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The Directors of the Company, whose names and functions appear on page 5 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 such Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Existing Ordinary Shares are admitted to trading on AIM, a market operated by the London Stock 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 or more established companies. AIM securities are not admitted to the Official List of the Financial Conduct Authority. 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. An application will be made to the London Stock Exchange for the Conditional Placing Shares and the Broker Option Shares to be admitted to trading on AIM. It is expected that Second Admission will become effective and that dealings in the Conditional Placing Shares and the Broker Option Shares will commence at 8:00 a.m. on 7 March 2022.

CHALLENGER ENERGY GROUP PLC

(Incorporated in the Isle of Man under the Companies Acts 1931 to 2004 and with Company Number 123863C)

**Placing of 5,019,100,000 New Ordinary Shares to raise approximately £5.0 million
and**

**Placing of 2,273,517,925 New Ordinary Shares pursuant to the
Broker Option to raise approximately £2.3 million**

and

**Notice of Extraordinary General Meeting relating to the Placing,
the Broker Option and the Restructuring**

Your attention is drawn to the letter from the Chairman of the Company which is set out on pages 8 to 31 of this document and which contains the Directors’ unanimous recommendation that you vote in favour of all of the Resolutions to be proposed at the Extraordinary General Meeting.

Notice of the Extraordinary General Meeting of the Company (EGM), to be held at 34 North Quay, Douglas, Isle of Man, IM1 4LB and convened for 11:00 a.m. on 4 March 2022, is set out at the end of this document. In accordance with current government instructions in respect of the evolving situation regarding COVID-19, we request that you do not physically attend the EGM and instead you should return your Form of Proxy or appoint your proxy electronically (as the case may be) by the relevant time and appoint the chairman of the meeting as your proxy. As at the time of publication of this document, it is unclear what restrictions will be in place regarding public gatherings at the time of the meeting and in order to comply with current government public health instructions, it may be that gatherings of individuals are restricted in number and accordingly any Shareholder or proxy that attempts to physically attend the EGM may be refused admission. A Form of Proxy for use at the meeting accompanies this document. To be valid, Forms of Proxy must be completed and returned so as to be received at the offices of the Company’s registrar, Link Group, PXS 1, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL not later than 11:00 a.m. on 2 March 2022.

You should read the whole of this document. Your attention is drawn, in particular, to the letter from the Chairman of the Company which is set out in Part I of this document and which recommends that you vote in favour of all of the Resolutions which are to be proposed at the Extraordinary General Meeting. The Conditional Placing and the Broker Option Placing are conditional upon, *inter alia*, approval by Shareholders of the Resolutions at the Extraordinary General Meeting and Second Admission. A summary of the action to be taken by Shareholders is set out in Section 16 of Part I of this document.

The issue of the Conditional Placing Shares and the Broker Option Shares is conditional, *inter alia*, on Second Admission taking place on or before 7 March 2022 (or such later date, being not later than 21 March 2022) as the Company, the Bookrunner and the Placing Agent may agree). The New Ordinary Shares will, on Admission, rank in full for all dividends or other distributions thereafter declared, made or paid on the Ordinary Share capital of the Company and will rank *pari passu* in all other respects with the Existing Ordinary Shares.

Strand Hanson Limited (“Strand Hanson”), which is authorised and regulated in the United Kingdom by the FCA, is the Company’s nominated and financial adviser for the purposes of the AIM Rules and, as such, its responsibilities as the Company’s nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person or entity in respect of his reliance on any part of this document. Strand Hanson is acting exclusively for the Company, as nominated adviser for the purposes of the AIM Rules, in relation to the matters described in this document and is not taking responsibility for the commercial assessment of the Fundraising, which remains the sole responsibility of the Board, nor for any matters outside the duties of a nominated adviser, as prescribed by the AIM Rules, nor is it advising any other person and accordingly will not be responsible to any person other than the Company for providing the protections afforded to the clients of Strand Hanson or for providing advice in relation to the matters described in this document. No representation or warranty, express or implied is made by Strand Hanson for the accuracy of any information or opinions contained in this document or for the omission of any material information, for which it is not responsible.

Arden Partners Plc (“Arden Partners”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company and no-one else in connection with the Fundraising or in relation to the matters described in this document and is not taking responsibility for the commercial assessment of the Fundraising, which remains the sole responsibility of the Board, and will not be responsible to any person other than the Company for providing the protections afforded to the clients of Arden Partners nor for providing advice to any other person in relation to the Fundraising or any other matter referred to in this document.

Gneiss Energy Limited (“Gneiss Energy”), which is an appointed representative of Talbot Capital Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company and no-one else in connection with the Fundraising or in relation to the matters described in this document and is not taking responsibility for the commercial assessment of the Fundraising, which remains the sole responsibility of the Board, and will not be responsible to any person other than the Company for providing the protections afforded to the clients of Gneiss Energy nor for providing advice to any other person in relation to the Fundraising or any other matter referred to in this document.

The information contained in this document has been prepared solely for the purpose of the Fundraising and is not intended to inform or be relied upon by any subsequent purchasers of Ordinary Shares (whether on or off exchange) and, accordingly, no duty of care is accepted in relation to them. Without limiting the statutory rights of any person to whom this document is issued, no representation or warranty, express or implied, is made by the Broker and Bookrunner and the Placing Agent as to the contents of this document. The Broker and Bookrunner and the Placing Agent have not authorised the contents of any part of this document. No liability whatsoever is accepted by the Broker and Bookrunner and the Placing Agent for the accuracy of any information or opinions contained in this document, for which the Directors are solely responsible, or for the omission of any information from this document for which they are not responsible.

Cautionary note regarding forward-looking statements

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Directors’ current intentions, beliefs or expectations concerning, among other things, the Group’s results of operations, financial condition, liquidity, prospects, growth, strategies and the Group’s markets. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual results and developments could differ materially from those expressed or implied by the forward-looking statements.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document are based on certain factors and assumptions, including the Directors’ current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group’s operations, results of operations, growth strategy and liquidity. Whilst the Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Save as required by law or by the AIM Rules, the Company undertakes no obligation to publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors’ expectations or to reflect events or circumstances after the date of this document.

Basis on which information is presented

In the document, references to “pounds sterling”, “£”, “GBP”, “pence” and “p” are to the lawful currency of the United Kingdom. In the document, to “dollars”, “\$”, “US\$” and “USD” are to the lawful currency of the United States of America.

References to defined terms

Certain terms used in this document are defined and explained at the section of this document under the heading “Definitions”. All times referred to in this document are, unless otherwise stated, references to London time.

Rounding

Certain data in this document, including financial, statistical and operational information has been rounded. As a result of the rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data. Percentages in tables have been rounded and, accordingly, may not add up to 100 per cent.

Presentation of market, economic and industry data

This document contains information regarding the Company’s business and the industry in which it operates and competes, which the Company has obtained from various third-party sources. Where information contained in this document originates from a third-party source, it is identified where it appears in this document together with the name of its source. Such third-party information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

No incorporation of website information

Other than in respect of financial information, the contents of the Company’s website or any hyperlinks accessible from the Company’s website do not form part of this document and prospective investors should not rely on them.

This document is published on 9 February 2022.

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DIRECTORS, PROPOSED DIRECTORS, COMPANY SECRETARY AND ADVISERS

Directors	William Schrader (<i>Non-Executive Chairman</i>)^ Eytan Uliel (<i>Chief Executive Officer</i>) James Smith (<i>Non-Executive Deputy Chairman</i>)^ Simon Potter (<i>Non-Executive Director</i>)^ Stephen Bizzell (<i>Non-Executive Director</i>)
Proposed Directors	Iain McKendrick (<i>Proposed Non-Executive Chairman</i>)^ Tim Eastmond (<i>Proposed Chief Financial Officer</i>)^
Company Secretary	Benjamin Proffitt
Registered Office	IOMA House, Hope Street Douglas Isle of Man IM1 1AP
Nominated Adviser	Strand Hanson Limited 26 Mount Row London W1K 3SQ
Broker and Bookrunner	Arden Partners Plc 125 Old Broad Street London EC2N 1AR
Financial Adviser and Placing Agent	Gneiss Energy Limited 64 North Row London W1K 7DA
Legal advisers to the Company	Clyde & Co LLP St Botolph Building 138 Houndsditch London EC3A 7AR
Legal advisers to the Broker, Bookrunner and the Financial Adviser and Placing Agent	Pinsent Masons LLP 30 Crown Place, Earl Street London EC2A 4ES
Registrars	Link Market Services (IOM) Limited Clinch's House Lord Street Douglas Isle of Man IM99 1RZ

^ On completion of the Restructuring and Fundraising, each of Bill Schrader and James Smith will step down from the Board, and each of Iain McKendrick and Tim Eastmond will join the Board. Simon Potter has indicated that he will step down from the Board within three months of completion of the Fundraising.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Placing	4:54 p.m. on 26 January 2022
Announcement of results of the Placing	7:53 a.m. on 27 January 2022
Commencement of Broker Option Period	7:00 a.m. on 31 January 2022
First Admission and dealings in the Firm Placing Shares commence on AIM	8:00 a.m. on 1 February 2022
Where applicable, date that CREST accounts were credited in respect of Firm Placing Shares in uncertificated form	1 February 2022
Close of Broker Option Period	6:30 p.m. on 2 February 2022
Announcement of results of the Broker Option	7:00 a.m. on 3 February 2022
Share certificates dispatched for Firm Placing Shares in certificated form	By 8 February 2022
Publication and posting of the Notice of Extraordinary General Meeting and Proxy Form	9 February 2022
Latest time and date for filing of proxies for the Extraordinary General Meeting	11:00 a.m. on 2 March 2022
Extraordinary General Meeting	11:00 a.m. on 4 March 2022
Announcement of the result of the Extraordinary General Meeting	4 March 2022
Second Admission and dealings in the Conditional Placing Shares, the Broker Option Shares and the Settlement Shares expected to commence on AIM	8:00 a.m. on 7 March 2022
Where applicable, expected date for CREST accounts to be credited in respect of Conditional Placing Shares, the Broker Option Shares and the Settlement Shares in uncertificated form	As soon as practicable after 8:00 a.m. on 7 March 2022
Share certificates dispatched for Conditional Placing Shares, the Broker Option Shares and the Settlement Shares in certificated form	By 14 March 2022

Notes:

- (1) All of the above times refer to London time unless otherwise stated. The dates set out in the Expected Timetable of Principal Events above and mentioned throughout this announcement may be adjusted by the Company, in which event details of the new dates will be notified by means of an announcement through a Regulatory Information Service and, where appropriate, to Shareholders.
- (2) Completion of all events in the above timetable following the holding of the Extraordinary General Meeting are conditional upon, *inter alia*, the passing of the Resolutions at the Extraordinary General Meeting.
- (3) Different deadlines and procedures for return of forms may apply in certain cases.

STATISTICS OF THE RESTRUCTURING AND FUNDRAISING

Issue Price per New Ordinary Share	0.10 pence
Number of Ordinary Shares in issue before the Restructuring and Fundraising	796,522,914
Number of Firm Placing Shares issued	691,401,490
Number of Existing Ordinary Shares in issue	1,487,924,404
Maximum number of New Ordinary Shares to be issued subject to Shareholder approval ¹	8,504,275,076
Maximum number of Ordinary Shares in issue immediately following completion of the Restructuring and Fundraising²	9,992,199,480
Gross proceeds of the Fundraising	£7.3 million
Market capitalisation on Second Admission at the Issue Price¹	£10.0 million
Ordinary Share ISIN	IM00BN2RD444
SEDOL	BN2RD44
AIM TIDM	CEG

Notes:

- (1) *Inclusive of 4,327,698,510 Conditional Placing Shares, 2,273,517,925 Broker Option Shares, and up to 1,903,058,641 Settlement Share (the latter representing a maximum number of Settlement Shares - certain items remain subject to commercial negotiation and agreement, and the final number of Settlement Shares may ultimately be less).*
- (2) *With the issued share capital comprising the Existing Ordinary Shares, the Conditional Placing Shares, the Broker Option Shares and the Settlement Shares.*

For reference purposes only, the following exchange rates have been used in this document:

- (a) £1 : US\$1.37
- (b) £1 : €1.20

All amounts referred to in this document expressed in the above currencies have unless otherwise, stated, been calculated using the above exchange rates.

PART I

LETTER FROM THE CHAIRMAN

Challenger Energy Group PLC

(Incorporated in the Isle of Man under the Companies Acts 1931 to 2004 and with Company Number 123863C)

Directors:

William (Bill) Schrader *(Non-Executive Chairman)*¹
Eytan Uliel *(Chief Executive Officer)*
James Smith *(Non-Executive Deputy Chairman)*¹
Simon Potter *(Non-Executive Director)*¹
Stephen Bizzell *(Non-Executive Director)*

Registered Office:

IOMA House, Hope Street
Douglas
Isle of Man
IM1 1AP

Proposed Directors:

Iain McKendrick *(Non-Executive Chairman designate)*¹
Tim Eastmond *(Chief Financial Officer designate)*¹

9 February 2022

Dear Shareholders

Placing of 5,019,100,000 New Ordinary Shares to raise approximately £5.0 million

and

**Placing of 2,273,517,925 New Ordinary Shares pursuant to the
Broker Option to raise approximately £2.3 million**

and

**Notice of Extraordinary General Meeting relating to Placing, the Broker Option and
the Restructuring**

1. Introduction

On 27 January 2022, the Company announced that it has raised approximately £5.0 million (before expenses) via a Placing, undertaken in two components: a firm placing and direct subscription of 691,401,490 New Ordinary Shares issued pursuant to existing share issuance authorities (the “*Firm Placing*”), and a conditional placing and direct subscription subject to Shareholder approval for the issue of 4,327,698,510 New Ordinary Shares (the “*Conditional Placing*”).

In addition, on 26 January 2022 the Company announced an Open Offer to raise up to an additional £2.0 million. The Open Offer was intended to provide existing Shareholders with an opportunity to participate in the proposed issue of New Ordinary Shares at the same price as that offered to institutional and other investors in the Placing. Subsequently, on 31 January 2022, the Company advised that, due to the requirement to submit a Prospectus should the Open Offer proceed and the consequential delay to the timetable for the proposed capital raise whilst a prospectus was prepared, the Open Offer would no longer proceed. In substitution, and to remain true to the commercial intent of providing as many existing Shareholders as possible with the opportunity to participate in the Fundraising on the same basis as new institutional and other investors, the Company announced the launch of a Broker Option. The objective of the Broker Option was to raise up to an additional £2.0 million by accommodating any requests from existing Shareholders, who were also Qualifying Investors, to participate in the Placing, thus affording those Shareholders the same opportunity as was intended by way of the originally intended Open Offer. As announced on 3 February 2022, the Company received applications from the then existing Shareholders who were Qualifying Investors under the

¹ On completion of the Restructuring, each of Bill Schrader and James Smith will resign from the Board, and each of Iain McKendrick and Tim Eastmond will join the Board. Simon Potter has indicated that he will step down from the Board within three months of completion of the Fundraising.

Broker Option for 2,273,517,925 Ordinary Shares, representing an additional approximately £2.3 million. Given the intent of the Broker Option as noted above, the Company decided to accommodate all applications received (including those in excess of the £2.0 million initially intended to be raised via the Broker Option, in accordance with the terms of Broker Option agreement), such that the final Broker Option will raise an additional approximately £2.3 million.

The Issue Price under both the Placing and the Broker Option is 0.10 pence per New Ordinary Share. The Placing Shares and Broker Option Shares will represent, on completion of the Fundraising and Restructuring, approximately 50.2 per cent. and 22.8 per cent. respectively of the Company's Enlarged Share Capital following Second Admission (assuming the Conditional Placing and the issue of the Broker Option Shares and Settlement Shares is approved by Shareholders).

The Firm Placing was conducted pursuant to existing share issuance authorities in place, and the New Ordinary Shares in relation to the Firm Placing were admitted and commenced trading on 1 February 2022.

The Conditional Placing, the Broker Option and the Settlement Shares components of the Fundraising are conditional, *inter alia*, on the passing of the Resolutions by the Shareholders at the Extraordinary General Meeting, which has been convened for 11:00 a.m. on 4 March 2022. If the Resolutions are passed, the New Ordinary Shares in respect of the Conditional Placing, the Broker Option and the Settlement Shares are expected to be allotted after the Extraordinary General Meeting, conditional on Second Admission, which is expected to occur on or around 8:00 a.m. on 7 March 2022. Should Shareholders' approval not be obtained at the Extraordinary General Meeting, the Conditional Placing, the Broker Option and the Settlement Shares will not proceed. Neither the Placing nor the Broker Option has been underwritten.

Assuming completion of the Placing, admission of the Conditional Placing Shares, the Broker Option Shares and the Settlement Shares is expected to occur at 8:00 a.m. on or around 7 March 2022.

The purpose of this document is to explain the background to the Restructuring and the Fundraising, to set out the reasons why the Board believes that the Fundraising is in the best interests of the Company and its Shareholders, and to seek Shareholder approval of the Resolutions that will be put forth at the forthcoming Extraordinary General Meeting, to be held at 34 North Quay, Douglas, Isle of Man, IM1 4LB at 11:00 a.m. on 4 March 2022. The formal notice of the Extraordinary General Meeting is set out at the end of this document.

It is important for Shareholders to be aware that, for the reasons explained in this document, without receipt of the proceeds of the Conditional Placing and the Broker Option, the Company's financial resources will be considerably less than anticipated and the Company would not be able to meet financial obligations due in March 2022 and ultimately it would be unlikely that the Company would be able to continue as a going concern in these circumstances. The Board therefore considers that it is of the utmost importance that Shareholders consider this document carefully, and vote in favour of the Resolutions.

The Directors intend to vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting in respect of their respective shareholdings representing approximately 4.0 per cent. of the Existing Issued Share Capital in issue and unanimously recommend that you vote in favour of all of the Resolutions to be proposed at the Extraordinary General Meeting.

2. Background to and reasons for the Restructuring and Fundraising

The Placing and Broker Option (together, the "*Fundraising*") are part of a consolidated range of operational changes designed to reconstruct the Company and its business (the "*Operational Changes*"), coupled with a restructuring and definitive settlement of the Group's historic debts and liabilities, so as to simplify and 'clean-up' the Company's balance sheet (the "*Financial Restructuring*") (the Operational Changes and the Financial Restructuring together referred to as the "*Restructuring*").

In terms of the Operational Changes, following unsuccessful commercial outcomes with a high risk exploration well and a higher risk appraisal well during 2021 in The Bahamas and Trinidad and Tobago respectively, the Company has sought to redefine its business strategy, operations and goals moving

forward, with a view to focusing on lower-risk production activities, so as to generate and maximise cash flows.

In support of this, the Company has formalised a work programme for 2022 and 2023 which will require the expenditure of approximately US\$7.1 million across the period on activities designed primarily to enhance production in existing producing fields, and is targeting an organic production increase to more than 1,000 bopd by 2024. This in turn is expected to result in the Company becoming financially self-sustaining and generating positive EBITDA and free cash flow.

The proposed Operational Changes also include various changes to the Board and management of the Company going forward, and consequent substantial ongoing reductions to the operating cost base of the Company, to take effect on the successful completion of the Fundraising.

Further details of the Group's forward business and strategy are set out in Section 5 below, further details of the planned 2022 and 2023 work programme are set out in Section 6 below, further details of the various planned Operational Changes are set out in Section 7 below, and further details of the Group's assets are set out in Section 8 below.

In parallel with the proposed Operational Changes, the Financial Restructuring has sought to comprehensively address various legacy liabilities (payables, borrowings and other amounts) owing by the Company, as well as various legacy amounts and liabilities of various subsidiaries of the Company in Trinidad and Tobago, all of which the Company and its subsidiaries in Trinidad and Tobago would otherwise be unable to pay.

The Financial Restructuring should thus be viewed as a comprehensive 'clean-up' of the Company's consolidated balance sheet. The Financial Restructuring also involves the issue of the Settlement Shares in definitive settlement of various outstanding fees, claims and entitlements, a reapproval of the standing share issuance authority, and revised future incentive arrangements for management and employees aligned with achievement of the Company's future goals.

Further details of the Financial Restructuring are set out in Section 3 below, further details of the proposed reapproval of the standing share issuance authority are set out in Section 11 below, and details of the revised incentive arrangements are set out in Section 12 below.

The proceeds of the Fundraising (i.e. the Placing and the Broker Option), when added to projected cash flows from operations, are necessary to provide the financial resources needed by the Company both to execute the 2022/2023 work programme, as well as to meet the costs of the Financial Restructuring, thereby repairing the Company's balance sheet and providing a solid, largely debt-free financial footing for the future.

Further details of use of funds are set out in Section 4 below.

3. The Financial Restructuring

On 1 November 2021, the Company announced, as part of its interim results for the six months to 30 June 2021, that it was in discussions with various suppliers, contractors and financiers in relation to a creditor restructuring coupled with a recapitalisation plan. In that announcement, the Company noted that across the Group there were approximately US\$23 million of total liabilities (payables, borrowings and others) with the Company's available cash balance at that time being approximately US\$2.4 million.

Since that time, the Group has systematically sought to address this situation via a comprehensive Financial Restructuring. In broad terms, this has involved the Company entering into a range of definitive settlement agreements and various compromise arrangements with a wide range of counterparties, which in summary provide as follows:

- (i) Approximately US\$12.0 million of the total reported liabilities (including 100 per cent. of all direct liabilities of the Company and 100 per cent. of those liabilities of the Company's subsidiaries otherwise guaranteed by or with recourse to the Company) will be eliminated at a total cost of approximately US\$2.0 million (approximately US\$0.7 million of which has already been paid from

available cash, and approximately US\$1.3 million of which remains to be paid on completion of the Fundraising), and

- (ii) The balance (approximately US\$11.0 million, all of which comprises residual liabilities and potential exposures at the Trinidadian subsidiary level and entirely non-recourse to the Company) has been restructured according to various discounted and/or deferred payment plans (against which approximately US\$0.5 million has already been paid from available cash and approximately US\$0.4 million remains to be paid subsequent to the completion of the Fundraising), and/or are the subject of pending legal and commercial processes that will see various amounts eliminated on a non-recourse basis, such that the Company considers that on completion of the Restructuring an amount of approximately US\$2.5 million will ultimately remain owing, this amount being at the level of Trinidadian operating companies, non-recourse to the Company. The Company expects this amount to be discharged gradually in the ordinary course of business across 2022/2023, funded from operating cash flows.

In summary, therefore once the Financial Restructuring and Fundraising is completed, the Company will be debt and liability free at the corporate level, and the non-recourse legacy liabilities of the Company's various subsidiaries in Trinidad and Tobago will be reduced to approximately US\$2.5 million – an amount consistent with past general levels of liabilities in Trinidad and Tobago, and which amounts the Company expects can be gradually discharged in the ordinary course of business through operating cash flows.

Put in other terms, once the Restructuring on Fundraising is completed, the previously reported approximately US\$23 million of total liabilities will have been reduced to approximately US\$2.5 million, with no material corporate liability remaining, and with any remaining exposure 'quarantined' at the subsidiary company level, on a non-recourse to the Company basis.

Further details are set out below.

Direct corporate liabilities (i.e., liabilities with recourse to the Company)

As at 31 October 2021, the Company's direct corporate liabilities (including subsidiary level liabilities guaranteed by the Company or otherwise recourse to the Company) comprised of:

- (i) amounts remaining owing in respect of the drilling the Perseverance-1 well in The Bahamas in early 2021 (approximately US\$11.3 million), and
- (ii) outstanding convertible notes not due for repayment until the end of 2023 (approximately US\$0.7 million, inclusive of interest accrued up until the end of February 2022).

In relation to item (i) above - *amounts remaining owing by the Company in respect of the drilling of the Perseverance-1 well* - the Company has entered into binding settlement agreements with relevant creditors, under which the approximately US\$11.3 million of the liabilities are to be settled by way of a cash payment of approximately US\$2.0 million, with approximately US\$0.6 million paid in November and December 2021 and the remaining balance to be settled by payment of a further approximately US\$1.4 million – approximately US\$0.1 million payable by no later than 31 January 2022 and the balance of approximately US\$1.3 million by no later than 17 March 2022. A payment of approximately US\$0.1 million was made on 31 January 2022, and the proceeds from the Conditional Placing are expected to be utilised to make payment of the balance.

In relation to item (ii) above - *the outstanding convertible notes* - the Company and Bizzell Capital Partners Pty Ltd (as principal and on behalf of various underlying noteholders) (collectively the "Noteholders") have agreed that the principal value of the notes that remains outstanding (£500,000) will be discounted by 10 per cent., with that discounted value (£450,000), plus accrued interest on the notes (being £70,000) converted into equity contemporaneously with the completion of the Fundraising, on the same pricing basis as the Fundraising, such that the Noteholders will be issued 520,000,000 New Ordinary Shares and 25,000,000 warrants to subscribe for New Ordinary Shares as the Issue Price up to 20 April 2023 alongside the Fundraising, in full and final settlement of repayment of the principal value of the notes that remain outstanding (and all accrued interest).

The issuance of 520,000,000 Ordinary Shares and the 25,000,000 warrants as set out above to the Noteholders in settlement of the £520,000 convertible loan notes (inclusive of interest) is deemed a related party transaction under the AIM Rules as Stephen Bizzell, a non-executive Director of the Company, controls Bizzell Capital Partners Pty Ltd. Due to the participation of Eytan Uliel in the Placing and Broker Option, the proposed issue to him of 365,000,000 Settlement Shares (see page 26) and the proposed issue of Ordinary Shares to non-executive directors as set out below on page 21 there is no Director independent of the Restructuring and Fundraising to provide the necessary AIM Rules related party transaction opinion. Accordingly, Strand Hanson Limited, the Company's Nominated Adviser, is satisfied that the terms of the settlement as set out above is fair and reasonable insofar as the Company's Shareholders are concerned.

In parallel, a number of other fees, payables, claims and other amounts that would otherwise become owing by the Company on completion of the Restructuring and Fundraising will be settled by the issue of New Ordinary Shares. This will be addressed contemporaneously with the completion of the Fundraising, via the issuance of up to 1,383,058,641 New Ordinary Shares (a number of items remain subject to commercial negotiation and agreement, such that the final number of New Ordinary Shares to be issued could be less). A further 551,559,486 warrants (the "*Fee Warrants*") will be issued to the Company's Bookrunner, Financial Adviser and Placing Agent and various other parties as part compensation for services rendered in respect of the Restructuring and Fundraising (these warrants being to subscribe for Ordinary Shares at the Issue Price with an exercise period of four years after the date of issue).

In aggregate, therefore, up to 1,903,058,641 New Ordinary Shares and 576,559,486 warrants over Ordinary Shares will be issued alongside completion of the Fundraising as part of the overall Restructuring, so as to definitively clear the balance sheet of all outstanding convertible notes and accrued interest, as well as achieve non-cash settlement/payment of various other fees, payables, claims and other amounts that would otherwise become owing by the Company on completion of the Restructuring and Fundraising (together, the "*Settlement Shares*"). Further details are set out in Section 9 below.

The net result of the above is that, on completion of the Restructuring and Fundraising, the Company will have successfully eliminated all direct Company level debts and liabilities. Thereafter, apart from *de minimis* remaining debts and routine payables incurred in the ordinary course of day-to-day business (less than US\$300,000 in aggregate) the Company will be debt-free.

Finally, it is noted that as a result of the ultimate cost of the Perseverance-1 well, a "top-up" premium amount for well control insurance may be claimed by insurers in relation to the final overall cost of the insurance, although the amount of such claim (if any) is presently unknown. The matter remains subject to negotiation with the insurers given the outcome of the creditor settlement process, and further given that the well was completed safely and without incident more than 12 months ago.

Trinidadian subsidiary liabilities (non-recourse to the Company)

In addition to the above-noted recourse liabilities at the level of the Company, a process has been initiated to definitively address various other legacy amounts owed by, and potential exposures of, various subsidiaries of the Company in Trinidad and Tobago (albeit which amounts are non-recourse to the Company). As at 31 October 2021, these legacy amounts comprised of:

- (i) amounts due by various subsidiaries of the Group in Trinidad and Tobago to various suppliers in respect of the drilling of the Saffron-2 well, as well as amounts due by various subsidiaries of the Group in Trinidad and Tobago in respect of legacy payables inherited at the time of the acquisition of Columbus and other creditors (approximately US\$4.5 million in aggregate), and
- (ii) various amounts claimed as owing by various subsidiaries of the Group in Trinidad and Tobago in respect of various legacy licencing amounts and various other claims and potential exposures (approximately US\$6.5 million).

In respect of items (i) above – *amounts due by various subsidiaries of the Group in Trinidad and Tobago to various suppliers of, in aggregate, approximately US\$4.5 million* – the relevant subsidiaries owing these amounts have entered into various settlement agreements with certain major creditors (largely international contractors and larger domestic contractors) and made or agreed to make discounted payments to a range of smaller domestic creditors. The net result is that approximately US\$3.0 million

of the liabilities will be settled by way of a cash payment of approximately US\$1.0 million, with approximately US\$0.5 million, paid to-date and the remaining balance to be settled by payment of a further approximately US\$0.5 million to be paid through the course of 2022 (assuming successful completion of the Fundraising).

Thereafter, in relation to the balance (approximately US\$1.5 million), these remain at the level of relevant Trinidadian subsidiaries without any recourse to the Company. Work is ongoing to further reduce or agree further deferrals of these remaining payables and the Company expects this amount to be progressively repaid/eliminated over the 18 months following completion of the Fundraising, and with such repayments to be met from Trinidadian operating cash flows. It is noted that this level of carry-forward payables is consistent with historic levels in the Trinidadian business, and the Company is thus confident that these residual payables are manageable within the scope of ordinary business.

In respect of item (ii) above – *amounts claimed as owing in respect of various legacy licencing and various other claimed and potential exposures, in aggregate, approximately US\$6.5 million* – a process has been initiated to either restructure the terms of, or in the alternative formally forfeit a non-producing asset, which will eliminate approximately US\$4.3 million of this amount, without further recourse to the Company. As to the balance of approximately US\$2.2 million, approximately US\$1.0 million are theoretical maximum exposures in relation to historic costs which the Company does not consider will crystallise immediately and are expected to be eliminated gradually in the ordinary course of business by way of deferral and/or payment plan arrangements.

The net result of the above is that in respect of the reported approximately US\$11.0 million of non-recourse liabilities and exposures at the level of the Company's Trinidadian subsidiaries, approximately US\$2.5 million remains to be paid, with such amounts expected to be repaid and/or eliminated in the ordinary course of business as explained above. Thereafter, apart from routine payables incurred in the ordinary course of business, those operating subsidiaries, like the Company itself, will be substantially liability/debt-free. As noted above, the remaining US\$8.5 million has been addressed by way of (i) definitive settlements as part of the creditor restructuring process (approximately US\$3.0 million), (ii) a formal process to either restructure the terms or forfeit a licence not in production (approximately US\$4.3 million), and (iii) appropriate management of other amounts that the Company reasonably considers will not ultimately be payable (approximately US\$1.2 million).

4. Cash Position and Use of Proceeds

In May 2021, the Company completed a US\$9.7 million open offer and placing, resulting in a cash position after completion of that open offer and placing of approximately US\$13.7 million. Since that time, approximately US\$5.6 million was used to effect partial repayments of Perseverance-1 creditors, approximately US\$2.5 million was used on drilling the Saffron-2 well, approximately US\$0.4 million was used to effect partial repayments of Trinidad and Tobago creditors and provide working capital support to the Trinidad business unit, and approximately US\$4.6 million was used to pay corporate overheads (including one-off costs as part of the corporate restructuring to reduce overheads from approximately US\$0.7 million a month at peak in February 2021 to less than US\$0.2 million moving forward).

As at 31 January 2022 (inclusive of various creditor settlement payments already made both at the corporate level and in Trinidad and Tobago, but excluding any proceeds from the Firm Placing), the Company has available cash resources of approximately US\$0.4 million. Assuming successful completion of the Placing (including the Broker Option), the Company will receive a further approximately US\$10 million before expenses. Based on the forward work programme, the Company also expects during 2022 and 2023 to generate positive operating cash flows (assuming the growth in production being targeted from the planned work programme).

On this basis, the intended use of funds during 2022 and 2023 is as follows:

- (i) Approximately US\$1.7 million will be applied towards remaining payments to creditors during 2022, as described in Section 3 above;
- (ii) Approximately US\$7.1 million will be applied towards the intended work programme in Trinidad and Tobago and Suriname over the course of 2022 and 2023, including three infill wells on South Erin, waterfloods and recompletions on Goudron, CO₂ enhanced oil recovery and recompletions on

Inniss-Trinity and a pilot well and extended well test in Suriname, as described in Sections 5 and 6 below;

- (iii) Approximately US\$1.5 million will be required to effect paydown of residual Trinidad and Tobago unsecured creditors in the ordinary course of business during 2022 and 2023, as described in Section 3 above;
- (iv) Approximately US\$0.3 million will be applied toward certain of the costs of the Restructuring and Fundraising (it being noted that much of the Restructuring and Fundraising costs are being met via issuance of Settlement Shares, thus removing the need for cash payments by the Company); and
- (v) The residual balance, plus any additional future free cash flows, will be available to be applied towards general working capital, any further work programmes for 2023, and/or pursuing business development/inorganic production growth opportunities.

Assuming the proceeds of the Fundraising and the cash flow assumed to be generated from operations as a result of the intended work programme, the Directors believe that the Company would have sufficient cash available to meet general working capital needs for at least the next 12 months.

5. Business and Strategy

The Company's historic business focus and evolution leading up to the Restructuring and Fundraising

Single-asset high impact exploration focus until mid-2020

Since the Company's inception and until mid-2020, the Company had a single business focus: a group of four geographically and commercially co-joined exploration licences, located in the southern territorial waters of The Bahamas, with an obligation to drill an initial exploration well prior to the end of 2020, targeting a large oil prospect. After more than ten years of preparatory work, the Company had entered 2020 in an advanced state of preparation for the drilling of this well, named Perseverance-1. At that time, drilling was scheduled to commence in April 2020. Thus, at the start of 2020, all activities in the Company were focussed in support of this sole objective.

Plans were materially disrupted by the outbreak of the global COVID-19 pandemic in the beginning of 2020 – extensive in-country lockdowns and border closures were imposed globally making international movement of people and resources very difficult, if not impossible. In the oil and gas industry, this was compounded by a dramatic collapse in oil prices, such that many projects were either delayed or mothballed. The Company was in a similar position to its industry peers, and once confronted with the full scale of the unprecedented COVID-19 crisis it was soon realised that safe and uninterrupted drilling operations in April 2020 could not be assured. In that context, the Company decided the best course of action was to defer the drilling of Perseverance-1 to the end of 2020, after the domestic hurricane season in The Bahamas and allowing additional time for appropriate planning and preparation once the impacts of the pandemic were better known.

Pandemic-led shifts in the industry dynamics necessitated a review of the Company's single-asset business model

In the following months, during what could perhaps be described as a period of extended industry "inactivity" occasioned by the pandemic-caused demand collapse and low oil price environment, the Company undertook a review of prevailing conditions in the oil and gas exploration sector and concluded that a business model based on a single-project, high-impact exploration outcome in a frontier location was unlikely to be sustainable in a world being fundamentally – and rapidly – reshaped.

It was determined that a shift in strategy was necessary and eminently possible. Given the prevailing state of the industry, the Company considered that it should broaden from being a single-asset business into a full-cycle exploration and production company centred on the Caribbean and the Atlantic margin. The intention was to complement high-impact exploration with active oil production and thus cash flow. The objective the Board set for management was thus to work toward assembling a diverse portfolio of assets, in multiple jurisdictions, and with a spread of operational activity across the industry spectrum – from production and development to appraisal and exploration.

The Company evolved from single-asset focus to a full-cycle exploration and production business

In terms of execution of the strategy described above, through the course of 2020 there were two notable developments. In June 2020 the Company was successful in its application for a high-impact exploration licence offshore Uruguay. Also, in June 2020 a transaction in which the Company would acquire 100 per cent. of Columbus Energy Resources PLC (“*Columbus*”) was announced. Columbus owned and operated a range of complementary oil assets in Trinidad and Tobago, and Suriname.

That latter transaction completed in August 2020, such that in the space of approximately six months, the Company had been transformed from being a company with one high-impact exploration project in one country (The Bahamas) at the start of 2020 to a company with a portfolio of 14 assets across the exploration and production life-cycle in four jurisdictions (The Bahamas, Uruguay, Trinidad and Tobago, and Suriname). The Company’s portfolio comprised of five onshore producing fields in Trinidad and Tobago, and several other exploration/appraisal prospects which included two immediate higher risk higher reward drill-ready opportunities – the Perseverance-1 well in The Bahamas and the Saffron-2 well onshore Trinidad and Tobago.

Drilling activity ensued targeting transformational near-term production boost and long-term growth but which did not produce commercial outcomes

Both these drill-ready opportunities, whilst at the higher end of the risk spectrum, were considered highly prospective and had the potential to transform the Company. Specifically, the Perseverance-1 well offshore The Bahamas was targeting a multi-billion-barrel potential play that, had a discovery been made, would have created enormous shareholder value and secured the Company’s long-term future. The Saffron-2 well onshore Trinidad and Tobago was targeting de-risking a multi-million-barrel potential development for near-term production growth, and had the well been a technical success, was expected to boost production immediately by an estimated 200 – 300 bopd and pave the way for a long-term development that could add material production and cash flow.

The Company drilled the Perseverance-1 well between December 2020 and February 2021, and the Saffron-2 well between May 2021 and July 2021. Unfortunately, both these drilling campaigns did not produce a commercial outcome, and both wells experienced significant cost increases through the course of drilling. As a consequence, the Company’s legacy payables position expanded considerably, to a level considerably in excess of available cash resources, and without the benefit of successful drilling campaigns, no ability to secure additional capital to meet that shortfall.

The Restructuring and the Fundraising is a direct response to that circumstance.

2021 Operational Highlights

Total group production in Trinidad and Tobago for 2021 was 142,816 barrels of oil, equating to approximately 391 bopd average across the full year. Average realised oil price across 2021 was US\$60 per barrel (noting that this reflects the oil price as pertained during 2021 – at current benchmark oil prices in excess of US\$80 per barrel, the expected average realised oil prices are considerably higher, at greater than approximately US\$70 per barrel). Net revenues received by the Company (i.e., after taking into account physical delivery losses, first tranche oil deductions, handling fees and all relevant Government take) was approximately US\$4.1 million, representing a net take of approximately 52 per cent.

Field-level operating profit (unaudited) was approximately US\$0.8 million, representing an operating profit per barrel of approximately US\$6. Net of in-country overhead and administration expenses (inclusive of lease costs), the Trinidad and Tobago business unit incurred a loss (unaudited) in 2021 of approximately US\$0.3 million, although the business unit currently operates on an approximately break-even basis following implementation of certain cost reduction measures in Q4 2021.

In respect of the Company’s South Erin licence, as at end 2021, the Company had reached agreement and executed an extension to the licence arrangement (being a Farmout Agreement) with Heritage Petroleum Company Limited (“*Heritage*”), the Trinidad and Tobago state-owned oil and gas company. Under this extension, the Farmout Agreement has been extended for two years until December 2023, during which period the Company must fulfil an agreed work obligation, consisting of the drilling of three wells. One of these wells is required to be undertaken in 2022, and two in 2023. Upon completion

of these obligation wells, the Farmout Agreement is extendable for a further period till 30th September 2031, being the coterminous expiry date of Heritage's core licence.

In respect of the Company's Inniss-Trinity licence, the Company and Heritage have engaged in negotiations relating to the grant of a new Enhanced Production Sharing Contract ("EPSC") sub-licence for a period coterminous with the remainder of the term of Heritage's core licence, i.e., nine years and nine months to 30th September 2031. To allow time to conclude the final terms remaining to be settled and preparation of EPSC documentation, Heritage has granted a three-month interim extension of the existing Incremental Production Services Contract ("IPSC") to 31 March 2022 – similar to the interim extension process that pertained in relation to the Company's Goudron field prior to the execution of the Goudron EPSC in November 2020.

In relation to HSE&S, operations in 2021 took place without the occurrence of any Lost Time Incidents. The Company was awarded Safe to Work certification in Trinidad and Tobago for two years, effective 5 August 2021. This is the maximum period for which a company can be accredited. Throughout 2021, Trinidad and Tobago operations and activities continued relatively uninterrupted despite the ongoing COVID-19 pandemic. This was inclusive of conducting both drilling operations and routine activities during a limited State of Emergency and the implementation of nationwide curfews.

Forward focus – deliver organic production growth

Given the outcomes from the two successive drilling campaigns (in The Bahamas and onshore Trinidad and Tobago, as described above), and the need to address the legacy payables and inability to pay them, the Company has sought to redefine its strategy, and thereafter restructure its business operations and reconstruct its balance sheet, so as to chart a future course for the Company.

The first element – redefining the Company's strategy – has sought to focus on the Company's core production assets in Trinidad and Tobago, which the Company considers to be of intrinsic value given they are in (i) production, and (ii) retain organic production growth potential and thus increased cash generation potential.

The Company's strategic focus going forward is thus to concentrate all business activities, work programmes and available cash resources on lower-risk production and production enhancement activities. In the immediate term, this will see the Company execute a focused low-risk development work programme during the course of 2022 and 2023, targeting growth in production from approximately 400 bopd at present to over 1,000 bopd by 2024.

A corollary to this revised strategy is that existing higher-risk assets (the projects in The Bahamas, in Uruguay and in the South West Peninsula of Trinidad and Tobago) will be retained but considered non-core – that is, retention of these projects for the foreseeable future will be only on the basis of the relevant project requiring limited work and limited capital expenditure. No material work or capital expenditure is thus planned in respect of 'legacy' exploration assets in The Bahamas, Uruguay, or the South West Peninsula of Trinidad and Tobago, beyond routine work required to maintain the relevant licences in good order and progress discussions relating to farm-out and/or other monetisation options – the costs associated with such activities during 2022 are expected to be minimal. A central element of the future direction of these existing higher-risk assets will be to seek farm-out partnerships or other partnering arrangements that will reduce both risk and the need for any material capital allocation from the Company to those assets.

Inorganic growth opportunities

Complementing the Company's strategic focus through 2022 and 2023 on organic production growth from low-risk development opportunities within the existing portfolio, the Company considers that on completion of the Fundraising and Restructuring it will be well positioned to opportunistically pursue complementary inorganic growth opportunities.

In this regard, a number of new onshore business development activities are currently being considered by the Company, with a view to creating a pathway for the Company to see further production growth in the near-term. In particular:

- (i) the Company is evaluating a number of “bolt-on” acquisition opportunities of existing producing fields onshore Trinidad and Tobago. In particular, the Company has already identified certain specific acquisition opportunities with current production ranging between 300 – 400 bopd (as well as incremental production growth potential in excess of 1,000 bopd), which, if successfully concluded, the Company believes could be immediately accretive to production and cashflows;
- (ii) the Company has been invited to submit letters of interest for available onshore production blocks being offered by the Trinidad Ministry of Energy and Energy Industries, and anticipates the commencement of the negotiation process for potential new blocks to begin in the second quarter of 2022; and
- (iii) the Company has submitted an Expression of Interest to Heritage for new onshore sublicences with a focus on improved oil recovery opportunities at existing production fields, as a means of enabling the Company’s experience in recent years to be strategically extended to new onshore fields. The Company anticipates this new sublicensing process to commence during 2022.

The Company will be seeking to mature one or more of these opportunities through the course of 2022, although no assurances can be provided at this time as to whether such opportunities can be successfully concluded, or in what timeframe, or on what terms.

6. 2022 and 2023 Planned Work Programme and Capital Costs

The Company’s planned low-risk development work programme for 2022 and 2023, in Trinidad and Tobago and Suriname, has been guided by detailed technical review and full-field asset reference plans undertaken by the Company for each of the operating fields. This technical work has identified potential for improved reservoir recovery and potential unswept or compartmentalised oil that may be recovered through production optimisation, workovers, recompletion of certain zones, enhanced oil recovery techniques such as CO₂ injection, water injection or other similar techniques, as well as potential infield drilling. Further, to supplement a targeted low-risk development work programme in Trinidad and Tobago, the Company also plans to undertake low-cost appraisal activity in Suriname, which, in a success case, provides further organic production growth potential within the existing portfolio.

The Company’s planned work programme for 2022 and 2023, and anticipated capital costs, is summarised in the table below:

Table A: Planned 2022/2023 Work Programme

<i>Field</i>	<i>Work programme</i>	<i>Capex estimate</i>	<i>Approximate current production</i>	<i>Production target (2024)</i>
South Erin	Three infill wells – one in 2022 and two in 2023	US\$3.9 million	c. 50 bopd	c. 225 bopd
Goudron	Waterflood and recompletions	US\$1.3 million	c. 200 bopd	c. 575 bopd
Inniss-Trinity	Recompletions and CO ₂ enhanced oil recovery and recompletions	US\$1.2 million	c. 130 bopd	c. 325 bopd
Bonasse/Icacos	Recompletion	– ^	c. 20 bopd	c. 35 bopd
Suriname: WNZ	Appraisal well and production testing	US\$0.7 million	Nil	Nil
Total		US\$7.1 million	c. 400 bopd	c. 1,160 bopd

Note ^: up to two recompletions are included in the 2022 and 2023 work programme in relation to Bonasse/Icacos fields. The estimated costs are <US\$0.05 million.

Further notes on the Company's intended Trinidad and Tobago work programme during 2022 and 2023, taking into account existing and anticipated work commitments, as well as desired discretionary work programmes focused on achieving material growth in production and cash flow (and assuming capital availability), are summarised as follows:

Goudron

The Company owns 100 per cent. of the rights to the Goudron field by way of an EPSC with Heritage. The EPSC was renewed in 2020 and expires in June 2030. Current production at the Goudron field is circa 200 bopd. The Company's forward work programme is to undertake a series of waterflood programmes as well as recompletion and workover activities on the existing well stock during 2022 and 2023, targeting up to approximately 300 bopd of incremental production.

Inniss-Trinity

The Company owns 100 per cent. of the rights to the Inniss-Trinity field by way of an IPSC with Heritage. The IPSC has been extended to 31st March 2022 on an interim basis to allow finalisation of key commercial terms and documentation for a fresh EPSC with September 2031 expiry. Current production at the Inniss-Trinity field is circa 130 bopd. The Company's forward work programme is to undertake a CO₂ enhanced oil recovery pilot project in two different parts of the field as well as undertake recompletion activities on the existing well stock during 2022 and 2023, targeting up to approximately 150 bopd incremental production.

South Erin

The Company owns 100 per cent. of the rights to the South Erin field by way of a farmout agreement ("*Farmout*") with Heritage. The Farmout has been extended for a two-year term till 31st December 2023 and is extendable for a further term till September 2031, subject to, *inter alia*, completion of the minimum work obligations in the current term. Current production at the South Erin field is circa 50 bopd. The Company's forward work programme is to drill three infill wells, targeting up to approximately 150 bopd incremental production.

Bonasse and Icacos

The Company owns 100 per cent. of the rights to the Bonasse field and the Icacos field under petroleum licences from the Ministry of Energy and Energy Industries ("*MEEI*"). The licences have a 20-year term with the Bonasse licence expiring in May 2039, while the Icacos licence is pending formal execution by MEEI. Current production from the Bonasse and Icacos fields is circa 20 bopd. The Company's forward work programme is to undertake up to two recompletions, targeting up to approximately 20 bopd incremental production.

Suriname

In addition to the above-noted work in Trinidad and Tobago, the Company intends to undertake the drilling of a test well, and carry out an extended well production test, in Suriname. This programme is designed to appraise the producibility of the discovered resource in the Weg Naar Zee block. The well will be drilled to a total depth of less than 1,000 ft and target the largest of the undrained pools (twinning with a successful historical production well). In a success case, the Company expects some production from the well (in the range of 20 bopd to 40 bopd) but, more importantly, would use the results of this programme for a broader field development concept, with a view to establishing a producing field generating 500 bopd or more of production.

Based on the above, assuming the proceeds of the Fundraising and the cash flow assumed to be generated from operations as a result of the intended work programme, the Directors believe that the Company would have sufficient cash available to meet general working capital needs for at least the next 12 months. Further, the Company's anticipated cash holdings following completion of the Restructuring and Fundraising (and in particular the fact that the Company will be largely debt-free as a result of the Restructuring), together with expected production income through 2022 and 2023, is expected to be sufficient to meet all of the above-noted costs for both 2022 and 2023.

7. Operational Changes

Changes to the Board

The Board currently consists of William (Bill) Schrader (Non-Executive Chairman), Eytan Uliel (Chief Executive Officer), James Smith (Non-Executive Deputy Chairman), Stephen Bizzell (Non-Executive Director) and Simon Potter (Non-Executive Director).

Following completion of the Restructuring and Fundraising, William Schrader and James Smith will step down as Directors of the Board and Iain McKendrick will be appointed as Non-Executive Chairman of the Board, and Tim Eastmond will be appointed as Chief Financial Officer and will join the Board.

Therefore, following successful completion of the Restructuring and Fundraising, the Board is expected to consist of Iain McKendrick (non-executive Chairman), Simon Potter (non-executive director), Stephen Bizzell (non-executive director), Eytan Uliel (CEO), and Tim Eastmond (CFO). Further, Simon Potter has indicated that he will step down from the Board within three months of completion of the Fundraising.

Given the above, it is the intention following completion of the Restructuring and Fundraising to commence a process to recruit up to two additional non-executive directors of the Board. In view of the revised strategic focus of the Company, the ideal Board candidates would present with strong industry and technical backgrounds.

Brief biographical details of the proposed new Board members are as follows:

Iain McKendrick, *proposed Non-Executive Chairman*

Iain McKendrick has over 30 years of industry experience, holding Board positions across several listed companies. He was previously with NEO Energy, was Chief Executive Officer of Ithaca Energy, was Executive Chairman of Iona Energy, and spent several years with Total, including acting as Commercial Manager of Colombia.

Tim Eastmond, *proposed Chief Financial Officer*

Tim Eastmond has over 25 years of industry experience. He was previously Vice President Finance at Phoenix Global Resources, a Mercuria-backed AIM-quoted company, was Director of Finance at AIM-quoted Green Dragon Gas and was with PricewaterhouseCoopers for over 20 years in the Energy and Infrastructure and Capital Markets Groups.

The following additional information is provided in accordance with paragraph (g) of Schedule Two of the AIM Rules.

Iain Charles McKendrick (aged 57) has held the following directorships and/or partnerships in the past five years.

<i>Current Directorships/Partnerships</i>	<i>Past Directorships/Partnerships (last five years)</i>
Kellas Group Holdings Limited	Iona UK Huntington Limited
Silverstream Holdings Midco Limited	Iona UK Developments Co Limited
Silverstream Bidco Limited	Tailwind Energy Chinook Ltd (formerly Iona Energy Company (UK) plc)
	Beacon Production Limited
	Beaconsfield Collections Limited

Iona Energy Company (UK) plc and certain of its subsidiary undertakings entered administrative proceedings 6 January 2016 with an estimated shortfall to creditors of US\$258 million.

Timothy John Eastmond (aged 49) has held the following directorships and/or partnerships in the past five years.

<i>Current Directorships/Partnerships</i>	<i>Past Directorships/Partnerships (last five years)</i>
Azimuth Financial Limited	None

There is no further information to be disclosed in relation to Iain McKendrick or Timothy Eastmond's appointments pursuant to paragraph (g) of Schedule Two of the AIM Rules for Companies.

On completion of the Restructuring and Fundraising, the three existing Committees of the Board will be reconstituted as follows:

- (i) *Audit Committee* – Stephen Bizzell (Chair), Iain McKendrick and Tim Eastmond
- (ii) *HSE Committee* – Simon Potter (Chair), Iain McKendrick and Eytan Uliel
- (iii) *Nominations & Remuneration Committee* – Iain McKendrick (Chair), Simon Potter and Eytan Uliel

At such time as further transition of the Board takes place, the composition of the various Board Committees will be revised accordingly.

Shareholders are advised that as part of the Placing, Iain McKendrick (Chairman designate) and certain of the key executives of the Company, namely Eytan Uliel (Chief Executive Officer), Tim Eastmond (Chief Financial Officer designate) and Gagan Khurana (Chief Commercial Officer designate), subscribed for Ordinary Shares for an aggregate of £275,000. In addition, as part of the Broker Option, Eytan Uliel, will subscribe for 20,000,000 Ordinary Shares for an aggregate subscription amount of £20,000. In aggregate these participations represented approximately 5.9 per cent. of the Placing and approximately 4.0 per cent. of the total Fundraising (i.e., inclusive of the Broker Option).

Shareholders are further advised that as part of the Placing, Bizzell Capital Partners Pty Ltd, a firm controlled by Stephen Bizzell (non-executive director) subscribed for Ordinary Shares for an aggregate of £200,000. Of this amount, approximately £50,000 represents Ordinary Shares held or to be held beneficially on behalf of Stephen Bizzell (with £29,000 of these subscriptions having been issued in the Firm Placing), with the balance held on behalf of clients of Bizzell Capital Partners Pty Ltd. Stephen Bizzell's direct participation represented approximately 1.0 per cent. of the Placing and would represent approximately 0.7 per cent. of the total Fundraising (i.e., inclusive of the Broker Option).

The subscription for New Ordinary Shares in the Placing by Bizzell Capital Partners Pty Ltd, as set out above, for a value of £200,000 is considered a related party transaction for the purposes of the AIM Rules. Due to the participation in the Placing and Broker Option by Eytan Uliel, the proposed issue to him of 365,000,000 Settlement Shares and the proposed issue of Ordinary Shares to the non-executive directors, as set out below on page 21 there is no Director independent of the Restructuring and Fundraising to provide the necessary AIM Rule related party transaction opinion. Accordingly, Strand Hanson Limited, the Company's Nominated Adviser is satisfied that the terms of the subscription by Bizzell Capital Partners Pty Ltd are fair and reasonable insofar as the Shareholders are concerned.

In relation to compensation of non-executive Board members, Shareholders are advised as follows:

- (i) all current non-executive Directors have not drawn any directors fees that they are contractually entitled to since at least October 2021, and have agreed to forego payment of those fees, as well as (in the case of non-continuing directors) to forego any termination payments otherwise due on cessation of being a director, and all directors have agreed that all directors fees accrued and owing up to the time of their ceasing to be a Director will be satisfied through the issuance of Ordinary Shares contemporaneously with completion of the Fundraising and Restructuring. Accordingly, a total of 150,693,000 New Ordinary Shares will thus be issued amongst all non-executive Directors, and comprise part of the Settlement Shares (see further Section 9 below).
- (ii) The Chairman designate has agreed to a Board fee of £45,000 per annum (inclusive of the fee for service on one Board committee), plus £5,000 per annum per Committee for service on any additional board Committees. This represents a reduction of approximately 25 per cent. to the

fees historically paid to the Chairman of the Company, and the Company believes this compares favourably to fees paid to non-executive Chairmen at other similar AIM-quoted entities.

- (iii) Non-executive Directors fees going forward, both for existing non-executive Directors and for any new non-executive directors that may be recruited, will be £35,000 per annum (inclusive of the fee for service on one Board committee), plus £5,000 per annum per Committee for service on any additional board Committees. It is noted that these fee levels are approximately 25 per cent. lower than historic levels of non-executive Director Board fees at the Company, and the Company believes this compares favourably to non-executive Board fees paid at other similar AIM-quoted entities.

The issue of the 150,693,000 Ordinary Shares at the Issue Price to all Non-Executive Directors of the Company, as set out above, is deemed a related party transaction under the AIM Rules. Due to the participation of the only other Director, Eytan Uliel in the Placing and Broker Option and the proposed issue to him of 365,000,000 Settlement Shares (see page 26), there is no director independent of the Restructuring and Fundraising (of which the issue of these shares forms a part) to provide the necessary AIM Rule 13 related party transaction opinion. Accordingly, Strand Hanson Limited, the Company's Nominated Adviser, is satisfied that the terms of the issue of the shares are fair and reasonable insofar as the Shareholders are concerned.

The issue of the above Ordinary Shares to the Company's non-executive Directors is comprised as follows:

William Schrader	27,083,333
James Smith	17,708,333
Simon Potter	59,026,334
Stephen Bizzell	46,875,000

Changes to management and operations

With the revised focus and forward strategy as described in Section 6, significant changes have been made and/or are proposed to be made to the Company's operating structure and management team, including as follows:

- (a) In addition to Tim Eastmond commencing as Chief Financial Officer, the Company has entered into an agreement with a highly experienced UK-based petroleum engineer with robust reservoir engineering background, who on successful completion of the Fundraising, will relocate to Trinidad and Tobago to assume responsibility for the Company's revised production focused business strategy - further details will be provided at that time.
- (b) Certain prior executives (including the Chief Operating Officer and Finance Director) have either ceased to be employees of the Company or will shortly cease in those roles. Gagan Khurana will assume the role of Chief Commercial Officer.

Full details of the Company's management team will be provided on completion of the Fundraising and Restructuring.

In addition to the above, various other non-essential staff positions have been eliminated, the Company's operating office in The Isle of Man has been shut and replaced with a corporate service provider, the Company's operating office in The Bahamas has been shut and any residual Bahamian operations going forward will be serviced from Trinidad and Tobago, and the Company has established a small (serviced) London office to act as a central hub for coordinated operational activity.

With these additions and changes, the operating footprint of the Company has been significantly reduced, and the core executive management team of the Company streamlined to a group considerably leaner and more cost-effective than in the past. On this basis, the overall operating cost of the Company is approximately US\$2 million per annum (excluding costs in Trinidad and Tobago, which are anticipated to be met by in-country operating cash flows). This is inclusive of staff salaries, Board costs, insurances,

occupancy costs, and all costs associated with being a listed entity, which is comparable with the operating cost base of similar sized AIM-quoted companies and is thus considered appropriate on a go-forward basis.

Notwithstanding this, the Chief Executive Officer has been tasked by the revised Board to make further recommendations to the Board as to the appropriate management structure, skills maintenance and staffing levels, with a view to implementing any further management and organisational changes in the coming 3-4 months.

8. Information on the Group

Information on Challenger Energy

Challenger Energy is a Caribbean and Atlantic margin focused oil and gas company, with a range of production, development, and exploration assets and licences, located onshore in Trinidad and Tobago, and Suriname, and offshore in the waters of The Bahamas and Uruguay. In Trinidad and Tobago, Challenger Energy has five producing fields, and in Suriname, Challenger Energy has an onshore appraisal/development project – these producing and near-term production assets comprising the core focus of the Company’s activities. Additionally, Challenger Energy has a dominant licence position and multiple exploration prospects in the South West Peninsula of Trinidad and Tobago, and exploration licences in each of Uruguay and The Bahamas – all of the company’s exploration portfolio are characterised by low holding costs, minimal near-term work commitments, and material, high-prospect targets.

Information on Challenger Energy’s core assets

Trinidad and Tobago

In Trinidad and Tobago, the Company has five producing fields – comprising of some 250 wells (of which over 80 are producing) – with current production averaging in the range of 400 bopd. At an approximate US\$65/bbl realised oil price, 400 bopd of stable production from these fields results in annual cash flows to CEG of approximately US\$5 million per annum, net of government take. This adequately covers the Company’s in-country operating costs and overhead in Trinidad and Tobago. The Company’s strategic target is to see production increase organically to approximately 1,000 bopd by 2024, which would result in the Company being EBITDA positive, generate sufficient cash flow to cover all operating costs and overhead (both Corporate and in Trinidad and Tobago) and generate free cash flow beyond that.

A brief overview of the Company’s primary fields in Trinidad and Tobago is set out below:

- a) ***Goudron Field:*** through a subsidiary company, the Company owns 100 per cent. of the rights to the Goudron field by way of an EPSC with Heritage, the Trinidad and Tobago state-owned oil and gas company. The EPSC was renewed in 2020 and expires in June 2030. The Company is progressing enhanced oil recovery programmes at Goudron to support increased production, for example by undertaking a water injection pilot project focused on re-pressuring reservoir units. Additionally, regular well workover operations are undertaken on the existing production well stock, including well stimulation operations, reperforations, and repairs to shut-in wells, as and when appropriate. In addition, the Company has identified certain infill drilling opportunities in the field with the potential to grow the production further in the longer term.
- b) ***Inniss-Trinity Field:*** through a subsidiary company, the Company owns 100 per cent. of the rights to the Inniss-Trinity field by way of an IPSC with Heritage. The IPSC has been extended to 31st March 2022 on an interim basis to allow finalisation of key commercial terms and documentation for a fresh EPSC with September 2031 expiry. During 2020 and 2021, a pilot CO₂ enhanced oil recovery project was undertaken to establish the potential for increasing field production and with a view to assessing the applicability of the technique for other onshore opportunities. The Company is progressing further CO₂ enhanced oil recovery work in the near-term as well as regular well workover operations are undertaken on the existing production well stock and repairs to shut-in wells, as and when appropriate.
- c) ***South Erin Field:*** through a subsidiary company, the Company owns 100 per cent. of the rights to the South Erin field by way of a Farmout with Heritage. The Farmout has been extended for a two-year term until 31st December 2023 and is extendable for a further term until September 2031,

subject to, *inter alia*, completion of the minimum work obligations in the current term. Regular well workover operations are undertaken on the existing production well stock and repairs to shut-in wells, as and when appropriate. The Company has identified a number of drill-ready compartments on the licence, three of which are intended to be drilled during 2022 and 2023

- d) *Bonasse and Icacos (South West Peninsula (“SWP”) Fields)*: the SWP contains the Bonasse and Icacos fields. Through subsidiary companies, the Company holds a 100 per cent. interest in a number of private petroleum licences for the Bonasse, Cedros and Icacos licence areas. Similar to the other fields, regular well workover operations are undertaken on the existing production well stock and repairs to shut-in wells, as and when appropriate.

In December 2020, ERC Equipoise Pte Ltd (“ERCE”) prepared a Competent Person’s Report (“CPR”) for the hydrocarbon reserves and contingent resources held by the Company within several oil and gas accumulations in the Company’s asset portfolio. A summary of the reserves and resources from that report are below.

<i>Reserves (MMbbls)</i>	<i>1P</i>	<i>2P</i>	<i>3P</i>
Total	0.7	1.3	1.9

<i>Contingent resources (MMbbls)</i>	<i>1C</i>	<i>2C</i>	<i>3C</i>
Total	0.7	7.5	24.7

Company working interest reserves and contingent resources are based on the working interest share of the field gross reserves or resources as applicable and are prior to deduction of royalties. Contingent resources are unrisked and have not been risked for chance of development and are sub-classified as development unclarified. Totals are added arithmetically which means statistically there is a greater than 90 per cent. chance of exceeding the total 1P/1C and less than a 10 per cent. chance of exceeding the total 3P/3C.

The Company owns and operates two workover rigs which are used to complete incremental workover projects across its fields of operation. The Company expects to undertake approximately 150 well workovers per annum with the scope of work ranging from routine maintenance to pump installations and replacements, wellbore clean-outs as well as perforation of additional oil-bearing zones identified but previously not produced. The workover activity is generally evenly spread throughout the year except during the wet season.

In addition to the above fields in active production, through a subsidiary the Company owns 83.8 per cent. of the rights to the Cory Moruga licence, alongside its partner Touchstone Exploration Inc. which owns 16.2 per cent. The Cory Moruga licence includes the Snowcap oil discovery, with oil previously having been produced on test from the Snowcap-1 and Snowcap-2ST wells, and with an approved development plan for this field in place. Historically, over US\$40 million has been spent on technical work and drilling in this licence area. The Cory Moruga licence is a direct licence from the Ministry of Energy and Energy Industries (MEEI) and is characterised by high annual licence fees. Additionally, the Ministry is claiming various past fees and dues relating to this licence, dating back as far as 2012. The Company has, however, been able to obtain old records from prior owners of the licence and in the process located and provided documentation to MEEI evidencing payment of some of the various past fees and dues being claimed. The Company is also disputing some of the other past fees and dues being claimed as not being payable in respect of the relevant time period, and has in any event proposed a “rebasement” of this licence whereby all claimed past dues would be cancelled, the annual licence fees rebased to an appropriate level, and a new future work programme agreed. To the extent a suitable arrangement of this nature cannot be agreed with MEEI, the Company intends to surrender the licence, in which case the subsidiary company holding the licence will be placed into administration, and all liabilities claimed in respect of this licence will be eliminated, without recourse to the Company (albeit in this circumstance, in addition to forfeiting the licence, substantial tax losses associated with that subsidiary entity will be lost).

Suriname

In October 2019, through a subsidiary the Company entered into a Production Sharing Contract (“PSC”) with Staatsolie Maatschappij Suriname N.V, the Suriname state-owned petroleum company (“*Staatsolie*”), to secure an onshore appraisal/development project contained in the Weg Naar Zee Block (“WNZ”). The Company holds a 100 per cent. working interest in WNZ, however, Staatsolie has the right to participate in the development phase with up to a 50 per cent. working interest, subject to Staatsolie reimbursing Challenger for its *pro-rata* share of costs incurred up to that point and funding its own share of costs thereafter.

WNZ is a large block (900 km²) in a proven hydrocarbon province with 70 historic wells and 2D seismic coverage. Up to 24 MMbbls STOIP (15 degrees API) have been identified in eight pools and independently assessed 2C contingent resources of 1.1 MMbbls and 3C contingent resources of 3.5 MMbbls.

An appraisal well followed by an extended well test (“EWT”) has been designed to appraise the producibility of the discovered resource in the WNZ block. To date, approval from Staatsolie to proceed with the planned drilling programme has been received as has approval from NIMOS (the Surinamese environmental regulator). The proposed well site has been scouted, various in-country contractors and well equipment has been sourced, and rig tenders have been received from a number of suppliers.

The Company plans to drill the first WNZ well in the second quarter of 2022. This first well that will target the largest of the undrained pools (twinning with a successful historical production well), will be drilled to a total depth of less than 1,000 ft. and has an estimated cost of US\$0.7 million. In a success case, the Company expects some production from the well (in the range of 20 bopd to 40 bopd) but, more importantly, would use the results of this programme for a broader field development concept, with a view to establishing a producing field generating 500 bopd or more of production.

Tax Losses

The Company has approximately US\$100 million of accumulated unused tax losses, held in various of its subsidiary companies in Trinidad and Tobago, which subject to applicable rules and regulations in Trinidad and Tobago, can generally be used to shelter future income over time.

Appraisal and Exploration assets

The Company has a portfolio of legacy appraisal and exploration projects in Trinidad and Tobago, The Bahamas, and Uruguay. Being comparatively high-risk, and as described above, these no longer comprise part of the Company’s core activity programme in the near-term. However, each of these projects can continue to be held at very low cost for future option value, or alternatively can be discontinued without financial repercussion.

A. The Saffron Project

The Saffron Project is located on the Bonasse licence in the South West Peninsula, onshore Trinidad and Tobago. The Saffron-1 well, drilled in late 2019/early 2020, had discovered oil in the Middle and Lower Cruse reservoir horizons. That well however had been beset by various issues during the drilling campaign, such that no production testing of the Lower Cruse reservoirs had been possible. The Company, on assuming control of the asset from August 2020, analysed the data from the Saffron-1 well, and used that analysis to inform a well design and plan for a second Saffron well. Upon obtaining the requisite planning and ministerial approvals, the Saffron-2 appraisal well, the Company’s first operated drilling onshore Trinidad and Tobago, was successfully drilled to TD of 4567 ft in June and July 2021. Saffron-2 encountered multiple oil-bearing horizons in the Upper Cruse, Middle Cruse and Lower Cruse reservoir zones. Subsequent production tests proved the ability to flow high-quality oil from the Lower Cruse reservoirs, although sustained production from these reservoir units could not be achieved due to technical and mechanical issues encountered in these zones. The Middle Cruse reservoir sections were production tested and achieved initial commercially viable production rates of approximately 80 bopd, but then witnessed rapid decline thereafter, coupled with variable production rates and high rates of water production. The Company thus continues to undertake work to incorporate the results of the Saffron-2 well into an updated geological and reservoir model, so as to seek potential engineering solutions to these issues. Strategically, given these issues, the Company has begun investigating options for a farm-out of

the Saffron project, which, if achieved, would present a fundamentally different approach and risk profile for development of the project than has been considered to-date.

B. The Bahamas

Drilling of the Perseverance-1 well in The Bahamas commenced on 20 December 2020 and was completed in February 2021. The well was drilled offshore at a location approximately 20 miles from the Bahamas-Cuba maritime border, in water depth of approximately 518 meters. The well was drilled safely and without incident, despite the adverse and ever-changing impacts of the global pandemic, with stringent (and costly) COVID-19 management protocols operating effectively throughout the drilling campaign, and the attempts (ultimately unsuccessful) by environmental activists to derail the Company's Government-approved operations. The successful completion of Perseverance-1 well represented the first exploration drilling in The Bahamas since the mid-1980s, and the first test of any prospect located in deeper waters off the shallower water carbonate banks. The well reached a depth of 3,905 meters, having intersected five Albian, Upper Aptian, and Mid-Aptian geological horizons of interest. Following completion of drilling operations, the well was plugged and secured in accordance with international and BSEE (Bureau of Safety and Environmental Enforcement) standards. The well did not result in a discovery at the drilling location, with the source quality and migration interpreted as being the primary reason for this well outcome. However, post-well petrophysical analysis of the well logs confirmed high quality reservoirs down to the base of the well, with no significant deterioration in porosity with depth, indicating the potential for high deliverability reservoirs in the deeper underlying Jurassic formations. The technical findings from Perseverance-1 well thus support a forward programme focussed on deeper Jurassic horizons. As such, the Company has initiated a farm-out process to seek a suitable partner for the next phase of activity in The Bahamas. In parallel, in March 2021 the Company notified the then Government of The Bahamas of its intent to renew the four southern licences into a third 3-year exploration period. A new Government was elected in The Bahamas in September 2021, and the Company is engaging with the new administration on the renewal process.

C. Uruguay

In June 2020, following a competitive bid process, the Company was notified that it was the successful applicant for the OFF-1 offshore block in Uruguay. Subsequently, the Company has been advised by ANCAP, the Uruguayan state-owned oil and gas company, that the signing of the licence for the OFF-1 offshore block presently awaits presidential approval, which has been delayed due to the COVID-19 pandemic situation. Subject to the formal licence execution the Company will commence initial desk-top and enhanced technical work. Technical work undertaken independent of the Company by ANCAP has sought to highlight exploration prospectivity across the circa 15,000 km² licence area. This involves detailed mapping of several play types and prospects, notably the syn-rift play potential within the Company's OFF-1 block. The prospect and lead screening includes the specific identification of the syn-rift Lenteja prospect with a P50 estimated ultimate recovery volume (EUR) of 1.359 billion barrels and an upside case of several billion barrels recoverable (Source: ANCAP 2021), located in just 80 metres of water. This volume estimate aligns well with the earlier guidance provided by CEG of the potential within its OFF-1 licence area in excess of a billion barrels. The Company expects near-term activities in Uruguay to be low-cost (previously indicated by the Company to be in the range of US\$200,000 per annum), and whilst there is no drilling obligation during the initial four-year exploration term, the Company will be working to reconfirm attractive volumetrics and mature a range of drillable prospects encompassing syn-rift and Guyana analogue plays from reprocessed and improved 2D seismic imaging that has revealed new exploration upside previously unable to be mapped due to poor data quality. The outcome of planned drilling campaigns on the conjugate margin in Namibia may increase interest in the licence through the course of 2022/2023, in which case the Company intends to explore farm-out options.

9. Settlement Shares

As previously noted, contemporaneously with completion of the Fundraising, a total of up to 1,903,058,641 New Ordinary Shares will also be issued in full and final settlement of various items/amounts/claims/payables/liabilities that would otherwise be payable or owing in cash on completion of the Fundraising and Restructuring. This can be summarised as follows:

- (i) 520,000,000 New Ordinary Shares will be issued to convertible noteholders, in full and final settlement of those outstanding convertible notes (inclusive of all accrued interest), thereby eliminating all liability in this regard. As noted, in deriving the number of Ordinary Shares to be issued, the principal value of the outstanding notes was discounted by an agreed 10 per cent., and the conversion of that residual amount, plus all accrued interest, was implemented based on a price equivalent to the Issue Price under the Placing and Broker Option;
- (ii) 467,365,641 New Ordinary Shares will be issued to various professional advisers in relation to fees due to those advisers for work undertaken on the Restructuring and the Fundraising, where those advisers have agreed to be paid in the form of shares and not cash, thus maximising the amount of cash available to the Company. All such shares will be issued at a price equivalent to the Issue Price under the Placing and Broker Option; and
- (iii) 150,693,000 New Ordinary Shares will be issued to current non-executive Directors in full and final settlement of all amounts owed or that will become owing to those non-executive Directors up to the date of completion of the Financial Restructuring (and in respect of non-continuing Directors, in consideration of all termination fees that would otherwise be payable being foregone); up to 400,000,000 New Ordinary Shares will be issued to various former or exiting employees and other parties in relation to agreed termination payments and other agreed commercial/legal settlement agreements (albeit that a number of items remain subject to commercial negotiation and agreement, such that the final number might be less), and 365,000,000 New Ordinary Shares will be issued to the Chief Executive Officer, in full and final settlement of amounts that would otherwise be owing to him on completion of the Restructuring and Fundraising in relation to his contract.

Eytan Uliel has participated in the Placing and the Broker Option for a value of £150,000 and £20,000 respectively. This and the issue of 365,000,000 Settlement Shares to him, as set out above, is considered a related party transaction in accordance with the AIM Rules. Due to the proposed issue of Ordinary Shares to all of the non-executive directors of the Company, as set out on page 21 above, there is no Director independent of the Restructuring and Fundraising to provide the necessary AIM Rule related party transaction opinion. Accordingly, Strand Hanson Limited, the Company's Nominated Adviser, is satisfied that the terms of the Mr Uliel's participation in the Placing and Broker Option and of the issue of 365,000,000 Settlement Shares are fair and reasonable insofar as Shareholders are concerned.

It is further noted that (i) as part of the agreed settlement arrangements above, and (ii) in part payment of agreed fees to the Company's broker and financial adviser in respect of services provided in respect of the Fundraising, the Company has agreed to issue the Fee Warrants, being a total of 576,559,486 warrants over Ordinary Shares, to various parties. All Fee Warrants will have an exercise price equivalent to the Issue Price under the Placing and Broker Option. 25,000,000 of the Fee Warrants will be exercisable prior to 30 April 2023, and the balance of the Fee Warrants will be exercisable at any time prior to four years after the date of issue. If all Fee Warrants were to be exercised in accordance with their terms, the Company would be required to issue 576,559,486 new Ordinary Shares, and would receive cash subscription amounts of £576,559.

10. Existing Options and Warrants

Approximately 87 million Options over Ordinary Shares are currently in issue – approximately 73 per cent. held by prior and existing executives and existing Board members of the Company, and approximately 25 per cent. held by various advisers and financiers. All of these Options have exercise prices in either the range of 3.5-5p, or 24-28p – that is, all options are significantly “out of the money”. Agreement has been reached with certain of the existing Option holders (including all Directors and continuing executives) that will see approximately 73 per cent. of the currently outstanding Options cancelled for nil consideration on completion of the Restructuring and Fundraising. The balance of historical Options will remain in issue in accordance with their terms. However, given their deeply “out of the money” exercise prices, for all intents and purposes these residual Options have little value to their holders, and the Company expects therefore that these Options will eventually lapse unexercised in accordance with their terms.

11. General share issuance authority and authorised share capital

At the EGM Shareholders will be asked to approve a temporary authority for the Company to issue up to 10,000,000,000 New Ordinary Shares. If this authority was ultimately to be used in its entirety this would represent a total potential dilution of approximately 50 per cent. of the Enlarged Share Capital post completion of the Restructuring and Fundraising, without the need for seeking further shareholder approval, and with such capacity to be in place until the end of 2023.

The rationale for the proposed temporary general issuance authority is directly related to the Company now embarking on a course to restore value through a strategy aimed at significantly increasing production and thus cash flow, and which may involve the need to secure fresh capital over time, in particular the issuance of additional Ordinary Shares to secure access to new assets or portfolios of assets complementary to this strategy. Further, as noted in Section 12 below, it is intended that the implementation of revised incentivisation arrangements – considered essential to the ability of the Company to continue to operate with competent and motivated executives and employees – will be conducted under this general share issuance authority.

The Company currently has an authorised share capital of £400,000 consisting of 2,000,000,000 ordinary shares of 0.02 pence each. In order to facilitate the allotment of shares required by the proposals, it is necessary to increase this level of authorised share capital. The Shareholders will therefore be asked at the EGM to approve an increase in the authorised share capital of the Company to £10,000,000 consisting of 50,000,000,000 Ordinary Shares of 0.02 pence each.

12. Incentive Arrangements

As the Company embarks on the above-noted process of Board and operational/management change, the Board, on the recommendation of the Remuneration Committee, considers it appropriate that incentive arrangements for the new Board members and ongoing executive/employee team of the Company be appropriately refreshed. The largely new management team was recruited on the basis of the ability to offer fair, market-based incentive arrangements that align management with the creation of shareholder value once the Restructuring and Fundraising is complete.

The new options to be issued will initially relate to 10 per cent. of the Company's Enlarged Share Capital. This level of incentive ownership is consistent with that in place at several companies similar to the Company and has been benchmarked accordingly by the Remuneration Committee and the Company's advisors.

New options will be granted in four tranches, with vesting and exercise conditions for each tranche linked directly to material share price appreciation as compared to the price of the Fundraising – that is, linked directly to growth of shareholder value following completion of the Restructuring and Fundraising.

The implementation of these revised option arrangements will be conducted under the Company's general share issuance authority (as proposed pursuant to Resolution 3 at the EGM). As such, these revised option arrangements, which will be fully disclosed once allocated, do not require specific approval of Shareholders outside of the approval of the general share issuance authority. However, the allocation of the new options will likely be deemed a related party transaction in accordance with the AIM Rules, and for which a fairness opinion will be obtained as required.

13. Details of changes to the Capital Structure

As a result of the Restructuring and the Fundraising, the capital structure of the Company will undergo significant change. The following tables provide a summary of the current capital structure, and the capital structure assuming completion of the Restructuring and Fundraising as described in this document.

Table 1: Capital Structure prior to Restructuring and Fundraising

Reported Liabilities, payables and exposures	Approximately US\$23 million
Cash	Approximately US\$2.4 million
Outstanding convertible notes (including accrued interest)	US\$0.7 million
Ordinary Shares on Issue	796,522,914
Options and warrants over Ordinary Shares pursuant to employee and executive incentive plans [^]	67,200,000
Options and warrants over Ordinary Shares to various advisers and financiers [*]	20,222,894
Temporary general share issuance authority ⁺	691,401,490

[^] Exercise prices range from 4p – 28p per share; exercise periods range from 3 years to 4.5 years

^{*} Exercise prices range from 3.5p – 20p per share; exercise periods range from 0.75 years to 3.75 years

⁺ This authority has been used following the issue of the Firm Placing Shares

Table 2: Capital Structure after completion of the Restructuring and Fundraising

Reported liabilities, payables, exposures	Approximately US\$2.5 million
Cash (inclusive of the Fundraising proceeds and after payment of agreed creditor settlements)	Approximately US\$8.4 million
Outstanding convertible notes (including accrued interest)	Nil
Maximum number of Ordinary Shares on Issue on completion of the Restructuring and Fundraising [#]	9,992,199,480
Temporary general share issuance authority (inclusive of intended employee/executive incentive arrangements)	10,000,000,000
Fee Warrants to be issued [^]	576,559,486
Legacy options and warrants [*]	Approximately 23,300,000

[#] Consisting of 796,552,914 Ordinary Shares on issue prior to the Restructuring and Fundraising, 5,019,100,000 Ordinary Shares to be issued pursuant to the Firm and Conditional Placing, 2,273,517,925 Ordinary Shares to be issued under the Broker Option, and up to a maximum of 1,903,058,641 Settlement Shares to be issued

[^] Exercise price at the Issue Price, exercise periods ranging from 1.2 years to 4 years

^{*} Exercise prices range from 3.5p – 28p per share; exercise periods range from 0.75 years to 4.5 years. The number reflects agreements that have been reached for cancellation of approximately 73 per cent. of the existing options and warrants on completion of the Restructuring and Fundraising. Given the exercise price of these options, the Company expects that the remainder of these will lapse unexercised in due course.

14. The Fundraising

Details of the Fundraising

The Company has raised gross proceeds of approximately £7.3 million comprising:

- (i) £5.0 million through the successful Placing of 5,019,100,000 New Ordinary Shares with institutional and other investors at the Issue Price. Of this, approximately £0.7 million has been raised as part of the Firm Placing pursuant to existing share issuance authorities in place, and approximately £4.3 million has been conditionally raised as part of the Conditional Placing. The Conditional Placing is conditional, among other things, on Shareholder approval, which will be sought at an Extraordinary General Meeting of Shareholders to be convened on 4 March 2022; and
- (ii) A further approximately £2.3 million of gross proceeds has been conditionally raised under the Broker Option. The Broker Option is conditional on Shareholder approval, which will be sought at an Extraordinary General Meeting of Shareholders to be convened on 4 March 2022.

The Fundraising has not been underwritten and completion of the Conditional Placing and the Broker Option are conditional, *inter alia*, upon:

- a) the passing of the Resolutions;
- b) the Placing Agreement becoming unconditional in all respects (other than Second Admission) and not having been terminated in accordance with its terms; and
- c) Second Admission occurring by no later than 8:00 a.m. on 7 March 2022 (or such later time and/or date as the Company, the Bookrunner and the Placing Agent may agree, not being later than 21 March 2022).

Accordingly, if any of the conditions are not satisfied or waived (where capable of waiver), the Fundraising will not proceed, the Conditional Placing Shares and the Broker Option Shares will not be issued and all monies received by the Bookrunner and the Placing Agent or the Company (as the case may be) pursuant to the Conditional Placing and the Broker Option will be returned to the applicants (at the applicants' risk and without interest) as soon as possible thereafter.

Details of the Placing

Under the terms of the Placing Agreement, the Bookrunner and the Placing Agent have placed the Firm Placing Shares and conditionally placed the Conditional Placing Shares at the Issue Price with institutional and other investors, and have conditionally placed the Broker Option Shares with existing Shareholders of the Company who are Qualifying Investors. The Placing Agreement contains certain warranties and indemnities from the Company in favour of the Bookrunner and the Placing Agent. The Bookrunner or the Placing Agent may terminate the Placing Agreement in certain circumstances.

Details of the Broker Option

The Company granted an option to Arden under an amendment to the Placing Agreement in order to deal with demand in the event that requests to participate in the Placing from existing Shareholders who are Qualifying Investors were received between 7.30 a.m. UK time on Monday 31 January 2022 and 6:30 p.m. UK time on Wednesday, 2 February 2022 (the "*Broker Option Period*"). To participate in the Broker Option, during the Broker Option Period, Shareholders who were Qualifying Investors were required to communicate their interest to Arden via their independent financial adviser, stockbroker or other firm authorised by the Financial Conduct Authority (all of whom were required to confirm to Arden that their client was an existing Shareholder and Qualifying Investors), as Arden could not take direct orders from individual private investors. The Broker Option was not being made available to the public, only to existing Shareholders who were Qualifying Investors, and the Broker Option was not offered in any jurisdiction where it would have been unlawful to do so. No Prospectus was issued in connection with the Broker Option.

During the Broker Option Period, Arden received bids for 2,273,517,925 New Ordinary Shares to be issued pursuant to the exercise of the Broker Option ("*Broker Option Shares*"). In consultation with the Company, Arden agreed to accept all bids, in full, and exercised the Broker Option accordingly. An announcement of the results of the Broker Option was made by the Company on Thursday, 3 February 2022.

The Broker Option Shares will be issued on the same terms and conditions as the Conditional Placing Shares and at the Issue Price. The Broker Option is conditional on the approval by the Company's Shareholders at the Extraordinary General Meeting, which will be convened on 4 March 2022.

The Broker Option Shares will be issued free of all liens, charges and encumbrances and will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of their issue.

Subject to Shareholder approval at the Extraordinary General Meeting, application will be made to the London Stock Exchange for the Conditional Placing Shares and the Broker Option Shares to be admitted to trading on AIM. It is expected that Admission will become effective at 8:00 a.m. (London time) on or around 7 March 2022 and that dealings for normal settlement in the Conditional Placing Shares and the Broker Option Shares will commence on or around 8:00 a.m. on 7 March 2022.

15. Notice of Extraordinary General Meeting

A notice convening the Extraordinary General Meeting to be held at 34 North Quay, Douglas, Isle of Man, IM1 4LB at 11:00 a.m. on 4 March 2022 is set out at the end of this document.

In accordance with current government instructions in respect of the evolving situation regarding COVID-19, we request that you do not physically attend the EGM and instead you should return your Form of Proxy or appoint your proxy electronically (as the case may be) by the relevant time and appoint the chairman of the meeting as your proxy. As at the time of publication of this document, it is unclear what restrictions will be in place regarding public gatherings at the time of the meeting and in order to comply with current government public health instructions, it may be that gatherings of individuals are restricted in number and accordingly any Shareholder or proxy that attempts to physically attend the EGM may be refused admission.

The situation in relation to COVID-19 continues to develop. The Company will continue to update Shareholders on arrangements for the Meeting through a Regulatory Information Service and CEG's website at www.cegplc.com. Shareholders are advised to check the Company's website for updates.

At the Extraordinary General Meeting, the following Resolutions will be proposed:

1. As an ordinary resolution, to authorise the increase in the authorised share capital of the Company to £10,000,000 being 50,000,000,000 Ordinary Shares of 0.02 pence each
2. As a special resolution, to authorise the issue of up to 8,504,275,076 Ordinary Shares in respect of the Conditional Placing, the Broker Option and the Settlement Shares, and to authorise the potential issue of up to 576,559,486 Ordinary Shares in respect of the Fee Warrants.
3. As a special resolution, to authorise a general share authority such that the directors may, prior to 31 December 2023, issue up to 10,000,000,000 New Ordinary Shares without the need for further Shareholder approval (and from within which general share authority the proposed new incentive arrangements will be implemented).

Brief explanatory Notes for each of the Resolutions are set out in Part II of this document.

16. Action to be Taken

Extraordinary General Meeting

The Form of Proxy for use in connection with the Extraordinary General Meeting accompanies the Notice of Extraordinary General Meeting. The Form of Proxy should be completed and signed in accordance with the instructions thereon and returned to the Company's registrars, Link Group, PXS 1, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL, as soon as possible, but in any event so as to be received by no later than 48 hours before the time appointed for the Extraordinary General Meeting. Unless the Form of Proxy is received by this date and time, it will be invalid. Alternatively, CREST members who wish to appoint a proxy or proxies via CREST may do so in accordance with the procedures set out in the Notice of Extraordinary General Meeting and the Form of Proxy.

17. Further Information

Shareholders' attention is drawn to the further information as set out in this document. Shareholders should read and rely on the whole document.

This document will be available for a period of twelve months from the date of this document on the Company's website <http://www.cegplc.com> free of charge in accordance with the requirements of Rule 26 of the AIM Rules.

18. Recommendation

The Directors consider the approval of the Resolutions to be proposed at the Extraordinary General Meeting to be in the best interests of the Company and its Shareholders as a whole and, accordingly, unanimously recommend Shareholders to vote in favour of the Resolutions, as they and their associated parties intend to do in respect of their beneficial holdings, which in

aggregate total approximately 60.0 million Existing Ordinary Shares, representing approximately 4.0 per cent. of the Existing Issued Share Capital.

It is important for Shareholders to be aware that, for the reasons explained in this document, without receipt of the proceeds of the Conditional Placing and Broker Option, the Company's financial resources will be considerably less than anticipated, and the Company will not be able to meet financial obligations due in March 2022 and will not be able to execute many parts of the intended work programme during 2022. This would have a negative impact on expected production, cash flows and operations, and ultimately the Company would likely not be able to continue as a going concern in these circumstances. The Board thus considers that it is of the utmost importance that Shareholders consider this document carefully, and vote in favour of the Resolutions to support the Conditional Placing and Broker Option.

If you are in any doubt as to the action you should take, you are recommended to seek your own independent advice.

Yours faithfully

Bill Schrader

Non-Executive Chairman

PART II

EXPLANATORY NOTES FOR THE EXTRAORDINARY GENERAL MEETING RESOLUTIONS

A notice convening the Extraordinary General Meeting to be held at 34 North Quay, Douglas, Isle of Man, IM1 4LB at 11:00 a.m. on 4 March 2022 is set out at the end of this document.

At the Extraordinary General Meeting, the following Resolutions will be proposed for consideration by Shareholders. Explanatory Notes for the Resolutions are set out below.

Resolution 1 – To increase the authorised share capital of the Company

The Company is incorporated under the Isle of Man Companies Acts 1931 to 2004. It is a requirement of these Acts that the Company has authorised a nominal share capital, putting a ceiling on the maximum capital for which the Company may issue shares. The current nominal share capital is £400,000 divided into 2,000,000,000 shares of 0.02 pence each (£0.0002).

To ensure that the Company has sufficient nominal capital to issue the New Ordinary Shares provided for under the Fundraising, the Board considers that it would be prudent to increase the nominal share capital to £10,000,000 divided into 50,000,000,000 shares of 0.02 pence each (£0.0002).

The Company's Articles of Association provide, in Article 43, that the Company may increase its nominal share capital by way of an Ordinary Resolution. Accordingly, the following Resolution will be proposed at the EGM:

Resolution One: *As an ordinary resolution, THAT, in accordance with the Companies Act 1931 and the Company's Articles of Association, the Authorised Share Capital of the Company be increased beyond its current registered capital to having a share capital of £10,000,000 being 50,000,000,000 Ordinary Shares of 0.02 pence each.*

Resolution 2 – Approval of the issue of shares in respect of the Conditional Placing, the Broker Option and the Settlement Shares

Resolution 2 is a specific authority for the Directors to issue up to 8,504,275,076 new Ordinary Shares and warrants over up to 576,559,486 Ordinary Shares as if the pre-emption provisions contained within the Company's Articles of Association did not apply to any such allotment. This authority is limited to the allotment of the Conditional Placing Shares, the Broker Option Shares, the Settlement Shares and the Fee Warrants as described in this document and will expire on 31 March 2022.

Resolution Two: *As a special resolution, THAT, the Directors be and hereby are granted the unconditional authority, pursuant to Article 6.7 of the Company's Articles of Association, to allot and issue up to 8,504,275,076 new ordinary shares of 0.02 pence each in the capital of the Company, and warrants over 576,559,486 new ordinary shares of 0.02 pence each in the capital of the Company, as if the pre-emption provisions contained within Article 6.3 of the Company's Articles of Association did not apply to such allotment and issue, provided that such authority, unless renewed, shall expire on 31 March 2022, but shall extend to the making, before such expiry, of an offer or agreement which would or might require ordinary shares to be allotted after such expiry and the Directors may allot ordinary shares in pursuance of such offer or agreement as if the authority conferred hereby had not expired.*

Resolution 3 – General authority to allot shares

Resolution Three is a general authority for the Directors to issue up to 10,000,000,000 new Ordinary Shares as if the pre-emption provisions contained within the Company's Articles of Association did not apply to any such allotment. If used in its entirety, and assuming the Placing and full subscription under the Broker Option, this authority would represent a total dilution of approximately 50 per cent. of the Enlarged Share Capital, without the need for further Shareholder approval. This authority will expire on 31 December 2023.

The rationale for the proposed temporary general issuance authority is directly related to the Company now embarking on a course to restore value through a strategy focussed on production and cash flow growth, which may include the issuance of additional new shares to acquire new assets or portfolios of assets. The Board considers the ability to execute acquisitions quickly and definitively to be a competitive advantage.

Further, as noted in Section 12 of Part I of this document, it is intended that the implementation of revised incentivisation arrangements – considered essential to the ability of the Company to continue to retain key existing employees and attract, retain and incentivise future employees – will be conducted under this general share issuance authority.

The Company's Articles of Association provide, in Article 6.7, that the Board may be given by virtue of a Special Resolution the power to allot shares either generally or in respect of a specific allotment such that the pre-emption provisions contained in Article 6.3 do not apply. Accordingly, the following Resolution will be proposed at the EGM:

Resolution Three:

As a special resolution, THAT the Directors be and hereby are granted the authority, pursuant to Article 6.7 of the Company's Articles of Association, to allot and issue up to a further 10,000,000,000 New Ordinary Shares of 0.02 pence each in the capital of the Company, as if the pre-emption provisions contained within Article 6.3 of the Company's Articles of Association did not apply to such allotment and issue, provided that such authority, unless renewed, shall expire on 31 December 2023, but shall extend to the making, before such expiry, of an offer or agreement which would or might require Ordinary Shares to be allotted after such expiry and the Directors may allot Ordinary Shares in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

PART III

DEFINITIONS

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

“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies, as published and amended from time to time by the London Stock Exchange
“Arden Partners”	Arden Partners Plc, the Company’s broker and the Bookrunner for the Placing
“Articles”	the existing articles of association of the Company as at the date of this document
“Board”	the board of directors of the Company from time to time
“Bookrunner”	Arden Partners
“bopd”	Barrels of oil per day
“Broker Option”	the invitation to Shareholders who are Qualifying Investors to subscribe for Broker Option Shares at the Issue Price as announced on 31 January 2022 and as detailed in this document
“Broker Option Shares”	2,273,517,925 Ordinary Shares being made available to Shareholders who are Qualifying Investors pursuant to the Broker Option
“Business Day”	any day (excluding Saturdays and Sundays) on which banks are open in London for normal banking business and the London Stock Exchange is open for trading
“Columbus” or “Columbus Energy”	Columbus Energy Resources PLC
“Company” or “CEG”	Challenger Energy Group PLC
“Conditional Placing Shares”	the 4,327,698,510 Placing Shares which have been placed with institutional and other investors pursuant to the Placing Agreement, conditional, <i>inter alia</i> , on the passing of the Resolutions at the EGM
“CREST”	the relevant system for the paperless settlement of trades and the holding of uncertificated securities operated by Euroclear in accordance with the CREST Regulations
“CREST member”	a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations)
“CREST Regulations”	the Uncertificated Securities Regulations 2001, as amended
“Directors”	the directors of the Company at the date of this document whose names are set out on page 6 of this document
“Disclosure and Transparency Rules”	the disclosure guidance and transparency rules issued by the FCA acting as the competent authority for the purposes of Part VI of FSMA

“EGM”	the Company’s Extraordinary General Meeting to be held at 11:00am on 4 March 2022, notice of which is set out in Part V of this document
“Enlarged Share Capital”	the 9,992,199,480 Ordinary Shares in issue following the Fundraising, comprising the Existing Ordinary Shares, the Placing Shares, the Broker Option Shares and the Settlement Shares
“Euroclear”	or Euroclear UK & Ireland Limited, the operator of CREST
“Existing Issued Share Capital”	the 1,487,924,404 Existing Ordinary Shares in issue as at the date of this document
“Existing Ordinary Shares”	the 1,487,924,404 Ordinary Shares in issue as at the date of this document
“Extraordinary General Meeting”	the EGM
“FCA”	the Financial Conduct Authority of the United Kingdom
“Fee Warrants”	the 576,559,486 million warrants (over Ordinary Shares to be issued contemporaneously with completion of the Fundraising and Financial Restructuring
“Firm Placing Shares”	the 691,401,490 Placing Shares which have been placed with institutional and other investors pursuant to the Placing Agreement, and admitted to trading on AIM on 1 February 2022
“First Admission”	the admission to trading on AIM of the Firm Placing Shares taking place in accordance with the AIM Rules
“Form of Proxy” or “Proxy Form”	the form of proxy accompanying this document for use by Shareholders in connection with the Extraordinary General Meeting
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“Fundraising”	the Placing (comprising the Firm Placing and the Conditional Placing) and the Broker Option
“Gneiss Energy”	Gneiss Energy Limited, Financial Adviser and Placing Agent to the Company
“Group”	the Company and its subsidiary undertakings
“ISIN”	International Securities Identification Number
“Issue Price”	0.10 pence per New Ordinary Share
“Latest Practicable Date”	4 February 2022, being the latest practicable date for the inclusion of information in this document prior to its publication
“London Stock Exchange”	London Stock Exchange PLC
“New Ordinary Shares”	the Placing Shares, the Broker Option Shares and the Settlement shares (as applicable)
“Ordinary Shares”	ordinary shares of 0.02 pence each in the capital of the Company

“Placing”	the firm and conditional placing by the Placing Agent and the Bookrunner (as agents for the Company) of the Placing Shares with certain institutional and other investors and existing Shareholders at the Issue Price on the terms of the Placing Agreement
“Placing Agent”	Gneiss Energy
“Placing Agreement”	the conditional placing agreement entered into between the Company, the Bookrunner and the Placing Agent in respect of the Placing, dated 26 January 2022, and as amended on 31 January 2022, as described in this document;
“Placing Shares”	the 5,019,100,000 Ordinary Shares which have been placed with institutional and other investors pursuant to the Placing Agreement, including the Firm Placing Shares and the Conditional Placing Shares
“Proposed Directors”	Iain McKendrick and Tim Eastmond
“Qualifying Investors”	qualified investors within the meaning of Article 2(e) of the UK version of Prospectus Regulation (EU) 2017/1129
“Registrar”	Link Market Services (IOM) Limited, Clinch’s House, Lord Street, Douglas, Isle of Man IM99 1RZ
“Resolutions”	the resolutions to be proposed as a special resolution at the EGM
“Second Admission”	the admission to trading on AIM of the Conditional Placing Shares, the Broker Option Shares and the Settlement Shares taking place in accordance with the AIM Rules
“Settlement Shares”	the Ordinary Shares to be issued in settlement of various amounts contemporaneously with completion of the Fundraising and Financial Restructuring at the Issue Price
“Shareholders”	holders of Existing Ordinary Shares
“Strand Hanson”	Strand Hanson Limited, Nominated Adviser to the Company
“Subsidiary”	subsidiary company as that term is defined in the Isle of Man Companies Act 1974
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland

PART IV

NOTICE OF EXTRAORDINARY GENERAL MEETING

CHALLENGER ENERGY GROUP PLC

(Incorporated in the Isle of Man under the Companies Acts 1931 to 2004 and with Company Number 123863C)

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting (Meeting) of Challenger Energy Group PLC (Company) will be held at 34 North Quay, Douglas, Isle of Man, IM1 4LB at 11:00 a.m. on 4 March 2022, for the purpose of considering and, if thought fit, passing the following resolutions (“Resolutions”):

Resolution One: *As an ordinary resolution, THAT, in accordance with the Companies Act 1931 and the Company’s Articles of Association, the Authorised Share Capital of the Company be increased beyond its current registered capital to having a share capital of £10,000,000 being 50,000,000,000 Ordinary Shares of 0.02 pence each.*

Resolution Two: *As a special resolution, THAT, the Directors be and hereby are granted the unconditional authority, pursuant to Article 6.7 of the Company’s Articles of Association, to allot and issue up to 8,504,275,076 new ordinary shares of 0.02 pence each in the capital of the Company, and warrants over 576,559,486 new ordinary shares of 0.02 pence each in the capital of the Company, as if the pre-emption provisions contained within Article 6.3 of the Company’s Articles of Association did not apply to such allotment and issue, provided that such authority, unless renewed, shall expire on 31 March 2022, but shall extend to the making, before such expiry, of an offer or agreement which would or might require ordinary shares to be allotted after such expiry and the Directors may allot ordinary shares in pursuance of such offer or agreement as if the authority conferred hereby had not expired.*

Resolution Three: *As a special resolution, THAT the Directors be and hereby are granted the authority, pursuant to Article 6.7 of the Company’s Articles of Association, to allot and issue up to a further 10,000,000,000 New Ordinary Shares of 0.02 pence each in the capital of the Company, as if the pre-emption provisions contained within Article 6.3 of the Company’s Articles of Association did not apply to such allotment and issue, provided that such authority, unless renewed, shall expire on 31 December 2023, but shall extend to the making, before such expiry, of an offer or agreement which would or might require Ordinary Shares to be allotted after such expiry and the Directors may allot Ordinary Shares in pursuance of such offer or agreement as if the authority conferred hereby had not expired.*

Dated 9 February 2022

BY ORDER OF THE BOARD

Benjamin Proffitt
Company Secretary

Registered office:

IOMA House, Hope Street
Douglas, Isle of Man, IM1 1AP

Notes:

- (1) A member entitled to attend and vote at the Extraordinary General Meeting may appoint one or more proxies to attend and (on a poll) vote instead of him. A proxy need not be a member of the Company. Note the current restrictions in relation to COVID-19 when completing your proxy and the request to appoint the chairman of the meeting.
- (2) A Form of Proxy is provided with this Notice of Extraordinary General Meeting. Completion and return the Form of Proxy will not prevent a member from attending the Extraordinary General Meeting and voting in person.
- (3) To be effective, the Form of Proxy and any power of attorney or other authority under which it is signed (or a notarially certified copy of such authority) must be deposited with the Registrars Link Market Services (IOM) Limited, not less than 48 hours before the time of the holding of the Extraordinary General Meeting or any adjournment thereof.
- (4) In the case of joint holders, the vote of the senior who attends to vote, whether in person or by proxy, will be accepted to the exclusion of votes of the joint holders. For this purpose, seniority is determined by the order in which the names stand in the register of members.
- (5) If you have any questions relating to return of the Form of Proxy, please telephone the Company's registrars on 0371 664 0300. If you are outside the United Kingdom, please call +44 371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales. Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the proposals described in this circular nor give any financial, legal or tax advice.
- (6) Every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative (not being himself a member entitled to vote), shall on a show of hands have one vote and on a poll every member present in person or by proxy or (being a corporation) by a duly authorised representative shall have one vote for each share of which he is the holder. A special resolution is passed either (i) on a show of hands by a majority of not less than 75 per cent. of the votes cast by such members as are present and eligible to vote at the relevant meeting; or (ii) on a poll of members of the Company by a majority of not less than 75 per cent. of the votes cast by members present and eligible to vote at the meeting.
- (7) Pursuant to Regulation 22(1) of the Uncertificated Securities Regulations 2005 of the Isle of Man (SD No. 754/05), the Company has specified that only those members registered on the register of members of the Company at close of business on 2 March 2022 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- (8) Where a corporation is to be represented at the Extraordinary General Meeting by a personal representative, such personal representative must, if requested, provide a certified copy of the resolution of its directors or other governing body authorising the appointment of the representative before being permitted to exercise any power on behalf of the corporation, and the Company has determined that for these purposes such copy of the resolution must be deposited at the Company's registered office address not later than 48 hours before the time appointed for the Extraordinary General Meeting (excluding any part of a day that is not a working day).
- (9) If the Chairman of the Extraordinary General Meeting, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure Guidance and Transparency Rules, the Chairman will make the necessary notifications to the Company and the UK Financial Conduct Authority ("FCA"). As a result any member holding 3 per cent. or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Services Authority.
- (10) As at 4 February 2022, being the last practicable date prior to the printing of this Notice of Extraordinary General Meeting, the Company's issued share capital consisted of 1,487,924,404 Ordinary Shares carrying one vote each. Therefore, the total number of voting rights in the Company as at 4 February 2022 is 1,487,924,404.
- (11) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the EGM (and any adjournment of the EGM) by using the procedures described in the CREST Manual (available from www.euroclear.com/site/public/EUI). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- (12) In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 11:00 a.m. on 2 March 2022. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- (13) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore,

apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system provider(s) are referred, in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Regulations.

