debenture"), and dated 31 December 2019 (the "2019 GTB Debenture") (together the "GTB Debenture"). Under the 2013 GTB Debenture, Midwestern has charged, by way of first charge, all of Midwestern's undertaking and property (both present and future), such that a fixed charge is created on all of Midwestern's undertaking, goodwill, properties and assets (present and future), and in particular, "all stocks, shares and other securities now, or in the future belonging to Midwestern together with all dividends and other". Under the 2019 GTB Debenture, Midwestern has charged, among other charges, by way of fixed charge, among other items, all present and future shares, or rights or assets relating to such shares owned by Midwestern in its Subsidiaries (as defined under section 338 of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004). As such, Midwestern's shares in the Company are subject to the GTB Debenture and enforcement of such Debenture will not be subject to the lock-in. Any receiver appointed under the GTB Debenture has broad powers, including the power to sell and or/dispose of any secured assets.

Enforcement by GTB of the GTB Debentures and subsequent sales of Midwestern's shares in the Company could potentially have a material adverse effect on the share price of the Company, as Midwestern's holding in the Company upon Re-Admission will represent a very substantial amount of the Company's New Ordinary Shares and would not be subject to the lock-in arrangements or any orderly market arrangements and so could be sold without restriction.

10.2 Relationship Agreement

On 8 July 2022, Midwestern entered into the Relationship Agreement with Allenby Capital and the Company whereby Midwestern undertakes to the Company and Allenby Capital, for so long as Midwestern, individually or together with the members of the Midwestern Group, is interested in more than 10% of the voting rights in the Company, amongst other things to exercise their voting rights to procure and, in the case of other members of the Midwestern Group holding voting rights in the Company, use reasonable endeavours to procure, that the Group's business shall be managed for the benefit of the Shareholders as a whole and independently from Midwestern and members of the Midwestern Group and that all transactions and arrangements between (i) the Company and (ii) Midwestern and the members of the Midwestern Group will be at arm's length and on normal commercial terms. Midwestern has also provided further undertakings as to the composition of the Board, ensuring certain reserved matters are considered solely by the Directors independent of Midwestern. For so long as Midwestern, individually or together with the members of the Midwestern Group, is interested in more than 10% of the voting rights in the Company, they shall be entitled under the Relationship Agreement to nominate one non-executive Director to the Board (with this non-executive director currently being Adekolapo Ademola). Pursuant to the Relationship Agreement, the Company has also agreed to use its reasonable endeavours to identify and appoint an additional independent non-executive director within 12 months from the date of publication of this Document. The appointment of an additional independent non-executive director shall be subject to the prior approval of Allenby Capital, as required by the AIM Rules.

10.3 Irrevocable undertakings

Midwestern has given to the Company an irrevocable undertaking to vote in favour of Resolutions 1 to 6 to be proposed at the EGM in respect of their holdings totalling, in aggregate 59,299,608 Existing Ordinary Shares, representing approximately 13.18% of the Existing Share Capital as at the date of this Document.

10.4 Introduction Agreement

Under an agreement dated 8 July 2022 (the “**Introduction Agreement**”) and made (1) Allenby Capital, (2) the Company and (3) each of the Directors of the Company, Allenby Capital has agreed (conditionally, *inter alia*, on Re-Admission taking place not later than 30 June 2023) to act as the Company's agent in relation to, *inter alia*, the publication of this Document and Re-Admission. The Introduction Agreement also provides that the Company will pay certain other costs and expenses (together with VAT payable thereon) of, or incidental to, Re-Admission including all fees and expenses payable in connection with Re-Admission, expenses of the registrars, printing and advertising expenses, postage and legal, accounting and other professional fees and expenses. The Introduction Agreement contains representations, warranties and indemnities given by the Company and the Directors to Allenby Capital as to the accuracy of the information contained in this Document and other matters relating to the Company and the Enlarged Group and its business. Allenby Capital is entitled to terminate the Introduction Agreement in certain specified circumstances prior to Re-Admission.

10.5 Nomad and Broker Agreement

Pursuant to a nominated adviser and broker agreement entered into in July 2020 between (1) Allenby Capital (2) the Company and (3) the directors at the time, the Company appointed Allenby Capital to act as its nominated adviser and joint broker for the purposes of the AIM Rules for Companies and the AIM Rules for Nominated Advisers. The appointment shall continue unless and until terminated by either Allenby Capital or the Company by giving not less than three months' written notice. The Company has agreed to pay Allenby Capital annual fees in respect of the services of Allenby Capital under the agreement. The Company gave customary indemnities to Allenby Capital and to certain indemnified persons connected with them. The agreement is governed by English law.

10.6 Providence Assignment

On 22 December 2011, Island Expro Limited, a subsidiary of the Company, entered into an agreement with Providence Resources plc to assign Island Expro Limited's 30 per cent. working interest in Standard Exploration Licence 1/11 in the Celtic Sea to Providence Resources plc. The assignment was in exchange for the grant to Island Expro Limited of a 4.5 per cent. interest in the net profit from the area subject to Exploration Licence 1/11. The agreement was amended by: (i) the NPI Novation Agreement; and (ii) the deed of transfer dated 4 December 2015 between Island Expro Limited and the Company. These documents collectively comprise the Barryroe NPI currently held by the Company.

10.7 Warrants granted to Brandon Hill

On 22 June 2016, the Company and Brandon Hill Capital Limited (“Brandon Hill”) signed an engagement letter dated 22 June 2016 agreeing the terms on which Brandon Hill acted for the Company as its broker and financial adviser in connection with the acquisition of an economic interest in OML 18. The Company agreed to issue Brandon Hill with warrants in respect of 2,939,405 Ordinary Shares being 45 pence over 5 per cent. of the total number of share subscribed by investors introduced by Brandon Hill in such placing, exercisable at the placing price of the 2016 placing of shares in the Company. The warrants are exercisable by delivery of a notice of subscription and the subscription price to the Company's registrar prior to the final day of the subscription period. The warrants had an initial term which was due to expire on 21 September 2019 but the term was extended to 21 September 2023. Following the special dividend in April 2020 and share buy backs carried out in 2019 and 2020 these warrants were adjusted to be over 2,566,632 Ordinary Shares at a price of 39 pence per Ordinary Share to take account of the dividend.

10.8 Warrants granted to the Toscafund Managed Funds

On 22 March 2016, the Company entered into an agreement with Toscafund, as amended by an agreement dated 30 June 2016. The agreement dated 22 March 2016 provided, *inter alia*, for the acquisition by the Company of the Toscafund Loan Notes and under the agreement the Company agreed, subject to the approval of the Shareholders and other regulatory approval, to

issue to the Toscafund Managed Funds warrants to subscribe for an aggregate of 10,000,000 Ordinary Shares (being the warrants granted to The Pegasus Fund, Tosca Opportunity and Tosca Mid Cap described in paragraphs 10.9, 10.10 and 10.11 of this Part 12).

The Warrants were created pursuant to a warrant instrument entered into on 21 September 2016 (the "Warrant Instrument"). Each Warrant entitles the holder, or any person nominated in writing by the holder, to subscribe at any time during the subscription period for one Ordinary Share. In order to exercise the rights granted under the Warrant Instrument, Toscafund is required to deliver a certificate of exercise to the Company's registered address accompanied by a remittance for the subscription price. The subscription period begins on the date of entry into the Warrant Instrument and ends on the seventh anniversary of such date. The subscription price payable on the exercise of such Warrant is 25 pence per Ordinary Share.

In the event that further allotment of Ordinary Shares by way of capitalisation of profits or dividend or reserves (including share premium account and capital redemption reserve) or distribution to existing holders of Ordinary Shares or any redemption, buy back, purchase, reduction of capital, reclassification, rights issue, sub-division or consolidation of the Ordinary Shares occurs before the final exercise date of the Warrants then: (i) the subscription rights attaching to the Warrants will increase or decrease equal to the increase or reduction of Ordinary Shares; or, (ii) the subscription price will increase or decrease as the case may be. There is no obligation on the part of the Company to admit the Warrants to the Official List, AIM or any other investment exchange.

If an offer is made to purchase the entire issued Ordinary Shares, otherwise than by the Company, the Company will procure that there shall be made at the same time an offer to the holders of the Warrants on terms substantially similar to those offered to the holders of Ordinary Shares as if the subscription rights had been exercised in full on the day preceding the date of the offer or invitation. In that case the consideration for each Warrant would be equal to the consideration for each Ordinary Share less the amount equal to the aggregate Subscription Price. In the event of such an offer, the Warrants will not lapse until the period for the acceptance of the offer has expired. The Warrants are freely assignable. The Warrant Instrument is governed by the laws of Ireland.

10.9 Warrants granted to The Pegasus Fund Limited

Pursuant to the Warrant Instrument entered into on 21 September 2016 by the Company in favour of, *inter alia*, The Pegasus Fund Limited the Company granted warrants to The Pegasus Fund Limited to subscribe for 800,000 Ordinary Shares exercisable on or before the seventh anniversary thereafter at a price of 25 pence per Ordinary Share. In order to exercise the rights granted under the Warrant Instrument, The Pegasus Fund Limited is required to deliver a certificate of exercise to the Company's registered address accompanied by a remittance for the subscription price.

Following the special dividend in April 2020 and share buy backs carried out in 2019 and 2020 these warrants were adjusted to be over 698,545 Ordinary Shares at a price of 19 pence per Ordinary Share to take account of the dividend.

10.10 Warrants granted to Tosca Opportunity

Pursuant to the Warrant Instrument entered into on 21 September 2016 by the Company in favour of, *inter alia*, Tosca Opportunity the Company granted warrants to Tosca Opportunity to subscribe for 6,600,000 Ordinary Shares exercisable on or before the seventh anniversary thereafter at a price of 25 pence per Ordinary Share. In order to exercise the rights granted under the Warrant Instrument, Tosca Opportunity is required to deliver a certificate of exercise to the Company's registered address accompanied by a remittance for the subscription price.

Following the special dividend in April 2020 and share buy backs carried out in 2019 and 2020 these warrants were adjusted to be over 5,762,994 Ordinary Shares at a price of 19 pence per Ordinary Share to take account of the dividend.

10.11 Warrants granted to Tosca Mid Cap

Pursuant to the Warrant Instrument entered into on 21 September 2016 by the Company in favour of, *inter alia*, Tosca Mid Cap the Company granted warrants to Tosca Mid Cap to subscribe for 2,600,000 Ordinary Shares exercisable on or before the seventh anniversary thereafter at a price of 25 pence per Ordinary Share. In order to exercise the subscription rights, Tosca Mid Cap is required to deliver a certificate of exercise to the Company's registered address accompanied by a remittance for the subscription price.

Following the special dividend in April 2020 and share buy backs carried out in 2019 and 2020 these warrants were adjusted to be over 2,270,270 Ordinary Shares at a price of 19 pence per Ordinary Share to take account of the dividend.

10.12 Warrants granted to David Turner

Pursuant to a warrant dated 30 June 2016 issued by the Company in favour of David M. Turner the Company granted warrants to David M. Turner to subscribe for 2,000,000 Ordinary Shares exercisable on or before 31 December 2023 at a price of 45 pence per Ordinary Share. In order to exercise the subscription rights, David Turner is required to deliver a certificate of exercise to the Company's registered address accompanied by a remittance for the subscription price.

Following the special dividend in April 2020 these warrants were adjusted to be over 1,753,730 Ordinary Shares at a price of 39 pence per Ordinary Share to take account of the dividend.

10.13 Barryroe NPI

The Company holds a 4.5% Net Profit Interest on the Barryroe oil accumulation which is located in Standard Exploration Licence 1/11 in the North Celtic Sea, offshore Ireland.

10.14 Ardilaun Energy Limited

As part of the consideration for the sale of Island Oil & Gas Limited to Ardilaun Energy Limited ("Ardilaun") in 2014, Ardilaun agreed to issue shares equivalent to 15% of the issued share capital of Ardilaun to the Company.

10.15 Poznan NPI

In 2016, the Company's subsidiary, San Leon Energy B.V. sold its 27.4% interest in Poznan Energy BV to Palomar Natural Resources BV for a consideration of €1 plus a 10% NPI in respect of hydrocarbons produced in the Poznan East area. The NPI is granted under the terms of a deed entered into by San Leon Energy B.V. and Energia Zachod Sp. z o.o. dated 17 November 2016. The deed is governed by the laws of England and Wales. Any disputes under the deed shall be resolved by arbitration under the LCIA Rules.

10.16 Kotlarka NPI

In 2017, the Company sold its 100% interest in Kotlarka Energy Sp. z o.o. to Horizon Petroleum Limited for a consideration of €10,000 plus a 6% NPI in respect of hydrocarbons produced from the Kotlarka area. The NPI is granted under the terms of a deed entered into by the Company, Kotlarka Energy Sp. z o.o. and Horizon Petroleum Limited dated 22 August 2019. The deed is governed by the laws of England and Wales and the courts of England and Wales shall have exclusive jurisdiction over any dispute in connection with the deed.

10.17 Prusice NPI

In 2017, the Company sold its 100% interest in Prusice Energy Sp. z o.o. to Horizon Petroleum Limited for a consideration of €10,000 plus a 6% NPI in respect of hydrocarbons produced from the Prusice area. The NPI is granted under the terms of a deed entered into by the Company, Prusice Energy Sp. z o.o. and Horizon Petroleum Limited dated 22 August 2019. The deed is governed by the laws of England and Wales and the courts of England and Wales shall have exclusive jurisdiction over any dispute in connection with the deed.

10.18 **Gora NPI**

In 2017, the Company's subsidiary San Leon Energy B.V. sold its interest in Gora Energy Sp zoo to Gemini Resources Limited for a consideration of €1 plus a 5% NPI in respect of hydrocarbons produced from the Gora area. The NPI is granted under the terms of a deed entered into by San Leon Energy B.V., Gora Energy Sp. Z o.o. and Gemini Resources Limited dated 20 December 2018. The deed is governed by the laws of England and Wales.

10.19 **Liesa NPI**

In 2017, the Company's subsidiary San Leon B.V. sold its interest in Liesa Energy Sp zoo to Gemini Resources Limited for a consideration of €1 plus a 5% NPI in respect of hydrocarbons produced from the Nowa Sol area. The NPI is granted under the terms of a deed entered into by San Leon B.V., Liesa Energy Sp. z o.o. and Gemini Resources Limited dated 20 December 2018. The deed is governed by the laws of England and Wales.

10.20 **Bielsko-Biala and Cieszyn NPI**

In 2017, the Company's subsidiary Aurelian Oil & Gas Poland SP. Z O.O. sold its 100% interest in Energia Karpaty Zachodnie Sp. z o.o. and Energia Karpaty Zachodnie Sp. z o.o. SP. K. to Horizon Petroleum Limited for a consideration of a 6% NPI in respect of hydrocarbons produced from the Bielsko-Biala and Cieszyn areas. The NPI is granted under the terms of a deed entered into by the Aurelian Oil & Gas Poland, Energia Karpaty Zachodnie Sp. z o.o., Energia Karpaty Zachodnie Sp. z o.o. SP. K. and Horizon Petroleum Limited dated 21 August 2019. The deed is governed by the laws of England and Wales and the courts of England and Wales shall have exclusive jurisdiction over any dispute in connection with the deed.

10.21 **Oza Loan Note and Subscription**

Pursuant to the loan note instrument entered into by Decklar on 31 January 2022 and a subscription agreement entered into between Decklar and the Company's subsidiary San Leon Oza Limited dated 2 July 2020 (as amended on 31 January 2022), San Leon has provided a total loan of US\$5,500,000 to Decklar (US\$750,000 was provided in August 2020, with a further \$4,750,000 provided in January 2022), which was accompanied by an equity subscription at nominal value. Consequently, San Leon is interested in US\$5,500,000 of 10 per cent unsecured subordinated Decklar loan notes and a 11 per cent equity interest in Decklar. San Leon has the option to pay a further US\$2,000,000 to Decklar by 30 April 2022 which would increase its shareholding in Decklar to 15.0 per cent and increase the unsecured subordinated loan notes to US\$7,500,000.

10.22 **New Facility**

On 8 July 2022, the Company (as borrower) and MM Capital Holding (as lender) entered the New Facility pursuant to which the lender has agreed to provide a loan facility to the borrower in an aggregate amount of up to US\$50,000,000, which the borrower may use for its general corporate purposes or for such purpose as it may otherwise determine. The borrower may utilise the loan facility to request one or more loans (together, the "Loan") at any time from the date of the agreement until the first utilisation date. The borrower shall pay interest on the Loan quarterly in arrears at the rate of 10% per annum, which shall accrue daily from the 1 January 2024 (the "**First Repayment Date**"). The borrower shall repay the Loan quarterly in equal repayment instalments on each repayment date commencing on the First Repayment Date and ending on the date falling 60 months after the date of the agreement. If the borrower fails to make any payment due under the agreement on the due date for payment, interest on the unpaid amount shall accrue daily, from the date of non-payment to the date of actual payment, at the rate of 20% per annum.

The agreement sets out customary events or circumstances which shall constitute an event of default of the borrower under the agreement. At any time after such an event of default has occurred which is continuing, the lender may, by notice to the borrower declare that the Loan (and all accrued interest and all other amounts accrued or outstanding under this agreement) is immediately due and payable.

The agreement is subject to the New Facility Security Agreement which has been entered into separately in favour of the lender, details of which are set out in paragraph 10.23 of this Part 12 below.

Neither party may assign any of its rights or transfer any of its rights and obligations under the agreement without the written consent of the other.

The New Facility is governed by English law.

10.23 New Facility Security Agreement

On 8 July 2022, the Company and MM Capital Holding entered into the New Facility Security Agreement, pursuant to which the Company's shares in San Leon Financing have been charged in favour of MM Capital Holding.

10.24 MLPL Material Contracts

MLPL, through its wholly owned subsidiary Martwestern has an indirect interest in Eroton, which is the operator of OML 18. Eroton is a party to the following material contracts in respect of or relating to OML18:

10.24.1 OML 18

By Oil Mining Lease No. 18 dated 16 March 1964, the Federal Minister of Mines and Power on behalf of the Government of the Federal Republic of Nigeria demised to The Shell-BP Petroleum Development Company of Nigeria Limited all or any petroleum within the lands set out in the lease for 30 years. On 1 July 1989, OML 18 was renewed by the Federal Republic of Nigeria for a term of 30 years to the NNPC and The Shell Petroleum Development Company of Nigeria Limited subject to the Petroleum Act 1969 of Nigeria and the regulations thereunder.

By letters from the DPR dated 7 November 2018 and 10 May 2019, Eroton received the consent of the Minister for the renewal of OML 18 for an additional 20 years.

10.24.2 Agreement for assignment of JOA

The agreement for assignment was entered into between SPDC, Total, and NAOC (as Assignors) and Eroton on 20th October 2014 for the transfer of their participating interests in OML 18 comprising of 30%, 10%, 5% respectively to Eroton. The purpose of the agreement for assignment was to define the terms upon which the transfer of the interests of the assignors in OML 18 to Eroton occurred. Consequently, Eroton and NNPC held 45% and 55% in OML 18 respectively with Eroton assuming the operator role.

SPDC, Total and NAOC entered into a joint operating agreement (the "JOA") dated 1 March 2015, for the operation of OML 18. The JOA is an amendment to a joint operating agreement previously executed between the named parties in 1991. The purpose of the amendment is to remove OML 18 from the ambit of the previous agreement which hitherto regulated OML 18 and various other OMLs, by separating the rights, interest, liabilities and working capital attributable to OML 18 from the other assets under the previous agreement. The purpose of the JOA is to define the respective rights and obligations of the parties with respect to their operations under OML 18. The JOA expressly excludes some particular assets from OML 18, including, amongst other assets, all boats, tugs, barges and other transport vehicles (including all equipment connected thereto) within the lease area, whether owned leased, rented or chartered by the Shell joint venture. Under the JOA, the operator shall not be liable for any loss or damage which results from joint operations unless such loss or damages results from wilful misconduct on the part of its directors or supervisory staff. Furthermore, except as otherwise provided in the agreement or as may be authorised by the mutual agreement of the parties, the operator shall not permit or suffer any lien or other encumbrance to be filed against any material, physical equipment, real or personal property thereon nor against petroleum produced and saved as a result of its

operations. The operator shall consult freely with and shall make full and frank disclosure to the non-operators concerning joint operations and keep them advised of all matters of importance arising in connection therewith.

The operator shall not, without the written approval of NNPC dispose of, sell, or re-export any joint property of such historic cost exceed N100,000.00 per unit or batch or such other value as may from time to time be determined by the operating committee.

No party under the JOA may assign or transfer its participating interests or any part thereof without the prior written consent and approval of the other parties, which consent and approval shall not be unreasonably withheld.

10.24.3 *Deed of novation*

SPDC, Total, NAOC NNPC and Eroton entered into a deed of novation dated 1 March 2015, whereby Shell, Total and Agip (as "Assignors") ceased to be parties to the JOA and Eroton became a party to the JOA and all agreements deriving from the JOA. Eroton consequently assumed all rights, liabilities, and obligations under the JOA. Additionally, Eroton assumed the position of the Assignors with regard to the transferred interest which was transferred to Eroton via a transfer agreement dated 20 October 2014.

Under the deed of novation, Eroton assumed all liabilities and obligations in respect of the interest in OML 18 under the JOA in the place of each of the Assignors and is bound by the terms of the JOA and other agreements derived from the JOA as if it had at all times been a party to the JOA and such derived agreements in place of the Assignors.

10.24.4 *Crude Handling and Transportation Agreement*

On 28 February 2019, Eroton and ELI Nigeria entered into a crude handling and transportation agreement pursuant to which ELI Nigeria agreed to provide services relating to handling and transportation of crude oil produced from OML 18, which shall consist of:

- the acceptance of crude by ELI Nigeria as may from time to time be delivered and injected at the injection point by Eroton;
- the transportation by ELI Nigeria of injected volume utilising the ACOES pipeline facilities to convey injected volume to the pipeline point last flange;
- the receiving and storage by ELI Nigeria of allocated crude in the terminal facilities; and
- the delivery of export crude by ELI Nigeria to tankers nominated by Eroton at the delivery point.

Commencing May 2020, Eroton started making quarterly payments (made in advance for the crude handling and transportation agreement) to ELI Nigeria through an irrevocable standing payment order (ISPO) issued through GTB. Advance payments received from Eroton in FY20, under the ISPO were US\$47.1 million while in FY21 were US\$77.4 million.

The title to the injected volume, allocated crude or export crude shall at all times remain with Eroton. ELI Nigeria shall not acquire in any manner any title to the injected volume, allocated crude or the export crude.

All risk in and associated with technical losses of injected volume, allocated crude or of the export crude shall at all times remain with ELI Nigeria except where such damage or loss occurs due to gross negligence or wilful misconduct of Eroton, in such case the party responsible for such gross negligence shall bear the risk of loss or damage.

ELI Nigeria shall provide Eroton with a reserved capacity provided that Eroton shall only be entitled to amend or change the reserved capacity twice each calendar year and such amendment or change shall not reduce the base volumes below 50,000 barrels per day.

Eroton's entitlement to export crude shall be measured and fiscalised using delivery point measurement equipment in accordance with ELI Nigeria's accounting system or any other hydrocarbon accounting system utilised by ELI Nigeria for hydrocarbon accounting. The delivery point measurement equipment shall be calibrated and certified as required by the DPR and other applicable government authorities.

The quantities of export crude delivered to tankers at the delivery point shall be measured and determined on completion of loading of the tankers in accordance with methods approved at the relevant time by the DPR. Eroton or its nominated agent shall have the right to witness such measurements for each tanker loading at its own expense and carry out its own tests on samples by prior arrangement with ELI Nigeria.

ELI Nigeria shall coordinate the nomination of programming of tankers to lift export crude from the terminal. Eroton shall arrange its filling of export crude and all necessary tanker nominations according to a firm offtake programme. Eroton shall maintain the firm offtake programme with a view to ensuring that the export crude available to shipper at the terminal shall be lifted promptly with due regard to the maximum reserved storage capacity and that liftings are spread evenly throughout the year.

No amendment to or assignment of the benefits of any provision of the agreement will be effective unless consented to in writing by the parties.

This agreement and any non-contractual obligations arising out or on in connection with the agreement are governed by Nigerian law.

10.24.5 *Unitisation Agreement*

Eroton, NNPC and Newcross E&P Limited entered into a pre-unitisation agreement ("PUA") on 17 December 2018.

The purpose of the PUA is to provide the basis for the implementation of the activities performed during the term of the PUA including pre-unit operation, formulation and approval of the joint equity determination study, field re-entry, work programme, budget, and all other activities in OML 24. Under the terms of the PUA, a pre-operating committee was established to provide orderly, overall supervision, control and direction for the activities to which the PUA relates. The committee comprises of two personnel from NNPC, and one person from each of Eroton and Newcross E&P.

Under the PUA, Newcross E&P was designated as operator of OML 24. By virtue of its role as Operator, Newcross shall cash call each party in the PUA for its equity share of all expenditure as regards unit properties to be incurred for the unit account. Payment must be made no later than 15 business days prior to the first cash call months as well as itemized return of the actual expenditure for the month which is two months preceding the cash call month. It is also agreed that an itemization of the cash surplus or deficit in shall be attributable to each party's account.

Crude

10.24.6 *Shell Offtake Agreement*

Eroton and Shell have entered into an Offtake Agreement dated 10 July 2014, as amended by addendums dated 8 September 2014, a second addendum dated 10 September 2014, a third addendum dated 27 December 2017, a fourth addendum dated 6 February 2019, a fifth addendum dated 25 April 2019, a sixth addendum dated 17 January 2020, a seventh addendum dated 12 June 2020, an eighth addendum dated 3 March 2021, a ninth addendum dated 4 March 2021 and a tenth addendum dated 9 June 2021.

The Shell Offtake Agreement sets out the terms for the sale by Eroton of oil production in OML 18 to Shell. Shell shall purchase all the oil produced from Eroton's entitlement under OML 18. Oil is to be of the relevant grade and subject to measurement, inspection, sampling and certification. The pricing is agreed as the average of the

quotations published in Platts over the pricing period, being consecutive Platts publication days before or after the loading date, for dated Brent, plus the average of the quotations published in Platts over the pricing period for the differential for the relevant grade as published in Platts.

The Seller agrees to provide the buyer with forecasts of its maximum number of barrels per day and barrels per month, on a quarterly rolling basis. The Seller empowers the Buyer to communicate with the Loading Terminal Operator related to the nomination and lifting of the crude oil, on the condition that the Seller shall be in copy of all correspondence.

The minimum term of the agreement is the later of: (i) five years from the bill of lading date for the first cargo sold to Shell under this agreement; (ii) ten years if the OML lease has been renewed on or before such fifth anniversary, or if Eroton continues to produce oil from OML 18 after such fifth anniversary, pending a renewal of the lease; (iii) the date on which the risk participation debt provided to Eroton by Shell to fund acquisition of the OML has been repaid; and, (iv) the date on which a cumulative volume of 49.275 million barrels of Eroton entitlement have been delivered.

At the end of the minimum term, this agreement shall renew automatically for further 12 month periods until either party terminates it on three months' notice.

Neither party may assign rights or benefits under the agreement without the prior written consent of the other party, although Eroton may assign without consent, all or any portion of its rights to receive and obtain payment under the agreement in relation to any finance or funding arrangements.

Risk and property in the crude passes to Shell as the oil passes the vessel's permanent hose connection at the loading terminal. Neither party is liable for failure to perform any obligations under the agreement due to an impediment beyond its control. Neither party is liable for any consequential, indirect or special losses, expenses or damages of any kind. For claims regarding quality or quantity, Eroton is not liable for more than the difference between the market price and the agreed selling price for the oil deliverable under the agreement.

Provisions dealing with the limitation of liability continue beyond the expiry of the agreement for whatever reason. Other than in relation to claims for demurrage or for quantity/quality, claims shall be commenced within two years of the date on which oil was delivered or should have been delivered.

Either party may terminate the agreement without notice if in their reasonable judgment, supported by credible evidence the other is in breach of representations, warranties and undertakings regarding compliance with facilitation payments and anti-corruption laws of the UK and US.

The agreement is governed by the laws of England and Wales. The parties have the right to resolve disputes through arbitration under London Court of International Arbitration rules.

10.24.7 *Nembe Creek Trunk Line*

Oil produced in OML 18 is exported out using the Nembe Creek Trunk Line to Bonny Terminal. The Nembe Creek Trunk Line is owned by Aiteo Group. The transportation charge for using the Nembe Creek Trunk Line is US\$1.43/bbl. However, there are issues with the reliability of the line, and that is the principal reason SLE invested in ELI to facilitate the development of an alternative crude oil export system, so that the reliance on the Nembe Creek Trunk Line can be reduced. Furthermore, the Nembe Creek Trunk Line is shared with other upstream companies, and therefore oil transported in the line is re-measured at the Bonny Terminal and allocated to OML 18 after reconciliation with the other companies.

Gas

10.24.8 *Notore Offtake Agreement*

Eroton and Notore Chemical entered into a gas sale and purchase agreement dated 10 September 2014 and an Amended and Restated Gas Sale and Purchase Agreement (the “**Amendment**”) in 2016 pursuant to which, Eroton shall sell natural gas produced from interest in OML 18 to Notore Chemical at the quantities and at such time as may be established under the GSPA. By the provisions of the payment terms under the GSPA, Eroton shall render an invoice for natural gas in each month and within 10 (ten) business days after the end of each month throughout the contract period. The price of natural gas delivered under the first contract year is US\$1.35/MMscf in relation to natural gas for use for Notore Chemical's fertilizer purpose; and US\$2.50/MMscf in relation to natural gas for use for Notore Chemical's power purpose. Following the Amendment, the term of the Notore Offtake Agreement was for 20 (twenty) years and can be extended for a further term of 5 (five) years.

The annual contracted quantity (ACQ) is equal to 18,150 MMscf. The ACQ may be varied up to 91,150 MMscf. The take or pay quantity in respect of each contract year, which Notore Chemical shall be obligated to take shall be 80% (eighty percent) of the ACQ. The Contract price delivered during the first contract year was US \$1.35/MMscf and shall not exceed US\$ 1.50, in relation for Notore Chemical's fertilizer purpose. And US\$ 2.50/MMscf for Notore Chemical's power purpose. The contract price may be reviewed based on the OECD lower price index. Eroton shall render a monthly invoice not less than 10 (ten) business days after the end of each month.

Where Notore Chemical terminates the contract because of Eroton's default, Eroton shall pay Notore Chemical a sum equal to US\$10,000,000 (ten million United States Dollars). Except when Eroton contracts with a third party and as a result is unable to meet its minimum gas obligations under the contract, in such instance the seller shall pay Notore Chemical three months of the take or pay payments at the then prevailing price.

The agreement is governed by Nigerian law.

The agreement expires on the twentieth (20th) anniversary of 31 March 2016, but could be extended for a further 5 years by mutual agreement of the parties.

Other

10.24.9 *Eroton shareholders' agreement*

Martwestern, Bilton and Eroton entered into a shareholders agreement dated 14 November 2013 for the purpose of regulating certain matters concerning the party's relationships with each other and the operation of Eroton in performing its obligations as the Operator of OML 18.

The initial funding of Eroton was for the purpose of the acquisition of assets. Martwestern is responsible for the payment of Bilton's initial shareholder contributions. Subsequent funding of the company shall be by; cash contributions made by shareholders; debt through the Company's bankers or any credible entity duly approved by the Board; or any other means which the Shareholders may approve by Shareholders Unanimous Resolution.

Where the board of directors of Eroton determines that Eroton requires additional funds to carry on business, Eroton can deliver a funding notice to its shareholders. The shareholders, if requested to do so by Eroton, are required to advance to Eroton an amount equal to the proportion of the required amount that the number of shares held by each such shareholder, and which bears to the total number of issued and outstanding shares at the date of the funding notice.

Any issued shares that are not subscribed to by the Shareholders may be offered by the Company to a third party on the same terms as the Shareholders.

The Shareholders right to sell or transfer or otherwise dispose of all or any part of its shares in the company; no additional shareholders shall be admitted into the Company without a Shareholders Unanimous Resolution; subsequent funding of the Company; and admission of additional shareholders.

Without first obtaining approval of the shareholders by the Shareholders Unanimous Resolution, the Company cannot: sell, transfer, lease, license, assign or otherwise dispose of the whole or any material part of its business, undertaking, property and/or asset; or create or issue any debenture, mortgage, charge or other security or increase the amount of any borrowings capable of being secured; or nominate persons to act as directors of affiliates of the company.

Additional Shareholders may only be admitted to the company with the Shareholders Unanimous Resolution. The additional shareholder, prior to admission, shall agree in writing to be bound by the terms and provisions of the Agreement and shall execute a Deed of Ascension.

Where any shareholder (selling shareholder) receives a third party offer to purchase or transfer all or any part of its shares in the company that the selling shareholder is prepared to accept, the selling shareholder shall give written notice to the other Shareholders stating its intention to sell the sale shares. The shareholders shall within 30 (thirty) days from the date of receiving the notice be entitled to exercise its right of first refusal.

The Shareholder is not restricted from transferring shares to its affiliates or an SPV set up by it, provided that the Shareholder shall ensure and provide an indemnity guarantee to the other Shareholders. Certain actions can only be taken by Eroton after obtaining approval of both shareholders, such as to:

- sell, transfer, lease, licence, assign or otherwise dispose of the whole or otherwise dispose of the whole or any material part of its business, undertaking, property and/or asset;
- create or issue any debenture, mortgage, charge or other security or increase the amount of any borrowing capable of being secured; and
- nominate persons to act as directors of affiliates of the company.

Where the board of directors of Eroton determines that Eroton requires additional funds to carry on business, Eroton can deliver a funding notice to its shareholders. The shareholders, if requested to do so by Eroton, are required to advance to Eroton an amount equal to the proportion of the required amount that the number of shares held by each such shareholder and which bears to the total number of issued and outstanding shares at the date of the funding notice.

The agreement contains pre-emptive rights for the issue and transfer of shares and a restriction on new shareholders being admitted without the unanimous consent of the shareholders. The Shareholders Agreement will terminate on completion of the MLPL Reorganisation.

10.24.10 *Financial Services Agreement*

By an amendment and restatement agreement in respect of the Financial Services Agreement relating to OML 18 dated 23 September 2014 Martwestern and its local partner agreed that Martwestern would pay certain costs, including the price paid by and the costs incurred by Eroton in the acquisition of the 45 per cent. interest in OML 18, Eroton's share of all capital and other costs incurred in respect of the development of OML 18, Eroton's share of taxes and operating costs. It was agreed that Martwestern would be allocated and repaid all of these costs plus interest out of the 80 per cent. of the distributions from Eroton until full repayment ("Payout"). Until "Payout" (i.e. when Martwestern recovers fully the balance in the cash recovery pool), the remaining profits are allocated and paid in a 90:10 ratio to Martwestern and its local partner, Bilton,

respectively. A sliding scale exists after Payout and depends on the cumulative volume of oil, gas and condensate sold from OML 18 after Payout. Only when this production reaches 40 MMboe, the profits are allocated on a 50:50 basis. The agreement provides that its local partner's (Bilton's) right to payment is subordinated to the rights of the holders of Loan Notes issued by MLPL, such that no payments are to be made to its local partner while any debt remains owing by MLPL (including capitalised interest) in respect of the Loan Notes. Its local partner is permitted to receive payments from the residual funds available to Eroton after a cash sweep due to the loan note holder. The agreement is governed by the laws of Nigeria and provides for settlement of disputes by arbitration.

10.24.11 *Master Services Agreement*

Eroton, Midwestern and San Leon Energy Nigeria entered into a Master Services Agreement on 22 March 2016. Under this agreement, Eroton and Midwestern shall award to San Leon Energy Nigeria specific drilling rig, service rig and drilling related services production facility equipment and production facility construction for activities of Eroton and Midwestern, subject to the terms of the agreement. Subject to provisions relating to pollution and contamination, Eroton and Midwestern shall use San Leon Energy Nigeria exclusively for the provision of the works provided that the pricing is competitive in light of market rates, and provided that so doing will not cause Eroton and Midwestern to breach any anti-corruption or bribery legislation. Each party indemnified the other in respect of loss or damage to property and personal injury, death or disease of subcontractors, which arise from or relate to the performance of the work; and personal injury including death or disease or loss of or damage to property of any third party caused by negligence or breach of duty (statutory or otherwise) of subcontractors. In addition, San Leon Energy Nigeria indemnifies Eroton and Midwestern in respect of any wilful or grossly negligent actions or omissions by any subcontractors of the Company.

Responsibility for pollution and contamination under the agreement lies with San Leon Energy Nigeria, and in all other cases, San Leon Energy Nigeria shall assume all responsibility for cleaning up and containing pollution or contamination which originates above the surface from San Leon Energy Nigeria's equipment and facilities, and shall protect, defend, indemnify Eroton and Midwestern and their subcontractors from all claims and demands etc. arising directly or indirectly from such pollution or contamination.

Subject to the above, Eroton and Midwestern shall indemnify, defend and hold harmless San Leon Energy Nigeria against claims losses damages resulting from damages, costs, expenses and liabilities resulting from loss of or damage to any to any well or hole, blow-out, fire, explosion, or damage to any reservoir, geological formation or underground strata or loss of oil or gas therefrom. San Leon Energy Nigeria agrees to indemnify Eroton and Midwestern in respect of intellectual property infringement in connection with the performance of the agreement. Each individual activity San Leon Energy Nigeria will be responsible for the adequacy stability and safety of all operations undertaken in the performance of the contract.

Any works under the agreement are subject to required consent of NNPC or applicable third party, and no works shall be conducted until such consent is obtained on terms satisfactory to Eroton and Midwestern.

The Company has represented, warranted and undertaken that neither it nor any of its personnel has done or omitted to do or will do, directly or indirectly, any act which would be or could be construed as an unlawful act under any law relating to bribery, corruption or fraud in any jurisdiction, including the UK Bribery Act 2010. The Company has also undertaken to comply with the bribery policy of Eroton and Midwestern and their affiliates. Eroton and Midwestern can terminate the agreement and any outstanding purchase order without notice and without any further obligation to make further payment (other amounts already accrued) in the event of a specified breach. Eroton and Midwestern can terminate the agreement if the engagement of San Leon Energy Nigeria B.V. breaches any public procurement legislation implemented in Nigeria.

10.24.12 *Eroton/Zenith Bank loan agreement (the “Zenith Loan”)*

On 1 December 2021, Eroton (as borrower) entered into a US\$41,431,111.63 loan agreement with Zenith Bank plc (as lender). The security provided in consideration of the grant of the Zenith loan is: (i) a lien in the sum of N2,300,000,000 held in a fixed deposit account with Zenith Bank plc; and (ii) a lien on the sum of US\$4,379,562.75. These liens each act as an encumbrance on the identifiable assets of Eroton which may be enforced by Zenith Bank plc in the event of an Eroton default.

10.24.13 *Hedging arrangement as between Eroton and Shell Western Supply and Trading Limited*

From July 2014 to June 2021, Eroton maintained rolling option positions with Shell to hedge against price volatility, specifically to limit the impact of a significant reduction in global oil prices. The hedging arrangement is structured as a put option that becomes exercisable in the event that the global oil price per barrel falls below the applicable option strike price.

The hedging arrangements shielded Eroton in FY20 when global oil prices fell to US\$20/bbl due to oil oversupply during the early stages of the COVID-19 pandemic. Consequently, Eroton was able to realise hedging income of US\$10.73 million in FY20, during which period it exercised the option to sell crude oil to Shell at a strike price far greater than the global oil price, at US\$50/bbl from January to September 2020 and at US\$35/bbl from October to December 2020.

This downside protection hedging arrangement comes at a cost payable annually, settled on a net basis. Eroton for the downside protection provided by Shell West through the hedging arrangement.

Eroton does not currently have any existing hedging arrangements in place (with Shell or otherwise), although new hedging arrangements with Shell are proposed to the extent that these are required by the New Eroton Debt Facilities.

10.24.14 *Existing Eroton Debt Facility*

On 18 December 2018, Eroton (as borrower) entered in the Existing Eroton Debt Facility with GTB (as agent and security trustee) with a total commitment of US\$250,000,000. The purpose of the Existing Eroton Debt Facility is to, among other things, refinance the existing facility for the sum of up to US\$663,000,000 between, among others, Eroton and Afreximbank. The Existing Eroton Debt Facility is repaid in instalments beginning on the date three months from the utilisation of the facility with the final payment being 81 months from such date.

The Existing Eroton Debt Facility also includes a number of covenants and Eroton is obliged to provide GTB with its quarterly and yearly financial statements. The financial statements must be prepared in accordance with generally accepted accounting principles. The interest on the outstanding amount under the Existing Eroton Debt Facility shall be the aggregate of 8.45% and LIBOR. Provided that, if the aggregate of 8.45% and LIBOR is less than 11% the interest shall be deemed to be 11%.

Except with GTB's consent, Eroton cannot be a creditor or provide any form of financial indebtedness to any person. It also cannot dispose of any assets except for certain assets such as any crude oil or natural gas produced from OML 18 or obsolete or surplus assets up to an aggregate value of US\$1,000,000. Eroton is also required to maintain its corporate existence as at the date of the agreement.

The Existing Eroton Debt Facility is governed by English law.

10.24.15 *Environmental, Social and Governance (ESG) arrangements*

From the year 2017 onwards, Eroton has entered into various memoranda of understanding and other agreements in relation to ESG matters. These include memoranda of understandings with, amongst others, the DAA 2 cluster communities,

DAA 3 cluster communities, Degema cluster 1 communities, Illomatoru community, Wakirike cluster communities. These memoranda of understanding relate to, amongst others, funding sustainable community projects, seeking to ensure that contractors award appropriate subcontract to community contractors and creating employment opportunities for the communities with which the agreements were entered into.

10.25 ELI Material Contracts

10.25.1 *ELI/Africa Finance Corporation Facility Agreement*

On 7 December 2021, ELI (as guarantor), ELI Malta (as borrower) and Africa Finance Corporation (as mandated lead arranger) (amongst others) entered into a US\$130,000,000 senior secured term loan facility agreement (the “**AFC Facility Agreement**”). The original lenders under the AFC Facility Agreement are Africa Finance Corporation, with a commitment of US\$110,000,000 and Zenith Bank PLC, with a commitment of US\$20,000,000. The purpose of the AFC Facility Agreement, among other things, is to refinance an existing loan agreement between (amongst others) ELI as borrower and GTB as agent for the financing of the costs in connection with the construction and development of the OML 18 alternative crude oil evacuation system. The facility will mature at the earlier of either the date falling sixty months after the first utilisation date under the facility or 30 September 2026.

Under the AFC Facility Agreement, ELI Malta may, with ten business days prior notice, cancel the whole or any part (being a minimum amount of US\$5,000,000 and integral multiples of US\$1,000,000) of the facility amount available to it. ELI may also, with ten business days' prior notice, prepay the whole or any part of a drawdown under the facility (but, if in part, being a minimum amount of US\$5,000,000 and integral multiples of US\$1,000,000). ELI acts as guarantor under the AFC Facility Agreement, and guarantees ELI Malta's obligations under the facility.

Utilisation by ELI Malta of the AFC Facility Agreement is conditional on the satisfaction of various conditions precedent, some of which remain outstanding, including Africa Finance Corporation receiving evidence that the reserve-based financing currently provided to Eroton (being the Existing Eroton Debt Facility) has been refinanced on terms satisfactory to the lenders under the AFC Facility Agreement and that all conditions precedent to the effectiveness of that refinancing have been satisfied.

ELI Malta is obliged to provide the agent under the AFC Facility Agreement with its quarterly and yearly financial statements. The statements must include a balance sheet, profit and loss account and cashflow statement and must be accompanied with a compliance certificate setting out the computations as to its compliance with the financial covenants under the facility. Under the terms of the AFC Facility Agreement ELI Malta is not allowed to change its accounting reference date.

Under the terms of the AFC Facility Agreement, without the agent's consent ELI Malta cannot be a creditor or provide any form of credit to any person, it also cannot dispose of any asset except certain assets such as obsolete or redundant vehicles, plant and equipment. ELI Malta also cannot merge with another company or acquire shares in another company or business other than assets in connection with the design, construction, procurement, commissioning, installation and operation of the ACOES.

The AFC Facility Agreement is governed by English law.

10.25.2 *Licenses and permits*

ELI has obtained various licences in order to establish and operate a pipeline and Floating Storage and Offloading terminal. These include, but are not limited to, a license giving it the right to commence construction of an ACOES to support the OML 18 operations and the establishment of the proposed floating storage offloading terminal project; a license for a pipeline to a floating storage and offloading terminal located offshore on the Niger Delta; a license giving ELI the right to take possession of and use land for constructing, maintaining and operating an oil pipeline for a period of 20 years;

a licence affirming the establishment of ELI Akaso FSO oil terminal as a crude oil terminal within a safety exclusion zone; and a license for the calibration of 17 cargo tanks on board the floating storage and offloading vessel carried out in 2019, with the license running to August 2024.

10.25.3 *ELI Shareholders' Agreement*

Walstrand (Malta) Limited, Ocean Pearl Maritime SA, UPIL, San Leon ELI Limited and ELI entered into a shareholders agreement dated 20 August 2019 (as amended in 2020) in relation to ELI (the “**ELI Shareholders' Agreement**”).

Certain actions can only be taken by ELI after obtaining approval of a super majority of the shareholders, such as to:

- Issue, allot or redeem shares, or create any options over shares, reorganise share capital or create new classes of shares;
- Dispose of its entire assets and/or undertaking of any part thereof;
- Agree to any takeover or be made subject to any merger or participate in any joint venture or partnership;
- Make any material change to the ACOES or the nature of scope of ELI's business;
- Create a security over any of ELI or ELI Nigeria's assets;
- Enter into any transaction not on an arm's length basis.

Certain actions can only be taken by ELI after obtaining the unanimous approval of all of the shareholders, such as to:

- Change the authorised share capital of the Company;
- Alter the constitutional documents of ELI or ELI Nigeria.

The board of ELI has a maximum of 9 directors, comprising 3 directors nominated by Walstrand, 3 directors (including the managing director) nominated by Ocean Pearl, 2 directors nominated by UPIL and 1 director nominated by San Leon ELI Limited. In the event of San Leon ELI Limited's interest in the share capital of ELI exceeding 15 per cent then San Leon ELI Limited shall be entitled to appoint a second director to the board (making it 10 directors in total). Prior to the recovery by Ocean Pearl of the Additional Equity Contribution, the quorum for a board meeting shall be 5 directors comprising at least 2 Walstrand directors, 1 Ocean Pearl director, 1 UPIL director and 1 San Leon ELI Limited director. After the recovery by Ocean Pearl of the Additional Equity Contribution, the quorum for a board meeting shall be 5 directors comprising at least 3 Walstrand directors and any other 2 directors (consisting of at least 1 UPIL director and 1 San Leon ELI Limited director).

Prior to the recovery by Ocean Pearl of the Additional Equity Contribution, 55% of any distributable reserves (net of any foreseeable commitments and contingences and the reasonable cash and working capital requirements of ELI) shall be payable to Ocean Pearl and the remaining 45% shall be payable to all shareholders in proportion to their respective shareholdings in ELI. After the recovery by Ocean Pearl of the Additional Equity Contribution, all distributable reserves (net of any foreseeable commitments and contingences and the reasonable cash and working capital requirements of ELI) shall be payable to all shareholders in proportion to their respective shareholdings in ELI.

Other than Walstrand, no shareholder is entitled to transfer ELI Shares without following the pre-emption provisions contained in the shareholders' agreement save for any transfer (i) to a trust for the exclusive benefit of the transferee or (ii) to an affiliate. The transferee must guarantee the obligations of any transferee and any transferee must enter into a deed of accession to the shareholders' agreement.

Any shareholder of ELI must compulsorily transfer its shares to non-defaulting shareholder at market value in certain instances, including:

- An event of insolvency of the shareholder;
- A breach of the shareholders' agreement not remedied within 25 Business Days;
- A change of control of a shareholder which is not waived by other the shareholders holding 70% of the shares of ELI.

If a board majority resolution is passed approving the issuance and allotment of shares to a strategically important investor, each shareholder agreed to waive its pre-emption rights in respect of such an issue.

Each shareholder has a drag-along right if a sale results in a non-related third party purchaser obtaining at least 75% of the share capital of ELI, and each shareholder has a tag-along right if a sale results in any person obtaining a controlling interest in ELI.

In the event that ELI draws down a Subsequent Loan (as defined in the Supplemental San Leon Investment Agreement) then the parties undertake to issue or transfer to San Leon ELI Limited such number of shares as are equivalent to 0.67 per cent of the share capital for every \$1,000,000 (or part \$1,000,000) as may be comprised in the approved drawn down request of any Subsequent Loan.

The shareholders' agreement is governed by the laws of England and Wales and any dispute in connection with the shareholder's agreement shall be referred to and finally settled by arbitration under the London Internal Arbitration Rules.

10.25.4 *ELI Finance Lease Arrangement*

On 28 February 2019, ELI (as lessor) and Energy Link Infrastructure Limited ("**ELI Nigeria**") (as lessee) entered into a finance lease arrangement pursuant to which, following completion of the ACOES, ELI shall lease the infrastructure comprising the ACOES (including the FSO) to ELI Nigeria for a rent (to be paid quarterly) which is equal to the aggregate of the capital cost payable for that rental period and ELI's interest, based on an investment value of \$130,000,000, minimum lease payments of \$50,000,000 and an implicit interest rate of 38%). The lease shall have a moratorium period for rent of 24 months from the Commencement Date.

The lease shall be for an initial period (the "Primary Lease Period") commencing on completion of the ACOES (the "Commencement Date") and ending on the date falling 30 years from the Commencement Date, or such earlier date on which the lease may terminate in accordance with any provisions for early termination.

Provided that no event of default has occurred and is continuing, ELI Nigeria may, by giving not less than one month's written notice prior to the expiration of the Primary Lease Period, request that the lease be extended for such period (the "Secondary Lease Period") and on such terms as are acceptable to the parties, provided that the annual rental payment under any such extension(s) shall be at least 20% of the annual rent under the original lease.

ELI Nigeria may exercise a purchase option if the Primary Lease Period expires without the lease having been extended for a Secondary Lease Period. The purchase option price shall be an amount equal to the residual value of the relevant infrastructure to be mutually determined by the parties.

The applicable interest rate under the lease shall be 40% per annum, while the default interest rate shall be 2% per annum.

ELI Nigeria shall be entitled to claim from the Federal Inland Revenue Service of the Federal Republic of Nigeria (FIRS), all capital allowances in respect of the infrastructure subject to the lease.

ELI shall be entitled to assign the lease or any right(s), including the right conferred on ELI to inspect the infrastructure, and any assignment of the lease by ELI shall be deemed to include an assignment of ELI's right to enter, sever, and repossess.

ELI Nigeria shall be entitled to assign the lease or any of its rights or obligations to any member of its group, or to any third party, provided that in relation to an assignment to a third party, ELI's consent (such consent to not be unreasonably withheld, conditioned or delayed) shall be required.

The lease and any dispute or claim (including non-contractual disputes or claims) shall be construed and interpreted in accordance with English law. The courts of England shall have exclusive jurisdiction to settle any dispute arising out of or in connection with the lease.

10.25.5 *GTB Financial and Technical Services Agreement*

On 28 February 2019, Petrogap Oil & Gas Limited ("**Petrogap**"), ELI, ELI Nigeria and GTB entered into a financial and technical services agreement ("**FSTA**") pursuant to which Petrogap made an investment sum to ELI which was applied toward funding the design, construction, procurement, commissioning, installation and operation of the ACOES.

ELI shall repay the investment in instalments by making quarterly principal and interest payments on each interest payment date falling on the month specified in the agreement an amount which reduces the amount of the investment outstanding by the amount set out in the schedule to the agreement. Anytime a prepayment of part of the investment is made pursuant to the terms of the agreement, Petrogap shall following such prepayment, re calculate the amount to be paid on each repayment date. No amount shall remain outstanding under the agreement after the termination date.

If it becomes unlawful for Petrogap to perform any of its obligations by this agreement or to fund or maintain its investment or it becomes unlawful, Petrogap shall promptly notify the ELI parties upon becoming aware of that event and ELI shall repay the investment amount on the last day of the interest period occurring after Petrogap has notified the ELI parties. ELI may, upon not less than 10 business days prior notice, prepay the whole or any part of the investment amount.

The rate of interest on the investment amount for each interest period is 13% per annum. ELI shall pay accrued interest on the investment to which that interest period relates. Each interest period shall be for a duration of three months or such other period agreed between the ELI parties and Petrogap. If ELI fails pay any amount payable by it under the agreement on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment at 2% per annum higher than the rate which would have been payable if the overdue amount had during the period of non-payment constituted the investment in the currency of the overdue amount for the successive interest period.

ELI shall pay to Petrogap an upfront financial fee in an amount equal to 3% of the investment amount on or before the investment date. ELI shall pay to Petrogap an annual consultancy fee at the rate off 1.5% of the outstanding investment amount on each anniversary of the investment date. ELI will pay to the relevant FTSA secured parties (being GTB as account bank and FSTA security trustee and Petrogap) the relevant fees and other costs and expenses in the amount and at the time agreed in the fee letters.

ELI or ELI Nigeria may not assign any of its rights or transfer any of its obligations under the agreement.

This agreement and any non-contractual obligations arising out of or on in connection with it are governed by English law.

Under the finance documents associated with the agreement, the FSO and Walstrand's shares in the capital of ELI are pledged as collateral for the ELI parties' obligations under the agreement.

10.25.6 *UPIL Mezzanine Loan Facility Agreement*

On 6 February 2019 (as amended on 13 May 2020), UPIL (as lender), ELI (as borrower) and ELI Nigeria (as guarantor) entered into a mezzanine loan facility agreement in relation to a US\$30,000,000 unsecured term loan facility for the purpose of financing the design, construction, commissioning and operation of the ACOES by ELI.

The facility shall be repaid within 60 months (with a moratorium of 12 months) from the proceeds of the Crude Handling and Transportation Agreement entered into between Eroton and ELI Nigeria (details of which are set out in paragraph 3.5.6 of Part 2 of this Document) (via the ELI finance lease arrangement entered into between ELI and ELI Nigeria (details of which are set out in paragraph 6 of this Part 3 above)).

The interest rate under the facility shall be the higher of (i) the interest charged under a US\$30 million loan facility borrowed by UPIL from its lenders plus 2% or (ii) 14%. In addition to the applicable interest payments, the principal amount of the facility shall be repaid in equal instalments on the last day of each quarter following the expiration of the moratorium.

There shall be no fees or costs charged for a prepayment and ELI may at any time procure a refinancing of the facility.

In the event of a repayment default, a default fee of 1% on the overdue amount will be charged per annum until the default is cured (provided that such default fee shall not be applicable where the repayment default is cured within 45 days).

On 13 May 2020, ELI and UPIL agreed to restructure of the facility to ensure that the repayment dates/quarters under the facility are aligned with the revised estimated completion date of the ACOES. The following terms were agreed:

- a deferment of principal and interest payments due for the next three quarters beginning from May 2020, such that rather than commence repayment obligations will be deferred to February 2021;
- the accrued interest for the deferred quarters shall be capitalised into the original principal amount of the facility, such that the principal amount of the Facility shall be US\$33,185,000; and
- repayment of the principal and interest portions of the facility will be made within 13 quarters commencing from February 2021.

The UPIL mezzanine loan facility agreement is governed by Nigerian law and Nigerian courts shall have exclusive jurisdiction to settle any dispute arising therefrom.

10.25.7 *SLEF Investment Agreement*

On 31 July 2020, San Leon Financing (as lender) and ELI (as borrower) entered into an investment agreement pursuant to which San Leon Financing grants to ELI an unsecured term loan facility of a total principal amount not exceeding US\$15,000,000 for an availability period of 4 months from 31 July 2020 to 31 December 2020 for the purpose of financing the design, construction, commissioning and operation of the ACOES and FSO by ELI. If any amount of the facility is not drawn during the availability period, that undrawn amount shall be cancelled automatically at the end of the availability period.

The rate of interest on each loan under the investment agreement is 14% per annum. ELI shall pay accrued interest on each loan on the interest payment date for each interest period (three months) applicable to such loan.

ELI shall repay the first loan (the loan of US\$10,000,000 made by San Leon Financing to ELI immediately following the date of the agreement) on the first anniversary of drawdown of such first loan. ELI shall repay the 1/13th of the principal of the first loan together with accrued interest for the 12 month period since drawdown.

ELI shall repay the second loan (the loan of up to US\$5,000,000 to be made by San Leon to ELI Malta on or around 6 October 2020 and no later than 31 December 2020) on the first anniversary of drawdown of such second loan. ELI shall repay the 1/13th of the principal of the second loan together with accrued interest for the 12 month period since drawdown.

Any prepayment or cancellation notice that ELI gives under the agreement shall be irrevocable. A prepayment notice shall oblige ELI to prepay the relevant loan as set out in that notice. ELI may not re-borrow any part of the facility which has either been repaid or prepaid under the agreement and no amount of the commitment cancelled under the agreement may be reinstated.

ELI shall not enter into any amalgamation, demerger or merger or corporate reconstruction other than may be permitted under the FSTA.

The agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with its subject matter or formation shall be governed by and construed in accordance with the law of England and Wales.

On 14 February 2022, San Leon Financing and ELI entered into a supplemental investment agreement pursuant to which San Leon Financing agreed to grant to ELI a supplemental unsecured term loan facility of US\$2,000,000. Further details of that supplemental investment agreement are provided in paragraph 3.1 of Part 3 of this Document.

10.25.8 *OML 24 Pipeline Development Agreement*

On 26 November 2019, ELI Nigeria and Newcross Exploration Production Limited ("**NEPL**") entered into a pipeline development agreement in relation to the development of a pipeline that will traverse the OML 24 corridor. The pipeline will be connected to the ACOES and be utilised for the transportation of crude oil from OML 24 to the FSO.

The agreement will remain in force for a period of one year.

The parties agree that in order for ELI Nigeria to ascertain the cost profile and determine the economic, technical, environmental liabilities and specifications of the project, ELI Nigeria shall undertake certain verification studies which will enable the determination of the cost verification and route optimisation (CVR) studies. The parties agree that ELI Nigeria shall complete the CVR studies within a period of 90 days. In the event that ELI Nigeria fails to complete the CVR studies at the expiration of the CVR period or the extended CVR longstop date, the agreement shall be terminated without any liabilities accruing to either party.

The parties agree that ELI Nigeria will bear the cost of the development of the OML 24 pipeline following the successful completion of the CVR studies and this obligation will only crystallise upon the execution of the CVR by the relevant parties.

NEPL shall retain the intellectual property rights subsisting in respect of raw data, information, drawings, graphs, sketches in respect of OML 24 furnished by NEPL and in form provided to ELI Nigeria in connection with the agreement including all information provided for the conduct of the cost verification and route optimisation studies. ELI Nigeria shall retain the intellectual property right arising out of or created by ELI Nigeria in the performance of its obligation under the agreement.

NEPL grants exclusivity to ELI Nigeria in pursuance and implementation of the project, the commercial objective which the project seeks to achieve and matters ancillary thereto. Parties agree that the exclusivity granted to ELI Nigeria under the agreement

shall cease upon the failure, neglect or decline to develop the OML 24 pipeline by the development date. During this period, NEPL undertakes not to directly or indirectly encourage, solicit, initiate, facilitate or accept any inquiries or proposal from any person with respect to the pursuance and implementation of the project.

No amendment to or assignment of the benefits of any provision of the agreement will be effective unless consented to in writing by the parties.

The agreement and all modification and amendment shall be governed by the substantive laws of the Federal Republic of Nigeria.

The parties shall use their best effort to resolve any dispute that may arise in relation to this agreement through dialogues and negotiation within 30 days from the date of notification of such dispute. When such dispute cannot be amicably resolved within 30 days, such dispute shall be settled by arbitration.

10.25.9 *Contract for Procurement of an FSO*

On 25 January 2019, ELI (as buyer) and Ocean Pearl Maritime SA (“WCC”) (as seller) entered into a contract for the procurement of the FSO, pursuant to which WCC agreed to procure a very large crude carrier (“VLCC”) tanker and make certain modifications to convert it into the FSO and deliver and install the FSO at the FSO site to facilitate the receiving, storage and offloading of the OML 18 Product on the FSO for an aggregate consideration of US\$45 million, payable by ELI in instalments on the following milestones:

- US\$20 million on WCC's purchase of the VLCC tanker for conversion;
- US\$5 million on the VLCC tanker entering the shipyard contractor's shipyard;
- US\$15 million on the sailway date;
- US\$5 million on arrival of the FSO at the FSO Site.

ELI may terminate the agreement if WCC fails to validly complete a legal transfer of the FSO by the long stop date set out in the agreement.

Payment for all invoices shall be due within seven days after the date of issue. WCC may terminate the agreement if ELI has not paid any invoice within 14 days of the relevant due date and ELI has failed to remedy the position within a further 14 days.

Either party shall provide a written notice of the termination of the agreement. The agreement and any non-contractual obligations arising out of or in connection with the agreement shall be governed by and interpreted in accordance with the laws of England and Wales.

10.25.10 *FSO Operations and Management Contract*

On 25 January 2019, ELI Malta (as owner), ELI Nigeria (as bareboat charterer) and World Carrier Offshore Services Corp (as manager) entered into an FSO operations and management contract, pursuant to which the manager will provide the following key services:

- the integration of the ACOES pipeline and the FSO;
- FSO commissioning;
- receipt and store;
- security;
- tandem mooring and ship to ship operations; and
- metering of the OML 18 product.

ELI and ELI Nigeria shall pay the manager the FSO operations and maintenance day rate and *pro rata* for any part of a day from the commencement date until termination of the agreement, payable in advance at the beginning of each month. The FSO operations and maintenance day rate shall be increased by a percentage equal to 2% annually commencing on the first anniversary of the commencement date. Additional amendments to the day rate or material changes to the services which affect operating costs is reviewed by all parties 30 days prior to the review date.

In the event that there are invoices issued by the manager remaining unpaid at the end of the term of the agreement, the manager shall calculate and issue a final invoice covering all such pending invoices.

The manager shall arrange on behalf of ELI and ELI Nigeria the following insurances from the commencement date and throughout the term, and the manager shall be co-insured under such policies:

- Protection and indemnity insurance from a member of the International Group of P&I Clubs including but not limited to third party liability, pollution, wreck, collision, towers liability, anchor handling liability and contractual liability arising from or in connection with the performance of the services within the standard scope of protection and indemnity cover; and
- All risks hull and machinery insurance for no less than the replacement value of the FSO including war (including terrorism and piracy), strikes and confiscation cover.

ELI and ELI Nigeria shall reimburse the manager for any additional insurance premiums for other expenses (including crew bonuses) which are reasonably incurred by the manager as a consequence of such risks, provided that ELI and ELI Nigeria are given notice of such expenses as soon as predictable.

The agreement may be terminated if either of the parties becomes insolvent or makes a similar arrangement for the benefit of creditors or either party becomes the subject of a petition in bankruptcy or the appointment of a trustee or other similar insolvency steps are taken with respect to the parties. In such an event, the other parties shall provide a written notice of the termination of the agreement within reasonable time.

The agreement will terminate automatically on the date of notice to all the parties that the bareboat charter and/or finance lease agreement dated on or around the date of the FSO Operations and Management Contract have been terminated.

Should the FSO be a total loss, the agreement shall terminate and performance of services shall be deemed to have ceased at noon on the total loss date. The agreement and any non-contractual obligations arising out of or in connection with the agreement shall be governed by and interpreted in accordance with the laws of England and Wales.

10.25.11 *Engineering, Procurement and Construction Contract*

On 28 February 2019, ELI and Brightwaters Energy Limited (as contractor) entered into an engineering procurement and construction agreement ("**EPCA**") for the provision of various works in connection with ACOES. Pursuant to the terms of that agreement, Brightwaters Energy Limited agreed to engineer, procure, lay, test, commission and install on behalf of ELI a 12-inch by 47.4-kilometer pipeline for the purpose of connecting the OML 18 flow station to the FSO.

The contract price for the completion of the works and rectifying any defects under the EPCA is US\$51,332,000. The payments under the contract are to be made according to various milestones as the contractor completes various stages of the works. Brightwaters has warranted that at its own expense, it promptly on receipt of notice from ELI, that it shall correct, repair or replace to ELI's satisfaction any defective equipment, materials or workmanship.

As performance security, the EPCA entitles ELI to a retention bond procured by Brightwaters and issued by a financial institution acceptable to ELI for a sum equal to ten per cent of the contract price, which shall be valid and enforceable until after the expiry of the defects notification period under the EPCA.

While the EPCA does not allow Brightwaters to subcontract the whole of the works under the contract, it is allowed to assign part of the works to subcontractors with the written consent (such consent not to be unreasonably withheld) of ELI. Brightwaters shall give ELI 14 days' notice of (i) the intended appointment of a subcontractor noting the subcontractors relevant experience; (ii) the intended commencement of the subcontractor's work; and (iii) the scope of work to be undertaken by the subcontractor. Brightwaters shall remain responsible for the acts or defaults of any subcontractor as if they were the acts or defaults of itself.

Disputes under the EPCA should at the first instance be first attempted to be resolved by negotiations between designated representatives of ELI and Brightwaters by the issuing of a notice of dispute to the other party. If the designated representatives are unable to resolve the dispute within thirty days of the delivery of the notice of dispute, the dispute shall be resolved by arbitration. The seat of the arbitration shall be Lagos, Nigeria and the arbitral award shall be final and binding.

The EPCA is governed by Nigerian law.

10.25.12 *ELI Intercreditor Agreement*

ELI Malta, as borrower, proposes to enter into an intercreditor agreement with, amongst others, Walstrand, UPIL, Ocean Pearl Maritime SA, San Leon and Eroton, as the original subordinated creditors (the "Subordinated Creditors") in relation to liabilities owed by ELI Malta to the Subordinated Creditors ("**Intercreditor Agreement**").

The purpose of the Intercreditor Agreement is to establish priority of the liabilities under certain documents, including the AFC Facility Agreement and certain shareholder loans, owed by the Borrower to the senior creditors, as defined in the AFC Facility Agreement (the "**Senior Creditors**"), over the liabilities owed by ELI Malta to the Subordinated Creditors.

Save for certain permitted payments, ELI Malta would be prohibited from making payments to the Subordinated Creditors until the liabilities owed to the Senior Creditors have been satisfied and the Senior Creditors have no further obligations to provide financial accommodation to ELI Malta under any of the debt documents referred to in the AFC Facility Agreement (the "**Senior Discharge Date**"). The Subordinated Creditors will be prevented from taking any enforcement action against ELI Malta and from taking any security, guarantee, indemnity or assurance from ELI Malta until the Senior Discharge Date.

ELI Malta shall be permitted to make payments to the Subordinated Creditors (i) as then due and/or (ii) in respect of, amongst other things, a dividend payment, a repayment or distribution out of a dividend or share premium reserve, provided that certain conditions are met. The conditions include that the payment is made from ELI Malta's distribution account, that no default of the debt documents referred to in the AFC Facility Agreement has occurred or would occur as a result of the payment, and that the payment is not otherwise restricted. Any payments received from ELI Malta by any of the Subordinated Creditors which are not permitted under the terms of the Intercreditor Agreement, shall be held on trust by the relevant Subordinated Creditor for Africa Finance Corporation, as agent under the AFC Facility Agreement, and promptly paid to Africa Finance Corporation in accordance with the AFC Facility Agreement.

The Intercreditor Agreement will be governed by English law.

10.25.13 *Shell Western Supply and Trading Limited Exclusivity Agreement*

ELI and Shell Trading entered into an exclusivity agreement on 19 December 2019 (the “**Exclusivity Agreement**”), under which Shell Trading agreed to pay ELI a one-off fee of US\$ 3,000,000.

The Exclusivity Agreement covers two key areas – exclusivity over remaining capacity and exclusivity over offtake rights.

In relation to remaining capacity, ELI shall make any remaining capacity available exclusively to Shell Trading for the storage and handling of dry crude volumes on the terminal facility. ELI also agreed to negotiate binding agreements with each third party injector in connection with the storage and handling of dry crude volumes injected by each third party into the terminal facility. On its part, Shell Trading shall work with ELI towards fully utilising the remaining capacity, and ELI shall have the right at any time to make any part of the unutilised remaining capacity available to any third party. The grant of the remaining capacity shall always be subject to Eroton’s right to request additional storage on the terminal facilities for OML 18 parties for volume produced from OML 18 only in addition to the storage capacity reserved under the ELI – OML 18 crude handling agreement.

In respect of offtake rights, ELI shall ensure that each agreement with a third party injector obliges the third party injector to contract with Shell Trading on an exclusive basis as the offtaker of the dry crude volumes. This, right, however, does not extend to the right of Shell Trading to offtake dry crude volumes on an exclusive basis from any OML 18 party, and the right of Shell Trading to offtake dry crude volume owned by the Nigerian National Petroleum Corporation or any of its affiliates.

With a view to assisting with planning in relation to liftings and optimising ELI’s terminal operations, under the Exclusivity Agreement ELI is obliged to share with Shell Trading the daily and monthly storage reports of the terminal facilities for the duration of the term of the agreement.

The Exclusivity Agreement remains in force for a period of five years from the bill of lading date of the first cargo lifted by Shell Trading, with an option for Shell Trading to extend the agreement for two further years. If it exercises the option, Shell Trading must do so three months before the expiry of the initial five-year contractual period. The agreement can be renewed for a duration of the term or for a shorter period agreed upon by ELI and Shell Trading.

The agreement may be terminated for (i) a material breach of any term of the agreement where the breaching party fails to remedy that breach within a period of 60 days after being notified; (ii) another party enters into any composition or arrangement with any of its creditors’ and (iii) a liquidator, administrator, trustee in bankruptcy, receiver or receiver and manager is appointed in respect of the assets (other than for the purpose of amalgamation or reconstruction) and/or undertakings of another party. Either party may issue a termination notice for the aforementioned reasons and the Exclusivity Agreement has a 180 day notice period.

11 RELATED PARTY TRANSACTIONS

11.1 Existing Group

Save as disclosed in this Document, or the related party transaction notes contained in or referenced to in the historical financial information for the Group in Part 8A of this Document, the Company has not entered into any related party transaction during the period covered by the historical financial information for the Group in Part 8A of this Document and up to the date of this Document.

Since 31 December 2021 the Existing Group has entered into the following related party transactions:

The Loan Note waivers referred to in paragraph 6 of Part 1 of this Document.

11.2 MLPL

Save as disclosed in this Document, or the related party transaction notes contained in the historical financial information for the MLPL Group in Part 8B of this Document, the Company has not entered into any related party transaction during the period covered by the historical financial information for the MLPL Group in Part 8B of this Document and up to the date of this Document other than as set out below.

Since 31 December 2021 the MLPL Group has entered into the following related party transactions:

Interest has continued to accrue to San Leon in respect of the MLPL Loan Notes and guarantee expenses have continued to accrue to Midwestern in respect of its guarantee of the MLPL Loan Notes.

Since 31 December 2021, Eroton has continued to make sales to Notore Chemical under the Notore Offtake Agreement which was entered into on an arm's length basis.

11.3 ELI

Save as disclosed in this Document, or the related party transaction notes contained in the historical financial information for ELI in Part 8C of this Document, the Company has not entered into any related party transaction during the period covered by the historical financial information for ELI in Part 8C of this Document and up to the date of this Document other than as set out below:

Since 31 December 2021 the ELI Group has entered into the following related party transactions:

February 2022 Loan and Subscription summarised in paragraph 4.1 of Part 3 of this Document.

12 WORKING CAPITAL

The Directors are of the opinion that, after having made due and careful enquiry, and taking into account the New Facility, the working capital available to the Enlarged Group will be sufficient for its present requirements, that is, for at least the period of 12 months from the date of Re-Admission.

13 LITIGATION

13.1 Existing Group

Save as disclosed in this Document, 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, significant effects on the Group's financial position or profitability. The Company successfully concluded legal proceedings in 2022 against TAQA Offshore BV regarding the Amstel Royalty Agreements. The Company received actions, including an interim payment of legal costs. The royalties will continue to be payable in accordance with the terms of the Amstel Royalty Agreements.

13.2 MLPL

Save as disclosed in this Document, no member of the MLPL 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, significant effects on the MLPL Group's financial position or profitability.

13.3 ELI

Neither ELI Malta nor ELI Nigeria 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, significant effects on ELI's financial position or profitability.

14 SIGNIFICANT CHANGE

14.1 Existing Group

Save as disclosed in this Document, there has been no significant change in the financial position or the financial performance of the Group since 31 December 2021, being the date to which financial information set out in Part 8A were prepared.

14.2 MLPL

Save as disclosed in this Document, there has been no significant change in the financial position or the financial performance of the MLPL Group since 31 December 2021, being the date to which financial information set out in Part 8B were prepared.

14.3 ELI

Save as disclosed in this Document, there has been no significant change in the financial position or the financial performance of ELI since 31 December 2021, being the date to which financial information set out in Part 8C were prepared.

15 EMPLOYEES

15.1 Existing Group

The average number of employees (including Directors) of the Group during the financial year ending 31 December 2019 was 24, during the financial year ending 31 December 2020 was 20 and during the financial year ending 31 December 2021 was 16. As at the date of this Document, the Group had 16 employees.

15.2 MLPL

The average number of employees (including Directors) of the MLPL Group during the financial year ending 31 December 2019 was nil, during the financial year ending 31 December 2020 was nil and during the financial year ending 31 December 2021 was nil. As at the date of this Document, MLPL had nil employees.

15.3 ELI

The average number of employees (including Directors) of ELI during the financial year ending 31 December 2019 was 2, during the financial year ending 31 December 2020 was 2 and during the financial year ending 31 December 2021 was 17. As at the date of this Document, ELI had 16 employees.

16 MANDATORY BIDS, SQUEEZE-OUT AND SELL-OUT RULES

The Company is subject to the Irish Takeover Rules.

16.1 Mandatory bids

Under the Irish Takeover Rules, if an acquisition of Existing Ordinary Shares or New Ordinary Shares were to increase the aggregate holding of an acquirer and its concert parties to Existing Ordinary Shares or New Ordinary Shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and depending upon the circumstances, its concert parties, would be required (except with the consent of the Irish Takeover Panel) to make an offer for the outstanding Existing Ordinary Shares or New Ordinary Shares at a price not less than the highest price paid for the Company's Existing Ordinary Shares or New Ordinary Shares by the acquirer or its concert parties during the previous 12 months. The acquirer would also be required to make an offer for the outstanding Preference Shares. The person who is, or in the case of persons acting in concert the persons who are or may become, obliged to make an offer under Rule 9 is obliged to consult the Panel in all cases in which offers are to be made for more than one class of share capital of the offeree. Offers made by the offeror for different classes of share capital of the offeree must be comparable.

This requirement would also be triggered by any acquisition of shares by a person holding (together with its concert parties) shares carrying between 30 and 50 per cent. of the voting rights in the Company, if the effect of such acquisition were to increase that person's percentage of the voting rights by more than 0.05 per cent.

16.2 Squeeze-out

Under the Irish Companies Act 2014, if an offeror were to acquire 80 per cent. of the Existing Ordinary Shares or New Ordinary Shares and Preference Shares within four months of making its offer, it could then compulsorily acquire the remaining 20 per cent. It would do so by sending a notice to Shareholders informing them that it would compulsorily acquire their Existing Ordinary Shares or New Ordinary Shares and Preference Shares and then, unless the High Court of Ireland determined otherwise, one month later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding Shareholders. Where the offeror already owns more than 20 per cent. of the shares in the Company at the time that the offeror makes an offer for the balance of the shares, then the compulsory acquisition rights only apply if the offeror acquires at least 80 per cent. of the remaining shares which also represent at least 50 per cent. in number of the holders of the accepting Shareholders.

16.3 Buy-out rules

The Irish Companies Act 2014 also give minority shareholders a right to be bought out in certain circumstances by the offeror who has made a takeover offer. If a takeover offer related to all the Existing Ordinary Shares or New Ordinary Shares and Preference Shares, and at any time before the end of the period within which the offer could be accepted, the offeror held or was entitled to acquire not less than 80 per cent. of the Existing Ordinary Shares or New Ordinary Shares and Preference Shares, any holder of shares to which the offer related who had not accepted the offer could, by a written communication to the offeror, require the offeror to acquire those shares. The offeror would be required to give any shareholders notice of their right to be bought out within one month of that right arising.

17 NOTIFICATIONS OF SHAREHOLDINGS

Disclosure requirements and notification of interests in shares under the Irish Companies Act 2014, where any person acquires an interest in 3 per cent. or more of the issued share capital of any class of an Irish public limited company, such person must notify the company in the prescribed manner and normally within five business days, of the interest and of certain information relating to that interest. Notification must also be made of any change in the percentage level of a person's interest above 3 per cent. and of any reduction to the interest to less than 3 per cent. Any interest, whether direct or through a spouse, civil partner, child (including child of a civil partner) or body corporate that the person in question is deemed to control, or in certain circumstances, other persons with whom the person acting in concert, would be regarded as an interest in shares for this purpose. Failure to notify punctually and properly is an offence under the Irish Companies Act 2014. Additionally, under section 1060 of the Irish Companies Act 2014 provides that no right or interest whatsoever in respect of any of the relevant shares will be enforceable, whether directly or indirectly, by action or legal proceeding by the person having such an interest should they fail to notify the company of such interest. Application may be made to the High Court of Ireland to remove this restriction, and if the court is satisfied that the failure to notify was accidental or due to inadvertence or that it is just and equitable to grant relief then the court may grant such relief as it sees fit. Section 1061 of the Irish Companies Act 2014 states that the Company is obliged to keep a register showing all notifications received and to keep it open for inspection by the public.

Section 1053 states that the notification to the relevant company must be in writing and must specify the share capital to which it relates, the number of shares comprised in that share capital in which the person making the notification knows the interest immediately after the time when the obligation arose and give details of the registered holder of the shares and the number of shares held by them. In a case where the person no longer has a notifiable interest in shares comprised in the share capital, the notifier must state that an interest is no longer held; identify the notifier and give the address.

The AIM Rules for Companies require a company that is admitted to AIM to issue a notification without delay of any relevant changes to the legal or beneficial interest, whether direct or indirect, to the holding of a significant shareholder, such a shareholder being a shareholder holding 3 per cent. or more of any class of security (excluding treasury shares), which increases or decreases such holding through any single percentage.

Under the Articles of Association, persons are also obliged to make a notification to the Company where the person is interested in 3 per cent. or more of the issued share capital of the Company.

18 CONSENTS

- 18.1 Allenby Capital is registered in England and Wales under number 06706681 and its registered office is at 5 St Helen's Place, London, EC3A 6AB, UK. Allenby Capital is regulated by the Financial Conduct Authority and is acting in the capacity as nominated adviser, joint financial adviser and joint broker to the Company. Allenby Capital has given and has not withdrawn its written consent to the issue of this Document with the inclusion of its name and references to it in the form and context in which they appear.
- 18.2 Hannam & Partners is regulated by the Financial Conduct Authority and is acting in the capacity as joint financial adviser to the Company. Hannam & Partners has given and has not withdrawn its written consent to the issue of this Document with the inclusion herein of references to its name in the form and context in which it appears.
- 18.3 PricewaterhouseCoopers Chartered Accountants, of Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos Nigeria, members of the Institute of Chartered Accountants of Nigeria have given and not withdrawn their written consent to the issue of this Document with the inclusion in it of the reports in Part 8 and the references to their reports in the form and context in which they are included and have authorised the contents of Part 8 of this Document.
- 18.4 Petrovision Energy Services Limited have given and not withdrawn their written consent to the issue of this Document with the inclusion in it of their report in Part 7 and the references to their report and to their name in the form and in the context in which it is included and have authorised the contents of Part 7 for the purpose of its inclusion in this Document. Petrovision Energy Services Limited have no material interest in the Company.
- 18.5 The information at Part 5 of this Document which has been sourced from third parties has been accurately reproduced and as far as the Company is aware and has been able to ascertain from information published by those parties, no facts have been omitted which render the reproduced information inaccurate or misleading.

19 GENERAL

- 19.1 The total estimated costs and expenses payable by the Company in connection with or incidental to the Proposals, including London Stock Exchange fees, professional fees and consulting and investor relation services are estimated to amount to approximately £2.5 million (excluding VAT).
- 19.2 The historical financial information set out in this Document relating to the Company does not constitute statutory financial statements within the meaning of the Irish Companies Act 2014. KPMG, Chartered Accountants of 1 Stokes Place, St Stephen's Green, Dublin 2, Ireland, has audited the statutory financial statements of the company for the financial years ended 31 December 2021, 31 December 2020 and 31 December 2019. PricewaterhouseCoopers of Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos, Nigeria, a member of the Institute of Chartered Accountants of Nigeria, has audited the statutory financial statements of MLPL, for the financial years ended 31 December 2021, 31 December 2020 and 31 December 2019. Grant Thornton of Fort Business Centre, of Triq Lintornjatur, Zone 1 Central Business District, Birkirkara, CBD1050 Malta, has audited the financial statements of ELI for the financial years ended 31 December 2021, 31 December 2020 and 31 December 2019. The audit opinions on these financial statements were unqualified and unmodified. Statutory financial statements of the Company for each of the three most recent financial years ended 31 December have been delivered to the Registrar of Companies in Ireland pursuant to the Irish Companies Act 2014.

19.3 The audited financial statements of San Leon in respect of years ended 31 December 2019, 31 December 2020 and 31 December 2021 contain the following emphases of matter:

19.3.1 *Financial statements for period ended 31 December 2021*

“The Directors have prepared a detailed cash flow forecast for the Group for the period from 1 June 2022 to 31 December 2023.

The principal assumptions underlying the cash flow forecast and the availability of finance to the Group are as follows:

- The proposed reorganisation to consolidate Midwestern Oil and Gas Company Limited’s (“Midwestern”) shareholdings in : i) the Company; and ii) Midwestern Leon Petroleum Limited (“MLPL”) into a single shareholding in the Company (the “Potential Transaction”) completes in the second half of 2022. The Potential Transaction also comprises, inter alia, a proposed consolidation of Midwestern’s indirect debt and equity interests in Energy Link Infrastructure (Malta) Limited (“ELI”) with those of the Company, as well as further new debt and new and existing equity investments to be made by San Leon in ELI (“Further ELI Investments”);*
- Eroton Exploration and Production Company Limited (“Eroton”) acquires an additional 18% interest in OML 18 from two of the other partners in OML 18, thereby taking Eroton’s interest in OML 18 to 45%. This is subject, inter alia, to: i) agreeing documentation; ii) finalising bank financing; and iii) receiving the relevant regulatory consents in Nigeria;*
- A loan of US\$50 million is secured to finance the Potential Transaction;*
- Elimination of the MLPL loan notes on completion of the Potential Transaction;*
- Under an Asset Management Agreement with Eroton, San Leon receives \$500,000 per month for technical and financial advisory services following completion of the Potential Transaction;*
- Repayments from ELI of loan notes of US\$37.6 million during 2022 and 2023;*
- Repayment from Eroton MSA debtor of US\$3m during 2022; and*
- A further loan of US\$2.5 million is given to Decklar Petroleum Limited in relation to its Oza investment as per the option agreement.*

Due to the Potential Transaction not having completed at the date of the signing of this Annual Report, there is an inherent material uncertainty that completion will not occur as anticipated.

The Group has modelled various other scenarios assuming the Potential Transaction does not complete and given the Group’s cost base, which is well understood by the directors, the principal uncertainty if the Potential Transaction does not complete relates to the quantum and timing of receipt of interest and capital repayments on the Loan Notes with MLPL, which would remain in place, and the loan Notes with ELI.

It was originally envisaged that the MLPL Loan Note payments due to the Group would be sourced by MLPL from the receipt of dividends through its indirect interest in Eroton via Martwestern. These dividends have not been received to date and consequently MLPL has entered into loan arrangements in order to be able to make Loan Note payments to the Company. In the absence of the dividend payments, MLPL will be reliant on further advances under the loan arrangement and in turn being able to make Loan Note payments to the Company. The Company has no obligation arising from the loan arrangements entered into by MLPL.

The loan repayments due from ELI were due to start in 2021 but have been delayed due to operational readiness of the FSO and ACOES project being delayed. The Directors have a reasonable expectation that ELI will be revenue generating imminently with the

commencement of barging operations, and while loan repayments have been delayed, they should commence in the second half of 2022.

Due to the uncertainty on timing of future cashflows the MLPL Loan Notes and ELI loan notes have both been credit impaired in the annual report and accounts of the Company for the year ended 31 December 2021.

In the ultimate downside scenario where no repayments are received from MLPL and ELI, the New Facility can be drawn by the Company to facilitate completion of the Further ELI Investments, with the remaining balance being used for general corporate purposes. In this scenario the working capital requirements of the Group can be met for the 12-month period from the date of approval of the financial statements, although a reduction to administrative costs is required in 2023, which the Directors believe is achievable and within their control.

However, while the working capital requirements of the Group can be met for the 12-month period, the Directors believe that the continued viability of the Group and Company into the future is dependent on the completion of the Proposed Transaction. As such, the completion of the Proposed Transaction creates significant uncertainty upon the Group and Company's ability to continue as a going concern beyond the 12-month period. The Directors' have concluded that this represents a material uncertainty which may cast significant doubt upon the Group and Company's ability to continue as a going concern and that, therefore, the Group and Company may be unable to continue realising its assets and discharging its liabilities in the normal course of business.

Having taken all the above factors into account, the directors continue to believe it is appropriate to prepare these financial statements on a going concern basis, noting the above material uncertainty that exists on the completion of the Potential Transaction and its impact on the Company and Group's ability to continue as a going concern. The financial statements do not include any adjustments that would be necessary if the group were unable to continue as a going concern."

19.3.2 *Financial statements for period ended 31 December 2020:*

"Emphasis of matter – uncertainty relating to valuation of investment in and Loan Notes from Midwestern Leon Petroleum Limited ("MLPL")

We draw attention to note 13(i) and 17(i) to the financial statements concerning the uncertainty associated with the assessment of the Group's investment in and related Loan Notes due from MLPL. The Group's investment in and related Loan Notes due from MLPL are underpinned by the OML 18 oil field in Nigeria. Notwithstanding the performance of the Loan Notes in the year, there remains significant uncertainty in relation to the quantum and timing of future cash flows, and this uncertainty in turn impacts the value of the Group's investment in MLPL and the recoverability of the Group and Company's loans due from MLPL. The consequences of the significant uncertainty in relation to the Group and Company's Loan Notes due from MLPL, impact on the Group and Company's assessment of their ability to continue as a going concern. Our opinion is not modified in respect of this matter"

19.3.3 *Financial statements for period ended 31 December 2019:*

"Emphasis of matter – uncertainty relating to valuation of investment in Midwestern Leon Petroleum Limited ("MLPL")

We draw attention to Notes 13 and 17 (i) to the financial statements concerning the uncertainty associated with the assessment of the Group's investment in and related Loan Notes due from MLPL. The Group's investment in and related Loan Notes due from MLPL are underpinned by the OML 18 oil field in Nigeria. Notwithstanding the cash flows received to date, and the revised payment schedule, there remains significant uncertainty in relation to the quantum and timing of future cash flows, and this uncertainty in turn impacts the value of the Group's investment in MLPL and the recoverability of the Group and Company's loans due from MLPL. Our opinion is not modified in respect of this matter."

- 19.4 The financial statements of the MLPL group in respect of years ended 31 December 2019 and 31 December 2020 did not contain any emphasis of matter.

The financial statements of MLPL for the year ended 31 December 2021 contained the following emphasis of matter:

"We draw attention to Note 1 in the financial information which indicates that the Company reported a profit after tax of \$37.0 million (December 31, 2020: net loss \$2.4 million) and as of that date, its net current liabilities was \$412.2 million (December 31 2020: \$376.0 million). These conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter."

Note 22 to the financial statements for the year ended 31 December 2021 stated:

"The Company made a loss before tax of \$20.2 million (December 31, 2020: \$22.7 million) while its current liabilities exceed total assets by \$62.9 million (December 31, 2020: \$42.7 million) at the end of the reporting period.

This performance reflects the difficulties encountered by Eroton Exploration and Production Company as the Company is dependent on dividend paid by Eroton Exploration and Production Company. Eroton Exploration and Production Company had pipeline vandalism in 2021 resulting in production volume losses in 2021. This was immediately after the Covid-19 impact and the twin shock that led to unprecedented slump in prices in 2020. The adverse events stated above indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

In 2021, the management of Eroton Exploration and Production Company commenced the process of alternative crude transportation to mitigate the loss of crude production, which was the main driver for the poor financial performance. The directors of the Company believe that the alternative evacuation route by Eroton Exploration and Production Company will result in improved performance and the declaration of dividend, which will enable the Company to realise its assets and settle its liabilities as and when due in the normal course of business for at least 12 months from the date of approval of the financial statements. Accordingly, these financial statements have been prepared on a going concern basis. An inability for Eroton Exploration and Production Company to continue business activities with the alternative crude transportation arrangement or return to profit to enable payment of dividend to the Company will impact the future assessment of the Company as a going concern.

These financial statements do not reflect the adjustments to the carrying value of assets and liabilities or the reclassifications that would be necessary if the Company were unable to realise its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material."

The historical financial information on MLPL contained in Part 8B of this Document, contains the following emphasis of matter:

"Whilst the MLPL Group made a profit after tax of \$37.0 million (December 31, 2020: net loss \$2.4 million), its net current liabilities stood at \$412.2 million (December 31 2020: \$376.0 million).

This performance reflects the difficulties encountered by Eroton Exploration and Production Company ('Eroton') as the MLPL Group is dependent on dividends paid by Eroton. and Eroton had pipeline vandalism in 2021 resulting in production volume losses in 2021. This was immediately after the impact of the COVID-19 pandemic and the twin shock that led to an unprecedented slump in prices in 2020. The adverse events stated above indicate that a material uncertainty exists that may cast significant doubt on the MLPL Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Although the underlying Eroton performance and its ability to pay a dividend gives rise to a material uncertainty for the MLPL Group to continue as a going concern, the proposed reorganization of the

MLPL Group to consolidate its shareholding to give San Leon Energy Nigeria BV 100% ownership of the MLPL Group will contribute to improve MLPL's financial position. The Midwestern Oil & Gas Company Limited's holding of 60% in MLPL will be transferred to San Leon Energy Nigeria BV in exchange for 344,334,257 shares in San Leon Energy Plc and the cancellation of the loan note owing to San Leon of \$99.3 million and the amount due to Midwestern \$239.9 million as at the reporting period. The resultant outcome of this, would mean the extinguishment of the MLPL Group's current liabilities. A pre-condition to this reorganization is that Eroton completes the purchase of an additional 18% of OML 18 and completes a refinancing with Afreximbank to allow the acquisition. The completion of the OML 18 transaction is materially uncertain as the Sale and Purchase Agreements are yet to be signed. Furthermore, Eroton expects to increase production significantly and have access to ACOES by the end of 2022, which the Directors believe will allow Eroton to recommence payments to MLPL.

Having taken all the above factors into account, the directors continue to believe it is appropriate to prepare these financial statements on a going concern basis, noting the material uncertainty that exists on the completion of the Potential Transaction and restructuring which may cast significant doubt on the MLPL Group's ability to continue as a going concern. These financial statements do not reflect the adjustments to the carrying value of assets and liabilities or the classifications that would be necessary if the Group were unable to realise its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material."

- 19.5 The financial statements of ELI in respect of years ended 31 December 2019, 31 December 2020 and 31 December 2021 do not contain any emphasis of matter. However, the historical financial information on ELI contained in Part 8C of this Document, contains the following emphasis of matter:

"The Group made a loss after tax of \$10.5 million (2020: \$4.4 million) while its net current liabilities were \$141.1 million (2020: \$51.7 million).

The Directors are expecting the Floating Storage and Offloading ("FSO") to be completed and operational within weeks of signing these financial statements and the Group has some 3rd party injectors who are indicating interest in using the facilities. Therefore, once the FSO is ready, injectors will commence injection of their crude and the Group will start generating revenues.

With regards to financing, the Group has obtained an approval for refinancing its existing debt. The facility agreement of US\$130 million has been signed and the drawdown is expected within one or two months from the signing of these financial statements. The drawdown has a number of conditions which are outside the Group's control, including a first lifting by the offtaker from the FSO and also completion of the Eroton refinancing. As these conditions are outside the Group's control, there is a material uncertainty that these conditions will be met to allow ELI to drawdown its loan and this casts significant doubt on the Group's ability to continue as a going concern.

In addition to the above refinancing, the Group has a commitment from San Leon Energy BV that it will invest a further US\$16 million to bridge a short-term working capital gap and to fund some further capital expenditure. This loan requires San Leon Energy BV to drawdown on an external loan and the timing of this drawdown cannot be certain and gives rise to a further material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and its ability to realise its assets and discharge its liabilities in the normal course of business.

Having taken all the above factors into account, the directors continue to believe it is appropriate to prepare these financial statements on a going concern basis. However, the Directors note that material uncertainties exist on the completion of the Potential Transaction and the restructuring and their impact the availability of the facilities needed by the Group may cast significant doubt on the Group's ability to continue as a going concern. These financial statements do not reflect the adjustments to the carrying value of assets and liabilities or the classifications that would be necessary if the Group were unable to realise its assets and settle its liabilities and continue as a going concern in the normal course of operations. Such adjustments could be material."

- 19.6 In relation to each of the Company, ELI and MLPL, no auditors have resigned, been removed or have not been re-appointed during the period from 31 December 2018 to 31 December 2021.

- 19.7 No public takeover bids have been made by third parties in respect of the Company's issued share capital in the current financial year nor in the last financial year.
- 19.8 Save as disclosed in this Document, the Directors are not aware of any trends uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Enlarged Group's prospects for the current financial year.
- 19.9 Save as disclosed in this Document, the Directors are not aware of any significant recent trends in production, sales and inventory, and costs and selling prices for the Enlarged Group since 31 December 2021.
- 19.10 Save as disclosed in this Document, the Directors are not aware of any exceptional factors which have influenced the activities of the Enlarged Group.
- 19.11 Save as otherwise disclosed in this Document there are no patents or other intellectual property rights, licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Enlarged Group's business or profitability.
- 19.12 Save as otherwise disclosed in this Document, the Directors are not aware of any environmental issues or risks that may affect the utilisation of the Company or the Enlarged Group's tangible fixed assets or its operations.
- 19.13 Other than as set out below, no person (excluding professional advisers otherwise disclosed in this Document and trade suppliers) has:
- (a) received, directly or indirectly, from the Company within the 12 months preceding the date of application for Admission; or
 - (b) entered into contractual arrangements (not otherwise disclosed in this Document) to receive, directly or indirectly, from the Company on or after Admission,
 - (c) any of the following:
 - (i) fees totalling £10,000 or more;
 - (ii) securities in the Company with a value of £10,000 or more calculated by reference to the Suspension Price; or
 - (iii) any other benefit with a value of £10,000 or more at the date of Admission.

Person	Role	Fees
Fetlar Capital Limited	Consultants	US\$282,500
Pheonix Generation Limited	Consultants	US\$40,000
Araya Energy Group	Consultants	US\$36,500

- 19.14 There have been no payments aggregating over £10,000 made to any government or regulatory authority or similar body by the Enlarged Group or on behalf of it, with regards to the acquisition of, or maintenance of, its assets as at the date of this Document.
- 19.15 During the years ended 31 December 2021, 2020 and 2019, MLPL and ELI did not pay any dividends. In respect of the Company for the years ended 31 December 2021, 2020 and 2019, during the year ended 31 December 2020, the Company paid total dividends of £27 million (approximately US\$33 million) which was equivalent to 6 pence per Existing Ordinary Share.
- 19.16 The MLPL Reorganisation will result in the allotment and issue of a total of 344,334,257 MLPL New Shares, diluting existing holders of Ordinary Shares (and their corresponding voting rights) by approximately 43.4%. The ELI Reorganisation will result in the allotment and issue of a total of 73,782,535 ELI New Shares, diluting existing holders of Ordinary Shares (and their corresponding voting rights) by approximately 14.1%. The MLPL Reorganisation and the ELI Reorganisation will result in the allotment and issue of an aggregate of 418,116,792 New Shares, diluting existing holders of Ordinary Shares (and their corresponding voting rights) by approximately 48.2%.

19.17 The Company's total equity attributable to equity shareholders as at 31 December 2021 as stated in the Company's consolidated statement of financial position as at 31 December 2021 was US\$176,218,000 and based on the 449,913,026 Ordinary Shares in issue as at that date, the total equity attributable to equity shareholders per Existing Ordinary Share was approximately US\$0.39. Adjusted for the position as at Re-Admission, based on the unaudited pro forma statement of net assets of the Enlarged Group contained in Part 9 of this Document, the Enlarged Group's unaudited pro forma consolidated total equity attributable to equity shareholders on Re-Admission will be US\$321,656,000 and based on the 868,029,818 New Ordinary Shares that are anticipated to be in issue at Re-Admission, the Enlarged Group's unaudited pro forma the total equity attributable to equity shareholders per New Ordinary Share will be approximately US\$0.37.

Date 8 July 2022

PART 13

NOTICE OF EXTRAORDINARY GENERAL MEETING



San Leon Energy plc (the "Company")

(Incorporated in Ireland with limited liability under the Companies Acts, 1963 to 1990 with registration number 237825)

NOTICE is hereby given that an Extraordinary General Meeting (the "EGM") of the Company will be held at 11.30 am (or such later time as the annual general meeting convened for the same day shall have been concluded or adjourned) on 5 August 2022 at the Herbert Park Hotel, Ballsbridge, Dublin 4, D04 R2T2, Ireland for the purpose of considering, and if thought fit, passing the following resolutions as ordinary resolutions (in the case of Resolutions 1 and 5) and as special resolutions (in the case of Resolutions 2, 3, 4 and 6):

AS AN ORDINARY RESOLUTION

1. THAT, subject to and conditional on the passing of Resolutions 2 to 6 hereof;
 - (i) the proposed MLPL Reorganisation and ELI Reorganisation described in paragraphs 4 and 5 of Part 2 of the admission document of the Company dated 8 July 2022 of which this Notice forms a part (the "**Admission Document**") be and are hereby approved (with such non-material amendments thereto as may be approved by the Directors (or any duly constituted committee thereof) and that all such acts, agreements and indemnities which the directors or any such committee may consider necessary or appropriate be and they are hereby approved) for all purposes, including as reverse-takeovers in accordance with the requirements of Rule 14 of the AIM Rules for Companies;
 - (ii) the proposed Further ELI Investments as more particularly described in Part 3 of the Admission Document be and are hereby approved (with such non-material amendments thereto as may be approved by the Directors (or any duly constituted committee thereof) and that all such acts, agreements and indemnities which the directors or any such committee may consider necessary or appropriate be and they are hereby approved) for all purposes, including as reverse-takeovers in accordance with the requirements of Rule 14 of the AIM Rules for Companies; and
 - (iii) the Directors (or any duly constituted committee thereof) be and are hereby authorised to take all such steps as may be necessary or desirable in connection with, and to complete MLPL Reorganisation, ELI Reorganisation and Further ELI Investments.

AS A SPECIAL RESOLUTION

2. THAT, subject to and conditional on the passing of Resolutions 1 and 3 to 6 hereof and with effect from immediately prior to Re-Admission (as such term is defined in the Admission Document):
 - (i) each of the **449,913,026** ordinary shares of €0.01 each in issue in the capital of the Company ("**Existing Issued Ordinary Share(s)**") be and is hereby subdivided into two ordinary shares of €0.005 each ("**New Ordinary Share(s)**") and immediately thereafter one of each such two New Ordinary Shares be converted into one preference share of €0.005 each ("**Preference Share**") so as to result in one New Ordinary Share and one Preference Share for each Existing Issued Ordinary Share. The New Ordinary Shares and the Preference Shares shall have the rights and be subject to the restrictions as set out in the New Memorandum and Articles of Association (as such term is defined in the Admission Document) to be adopted under Resolution 4 hereof ("**New Articles of Association**");

- (ii) each of the **224,956,513** of the un-issued ordinary shares of €0.01 each in the capital of the Company ("**First Tranche Existing Unissued Ordinary Share(s)**") be and is hereby subdivided into two New Ordinary Shares and immediately thereafter converted into two deferred shares of €0.005 each ("**Deferred Share(s)**") so as to result in two Deferred Shares for each First Tranche Existing Unissued Ordinary Share. The Deferred Shares shall have the rights and be subject to the restrictions as set out in the New Memorandum and Articles of Association; and
- (iii) each of the 2,172,536,486 of the unissued ordinary shares of €0.01 each in the capital of the Company ("**Balance Existing Unissued Ordinary Share(s)**") be and is hereby subdivided into two New Ordinary Shares on the basis of two New Ordinary Shares for each Balance Existing Unissued Ordinary Share. The New Ordinary Shares shall have the rights and be subject to the restrictions as set out in the New Memorandum and Articles of Association.

AS A SPECIAL RESOLUTION

3. THAT, subject to and conditional on the passing of Resolutions 1, 2 and 4 to 6 hereof and with effect from immediately prior to Re-Admission:
 - (i) the first sentence of Clause 4 of the Existing Memorandum and Articles of Association (as such term is defined in the Admission Document) shall be deleted in its entirety and replaced as follows:

"4. The share capital of the Company is €28,474,060.25 divided into 4,794,985,998 ordinary shares of €0.005 each, 449,913,026 preference shares of €0.005 each and 449,913,026 deferred shares of € 0.005 each."; and
 - (ii) article 2 of the Existing Memorandum and Articles of Association shall be deleted in its entirety and replaced as follows:

"2 The share capital of the Company is €28,474,060.25 divided into 4,794,985,998 ordinary shares of €0.005 each, 449,913,026 preference shares of €0.005 each and 449,913,026 deferred shares of €0.005 each."

AS A SPECIAL RESOLUTION

4. THAT, subject to and conditional upon the passing of Resolutions 1 to 3 and 5 to 6 hereof and with effect from immediately prior to Re-Admission, the New Memorandum and Articles of Association, and which have been available for inspection at the registered office of the Company and on the Company's website since the date of this Notice of EGM, in the form produced to the meeting and initialled by the Chairman for the purposes of identification, be adopted in substitution for and to the exclusion of the Existing Memorandum and Articles of Association.

AS AN ORDINARY RESOLUTION

5. THAT, subject to and conditional upon the passing of Resolutions 1 to 4 and 6 hereof and with effect from immediately prior to Re-Admission in place of the powers and authorities conferred upon the Directors under Resolution 4 passed at the annual general meeting of the Company to be held on 5 August 2022, the Directors be and they are hereby generally and unconditionally authorised pursuant to Section 1021 of the Irish Companies Act 2014 to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 1021 of the Irish Companies Act 2014) as follows:
 - (i) the allotment of up to 418,116,792 New Shares (as such term is defined in the Admission Document); and
 - (ii) the allotment of relevant securities up to the aggregate nominal amount of €1,446,571.69 being approximately 33.33% of the issued ordinary share capital of the Company as increased by the allotment of the MLPL New Shares and the ELI New Shares (as such term is defined in the Admission Document).

The authority hereby conferred shall commence immediately prior to Re-Admission and shall expire on the earlier of 15 months from the date of the passing of this resolution and the conclusion of the annual general meeting of the Company to be held in 2023 unless previously renewed, varied or revoked by the Company in general meeting provided that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

AS A SPECIAL RESOLUTION

6. THAT, subject to and conditional upon the passing of Resolutions 1 to 5 hereof and with effect from immediately prior to Re-Admission, in place of the powers and authorities conferred upon the Directors under resolution 5 passed at the annual general meeting of the Company to be held on 5 August 2022, the Directors be empowered pursuant to Sections 1022 and 1023 of the Irish Companies Act 2014, to allot equity securities (as defined by Section 1023(1) of the Irish Companies Act 2014) for cash pursuant to the authority conferred by Resolution 5 above, as if Sub-section (1) of the said Section 1022 of the Irish Companies Act 2014 did not apply to any such allotment provided that the powers conferred by this resolution shall be limited to:
- (i) the allotment of equity securities (including without limitation, any shares purchased by the Company and held as treasury shares) in connection with any offer of securities, open for a period fixed by the Directors, by way of rights, open offer or otherwise in favour of ordinary shareholders and/or any persons having a right to subscribe for or convert securities into ordinary shares in the capital of the Company (including, without limitation, any person entitled to options under any of the Company's shares option schemes for the time being) and subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to legal or practical problems under the laws of, or the requirements of any recognised body or stock exchange in, any territory;
 - (ii) the allotment of up to 344,334,257 MLPL New Shares and 73,782,535 ELI New Shares; and
 - (iii) in addition to the power conferred by paragraph (i) and (ii) hereof, the allotment of equity securities (including without limitation, any shares purchased by the Company and held as treasury shares) up to a maximum aggregate nominal value of €434,014.91 being approximately ten per (10%) of the issued ordinary share capital of the Company immediately following the issue of the MLPL New Shares and the ELI New Shares.

The powers hereby conferred hereby shall expire on the earlier of 15 months from the date of the passing of this resolution and the conclusion of the annual general meeting of the Company to be held in 2023, unless previously renewed, varied or revoked by the Company in general meeting. The Company may before any such expiry make an offer or agreement which would or might require any such securities to be allotted in pursuance of such offer or agreement after such expiry and the Directors may allot equity securities pursuant to such offer or agreement as if the power conferred hereby had not expired.

Alan Campbell
Company Secretary
San Leon Energy plc

Dated: 8 July 2022

Notes:**How to exercise voting rights:**

Exercising your voting rights will depend on the manner in which you hold your shares in the Company.

Certificated Shareholders

- (i) Any shareholder of the Company entitled to attend and vote may appoint one or more persons (whether a member or not) as his/her proxy to attend, speak and vote on his/her behalf at the EGM. For this purpose, a form of proxy is enclosed with this notice. A proxy need not be a shareholder of the Company.
- (ii) Only shareholders, proxies and authorised representatives of corporations, which are shareholders, are entitled to attend the EGM.
- (iii) To be valid, the form of proxy and, if relevant, the power of attorney under which it is signed, or a certified copy of that power of attorney, must be received by the Company at Computershare Investor Services (Ireland) Limited, 3100 Lake Drive, Citywest Business Campus, Dublin 24, D24 AK82, Ireland no less than 48 hours prior to the time appointed for the EGM. Alternatively, you may also lodge your vote electronically using the internet. To do so, you should refer to the form of proxy which sets out details of how to vote online.

EB Participants/CDI Holders

- (iv) Electronic proxy voting by Euroclear Nominees Limited in respect of the ordinary shares registered in the name of Euroclear Nominees Limited as nominee for Euroclear Bank SA/NV ("**Euroclear Bank**") may also occur through the use of a secured mechanism to exchange electronic messages as agreed by the Company with Euroclear Bank.
- (v) Persons who hold their interests in ordinary shares of the Company as Belgian law rights through the Euroclear system (either directly or indirectly, including through a custodian) or as CREST depository interests through the CREST system, should consult with their stockbroker, custodian or other intermediary at the earliest opportunity for further information on the processes and timelines for submitting proxy voting instructions for the EGM through the respective systems.

Euroclear Bank participants should consult the EB Services Description. CDI holders in CREST should consult Section 7 (Meetings and Proxy Voting) of the Euroclear UK & International services for Irish corporate securities in CREST Depository Interest form webpage at <https://my.euroclear.com/eui/en/reference/migration-of-irish-corporate-securities-from-euroclear-uk-irel.html>.

General:

- (vi) In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (vii) Pursuant to Section 1087G of the Irish Companies Act 2014 only those shareholders on the register of members of the Company as at 6.00pm on 1 August 2022 will be entitled to attend and vote at the EGM (or in the case of an adjournment as at 6.00pm on the day which falls four days before the date of the adjourned meeting) and may only vote in respect of the number of shares registered in their names at that time. Changes to entries in the register after that time will be disregarded in determining the right to any person to attend and/or vote at the EGM.
- (viii) Copies of all documentation tabled before the EGM are available on the Company's website. Should you not receive a form of Proxy, or should you wish to be sent copies of these documents, you may request this by telephoning the Company's registrar on +353 1 4475566 or by writing to the Company Secretary at the address set out above.

- (ix) The Board will seek to conduct the EGM as safely and efficiently as possible and in compliance with applicable law and public health guidance in effect in relation to COVID-19 at the time of the EGM. While it is possible, and as is required under the Irish Companies Act 2014, as at the date of this Notice of EGM to convene and hold a physical EGM, the Company will continue to monitor the impact of COVID-19 and, in the event that it is not possible to convene and hold the EGM as a physical meeting either in compliance with applicable law or public health guidance, or where it is otherwise considered that proceeding with the EGM as planned poses an unacceptable health and safety risk, the EGM may be adjourned or postponed to a different time and/or venue, and/or the manner in which shareholders can attend and vote at the EGM may vary.
- (x) The COVID-19 situation is constantly evolving, and the Irish Government may apply restrictions or implement measures relating to the holding of shareholder meetings during the affected period. Any changes to the arrangements for the EGM will be communicated to shareholders before EGM, including through our website www.sanleonenergy.com and by announcement through a Regulatory Information Service.

