Operational Update

15 September 2022

www.pingpetroleum.com

SUMMARY OF RISK FACTORS

Investing in the Bonds is inherently risky. Prospective investors should carefully consider, among other things, the risk factors set out below before making an investment decision. These risk factors are not intended to be exhaustive. Additional risks and uncertainties not presently known to the Company, or that it currently deems immaterial, may also impair the Company's business operations or the value of the Bonds. The Company cannot assure investors that any of the events discussed in the risk factors below will not occur. Additional risks and uncertainties of which the Company is not aware or that it currently believes are immaterial may also adversely affect the Company. If they do, the Company's and the Group's business, financial condition, results of operations, future prospects and cash flows could be materially adversely affected. In such case, the Company's ability to meet its obligations (including repayment of the principal amount and payment of interest) under the terms for the Bonds (the "Bond Terms") could be materially adversely affected, the trading price of the Bonds could decline, and an investor could lose all or part of its investment. An investment in the Bonds is suitable only for investors who understand the risk associated with this type of investment and who can afford a loss of all or part of the investment.

Any potential investor should carefully consider the risk factors outlined below and also evaluate external factors not mentioned but known to it independently before making a decision to invest in the Bonds. The first risk factor set out under each section is considered by the Company to be the most significant in that section; however, the remaining risk factors are not ranked in order of importance or probability.

References to the "Group" shall be read as the Company, its parent, subsidiaries and/or the Anasuria Operating Company.

Risks relating to the Group's business and the oil and gas industry

- The Group's business, results of operations, value of assets, reserves, cash flows, financial condition, and access to capital depend significantly upon, and may be adversely affected by, the level of oil and gas prices, which are highly volatile.
- The Group's business and financial condition could be adversely affected if UK tax regulations for the petroleum industry are amended.
- Reserve and resource estimates are uncertain by nature.
- Without drilling of new wells, the Company's assets have a declining production profile, which may have a negative effect on the Company's financial condition.
- The Group's development projects require substantial capital expenditures.
- Future acquisitions by the Group may not be value accretive
- The Group is subject to operating risks.
- There can be no guarantee that the Group's development plans will lead to the desired outcome.
- The Issuer relies on third parties to market and sell hydrocarbons produced from the licences in which it holds an interest.
- The Group is subject to infrastructure risks.
- The oil and gas industry is characterized by rapid and significant technological advancements, and the Group may not be able to keep pace.
- The Group's current production and expected future production are concentrated in one area.
- The Group's operations rely on shared property and infrastructure.
- The Company may not have access to capacity booking for the transportation and sale of natural gas
- Risk relating to transportation of hydrocarbons.
- Dependence on oil field services providers and equipment, and production and supply infrastructure.
- Risk of liability from contractors' operations.
- Risk related to reliance on the Anasuria Operating Company.
- Risk of joint and several liabilities with its licence partners.
- The Group's decommissioning liabilities may be onerous and cannot be accurately predicted.
- It may be expensive and logistically burdensome to discontinue or dispose of operations should economic, physical or other conditions subsequently deteriorate.
- The Group cannot completely protect itself against title disputes.
- The Group may not pursue all of the development projects it becomes involved in.
- Risk related to attracting and retaining executive management and other personnel.
- The Group's financial and operational condition could be materially adversely affected by the COVID-19 pandemic

Legal, regulatory and insurance risks

- Risk of insufficient insurance coverage.
- There are significant risks related to owning and developing hydrocarbon assets in light of public policy relating to the energy transition and governmental commitments to the "Net Zero 2050" policy objective
- The Group faces risks relating to the UK's exit from the European Union.
- The Group's business, results of operations and financial condition could be adversely affected by the future independence of Scotland.
- Litigation against the Group could materially impact the Group's business.
- Fiscal and other risks derived from UK governmental involvement in the oil and gas industry.
- Non-compliance with HSE rules.

Risks related to the Group's financial position and liquidity

- The Group is exposed to credit risk.
- Risk relating to obtaining further financing.
- The Group is exposed to liquidity risks.
- Debt service and upstream capacity.

Risks relating to the Bond

- The Group's indebtedness under the Bond.
- Restrictive covenants.
- A trading market for the Bonds may not develop and the market price of the Bonds may be volatile.
- The value of the security for the Bonds cannot be guaranteed.
- Optional redemption by the Company.
- The Bond may become putable.
- The Bonds may be subject to purchase and transfer restrictions.
- The bondholders may not be able to act if the financial condition of the Company materially deteriorates (incurrence covenants).
- Modification of the Bonds.
- Prospective investors may not be able to recover in civil proceedings for US securities laws violations.
- Risk of being unable to repay the Bond.
- The terms and conditions of the Bond are governed by Norwegian law and there are risks of changes to such laws.

OUR VISION - TO BE A RESPECTED INDEPENDENT ENERGY COMPANY

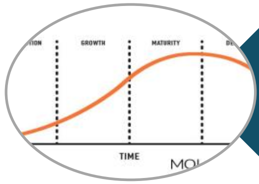
ping petroleum
A member of DNeX Group

Snapshot

Established: Year 2012

Manpower
19 pax (Current)

Expertise
Upstream O&G



Lifecycle Stage : Growth

Vision

To be a respected independent multi-national energy company, supplying the world's energy needs sustainably and creating value for our shareholders, our partners and our host countries

Mission

By year end 2030:

- Grow 2P reserves to **100 mbo (million barrels of oil)** and net production to **20 kbd (kilo barrels per day)**
- Invest in renewable energy

Values

- We are LEAN & create superior value by maximizing productivity and operating efficiencies
- We are AGILE and fast in pursuit of opportunities, deliberate and prudent in our investments
- We are CLEAN and guided by the highest business ethics and professional standards
- We are ENTERPRISING and deliver innovative concepts and commercial arrangements
- We manage risk in every aspect of our business to eliminate serious events
- We operate in a responsible, safe and sustainable manner, minimize environmental impacts and support the communities where we live and work
- We invest in our people, are inclusive, value diversity and embrace learning and growth

STRATEGY - THREE PRONGS

REJUVENATE & MAXIMIZE

Protect and grow the existing asset base

- Maintain focus on operational excellence and a safe work environment
- Advance critical work programs, address vulnerabilities timely
- Optimize existing wells and infrastructure, accelerate debottlenecking of subsea pipelines
- Continue pursuing efficiencies prudently
- Assess and strengthen OBO partner interactions as required

DEVELOPMENT & APPRAISAL

Diversify the revenue stream, refocus on growth. Mature existing assets with proven resources into profitable development projects

- Proactively define funding needs and sources; recycle cash flow into attractive development projects
- Commit to and progress Avalon as a stand-alone development. Proactively engage the regulators
- Focus on low technical risk through subsea tie-backs to existing infrastructure; evaluate value of seismic reprocessing
- Bring additional volumes into the Anasuria FPSO infrastructure hub
- Selectively drill appraisals of undeveloped discoveries to grow portfolio of development opportunities

NEW BUSINESS

Multi-national M&A growth with focus on near-term cash flow - seek diversification as well as financial and tax synergies

- Selectively target producing assets with upside growth potential, including corporate transactions / mergers
- Monitor divestments by larger companies exiting the North Sea due to revised business strategies
- Seek operatorship positions to extract operational and organizational synergies; consider non-operating positions if strategic
- Participate in new licensing rounds based on business-fit
- Pursue a Malaysian asset of scale; build on credentials with Petronas, re-establish interfaces
- Proactively develop policies and capabilities to respond to de-carbonization and embrace energy transition as an opportunity

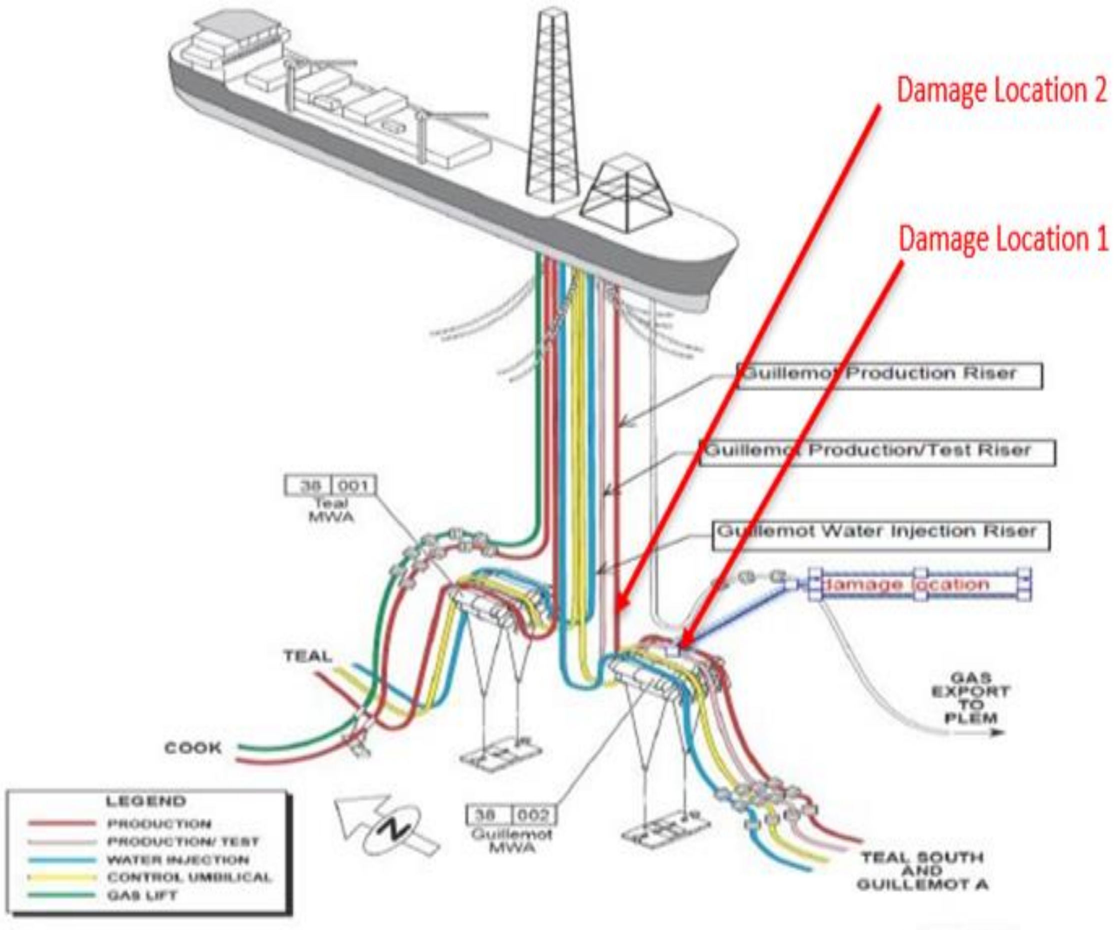
KEY UPDATES - ANASURIA

ping petroleum
A member of DNeX Group

- Average production efficiency[1] (PE) in Q4 FY 2022 at 61% lower than Q3 FY 2022 at 68%, as AOC Turnaround commenced on 17th June and completed on 17th July.
- Average operating efficiency[2] (OE) Q4 FY2022 at 96% higher than Q3 FY2022 at 93%, lower in Q3 FY2022 mainly due to process shutdown to rectify TLS/GUA swivel leak on 6th February.
- Average field OPEX in Q4 FY2022 at USD25.4 per barrel (bbl). Total lifted volume of 162,957 bbls with average realised price of USD117.2 per bbl
- HSE - no lost time incident, 7 years record with 0 LTI (Lost Time Incident).
    - Received Gold Award from the Royal Society for the Prevention of Accidents (ROSPA) for HSE 2021 performance and Order of Distinction for 23 consecutive Gold Awards
- Riser reinstatement work ongoing (details next slide), ongoing investigation with Insurer on loss of production income
- GUA-P3 gas lift intervention completed in March 2022
- Emissions has decreased by 30% from CY 2020 to CY 2021 and YTD CY2022 is 30% below annual consent[3], strategy in place to further reduce emissions
- Duty holder transition from Petrofac to AOC completed on schedule (10th June 2022)

1. Current potential of the complete wells, facilities, export and market system including riser failure and shutdown
2. Current potential of the complete wells, facilities, export and market system excluding riser failure and planned shutdown
3. Annual consent of carbon emissions for Anasuria is 120k tonnes

RISER REINSTATEMENT PROJECT



- Anasuria Production Test Riser from the Guillemot riser base failed in May 2021
- Guillemot production re-routed leading to deferral of production due to capacity constraints, estimated barrel of oil per day (bopd) reduced by 600 net/ approx 23% net bopd reduction
- Due to long lead for the replacement of the riser and availability due to weather window, a jumper solution was initially reviewed
- After further study, there is considerably higher risk for jumper and the decision was made to replace and reinstate both the test and production risers
- Riser reinstatement work ongoing, completion delayed due to vessel availability and poor weather - expected to be completed by end Q1 FY2023

SUBSEA DEBOTTLENECKING (SSDB)

- Production from Guillemot and TLS wells are currently constrained due to bottlenecks in the subsea infrastructure. SSDB intended to accelerate oil production gain from all GUA & TLS wells. GUA wells will benefit from incremental production due to lower back pressure

- SSDB currently planned for completion in CY2025 and is pending partner's alignment

- SSDB would add additional oil recovery to TLS-P1 which is currently producing intermittently instead of full time. TLS-P1 producing intermittently due to back out in production system, commingled with Guillemot wells

- Without SSDB, new wells at risk of being backed out and could cause value erosion

ANASURIA CLUSTER:
MATERIAL REMAINING POTENTIAL

Multiple low-risk / high return opportunities identified to drive production and cash flow growth

Vast set of profitable opportunities

Facility optimization

» Continuous work ongoing to further optimize infrastructure utilization and maximize field recovery and value of ~2.7 MMboe net 2P reserves

Infill drilling - Well intervention

» Significant proven resource base to be developed through infill drilling

» Cook P1 well intervention and water injector

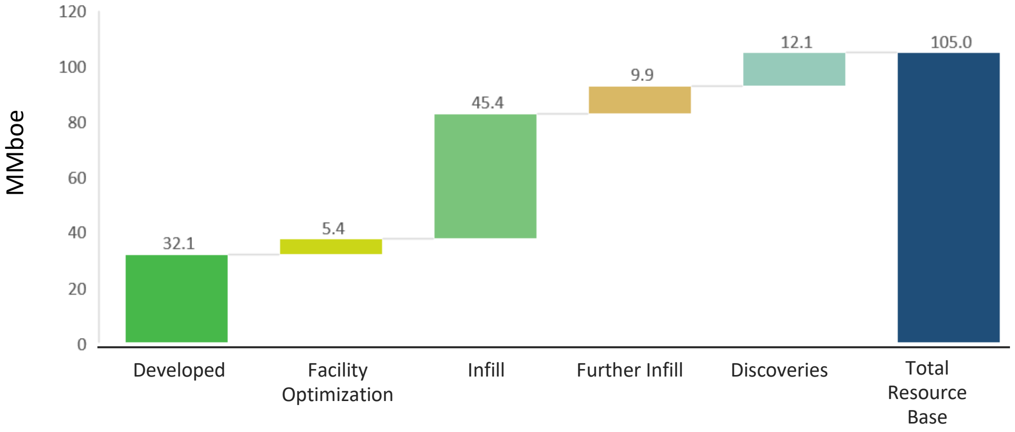
Guillemot A:	Teal + Teal South:	Cook:
» Planned, but not sanctioned infill drilling program - three infill wells targeting 4.3 MMboe net 2P reserves	» Planned, but not sanctioned infill drilling program - two infill wells targeting 3.1 MMboe net 2P reserves	» Planned, but not sanctioned infill drilling program - one infill well targeting 6.0 MMboe net 2P reserves

» Further identified infill targets: 5 wells – 5.0 MMboe net 2C resources

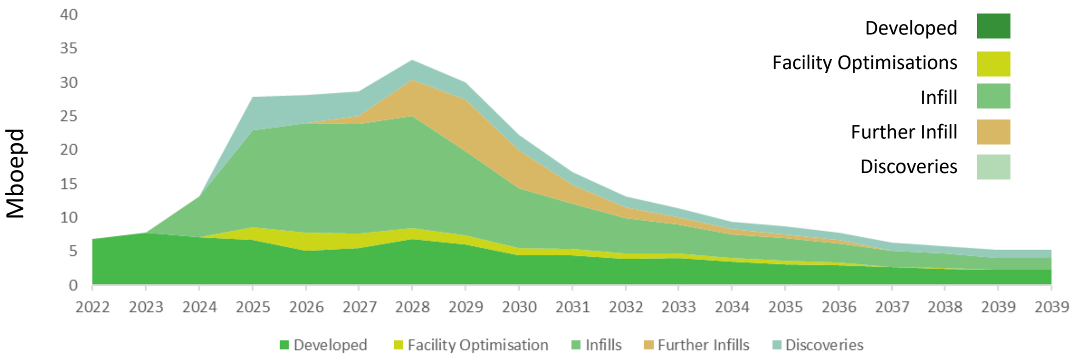
New development (Kite)

» Single well targeting 6.1 MMboe net 2C reserves

Anasuria Cluster resource base[1] (gross)



Anasuria Cluster area production[1,2] (gross)



1. Resource base estimates based on THREE60 CPR as of 30.06.2021; production forecast is based on the operator (AOC) and partners best estimates as of April, 2022.
2. Forecasted production assumes the Guillemot riser replacement executed in August 2022 and subject to further changes from risk factor

BOND UTILISATION - ACTUAL & PLANNED

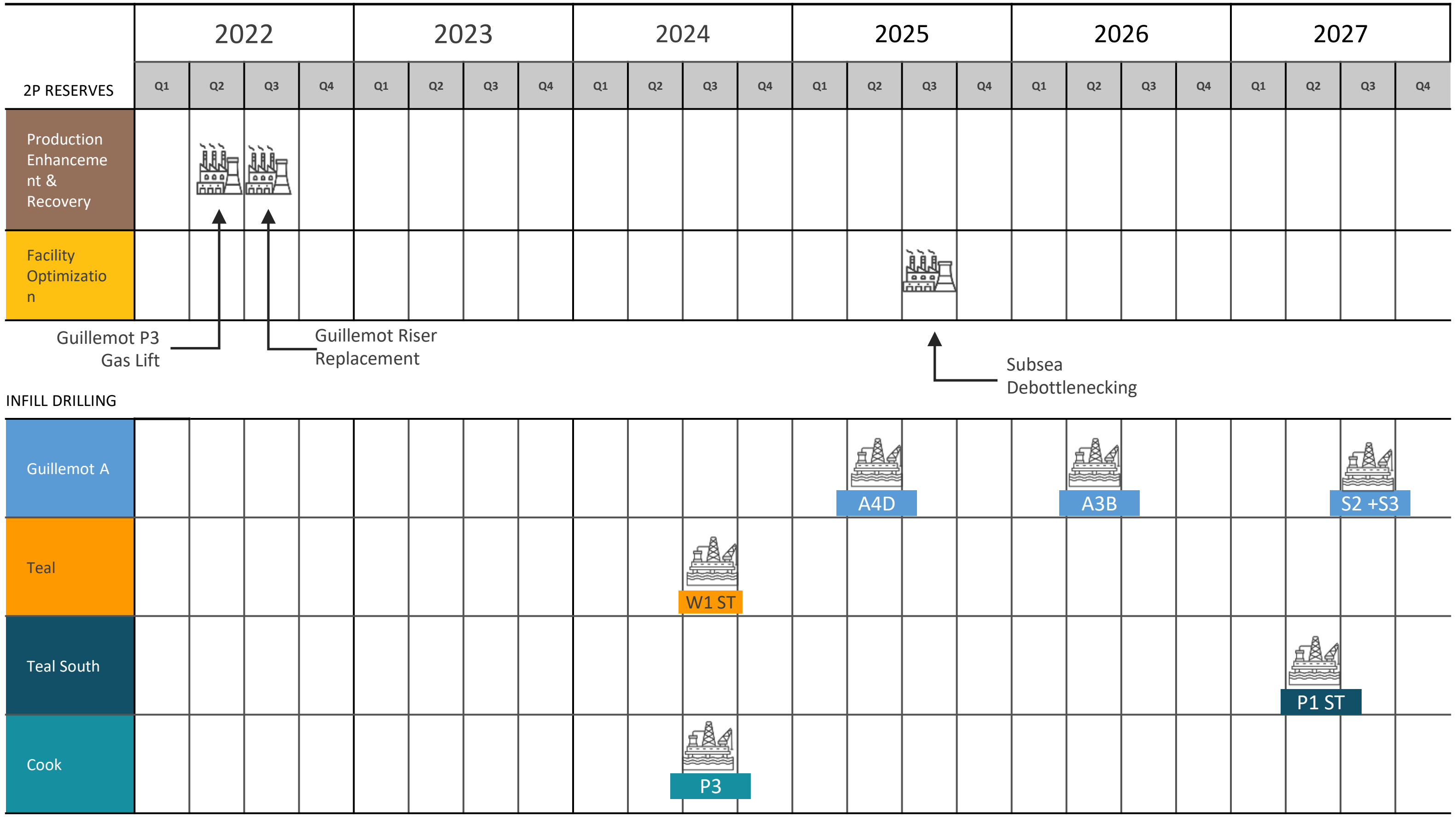
Projects (USD'MM)	Total	Jul'21 Actual	Mar'22 Actual	Jun'22 Actual	Jun'23 Planned	Jan'24 Planned
Bond interest and legal Fees	2.9	2.9	-	-	-	-
10% Corporate Purposes	4.7	4.7	-	-	-	-
Guillemot P4 Gas Lift	1.2	1.2	-	-	-	-
Guillemot/Teal Riser reinstatement	15.9	0.4	6.3	9.2	-	-
Guillemot P3 Intervention	2.1	-	2.1	-	-	-
Teal P2 Scale Squeeze & Dissolver	1.3	-	0.1	1.2	-	-
G8030 Turbine Upgrade and Replacement	1.5	-	1.5	-	-	-
Infill Drilling Long-Lead Items	3.0	-	-	-	3.0	-
Subsea Debottlenecking	5.0	-	-	-	-	5.0
Total Planned & Actual Utilisation	**37.6**	**9.2**	**10.0**	**10.4**	**3.0**	**5.0**

Notes:
1. Actuals based on AFE approved by Ping and partner
2. Planned utilisation subject to partner’s alignment

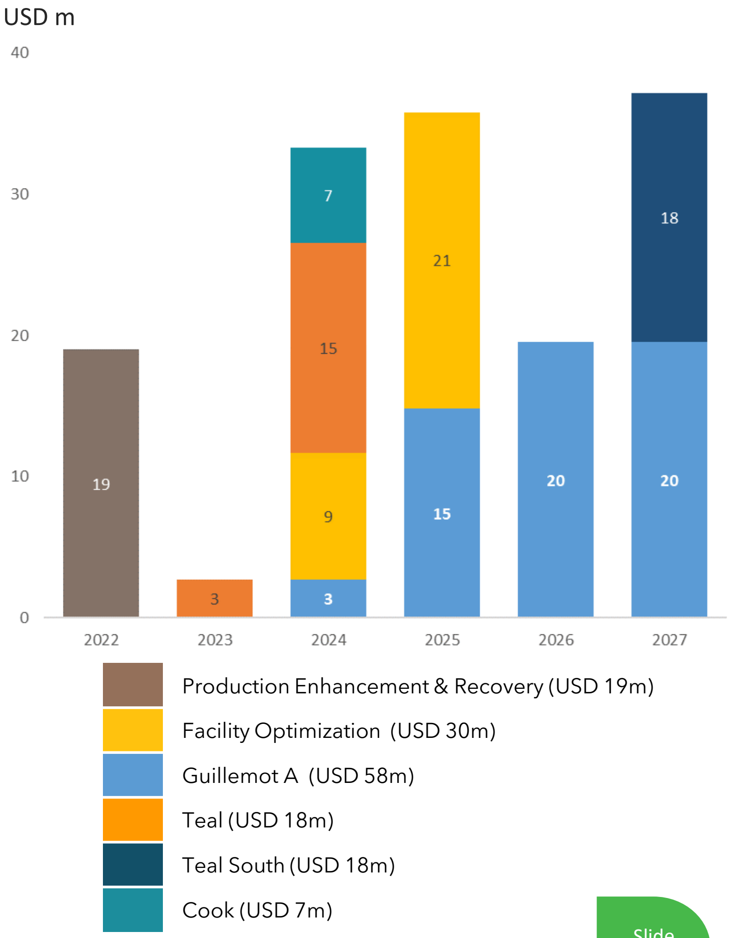
ANASURIA CLUSTER: *HIGH ACTIVITY LEVEL IN THE NEXT 4-5 YEARS*

Infill wells and facility enhancements targeted to increase production volumes

Anasuria Cluster Activity Roadmap for 2P Projects[1]

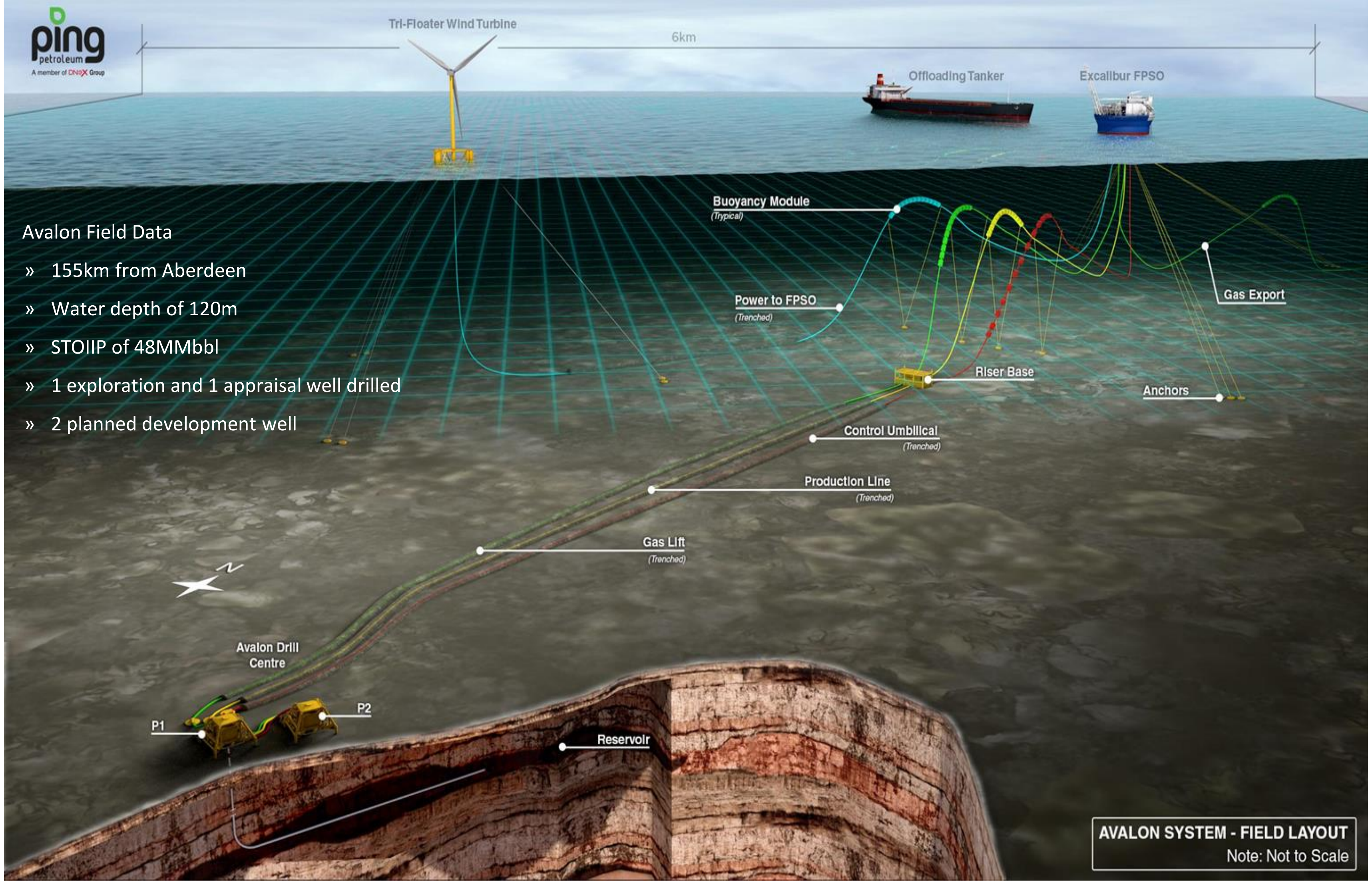


Drilling and Field Development Capex (net)[2]



1. Timing of completion of activity based on calendar year. Future activity subject to agreement from partner.
2. Estimated cost

KEY UPDATES - AVALON



Avalon Field Data

- 155km from Aberdeen
- Water depth of 120m
- STOIIP of 48MMbbl
- 1 exploration and 1 appraisal well drilled
- 2 planned development well

- Received Concept Select Approval in Mac 2022
- Acquired and taken delivery of fit for purpose FPSO. Excalibur currently at Port of Nigg, UK.
- Avalon license extended by NSTA to 31 Jan 2024
- Project to have renewable component featuring offshore wind turbine
- FDP target 4Q 2022 submission
- Ongoing farm-out activity and tie-back discussion
- Initial production of 12K bopd with targeted first oil in mid 2025

GROUP KEY UPDATES - OTHERS

- Renewables / Floating Offshore Wind collaboration with Cerulean Wind - a separate SPV under a third party

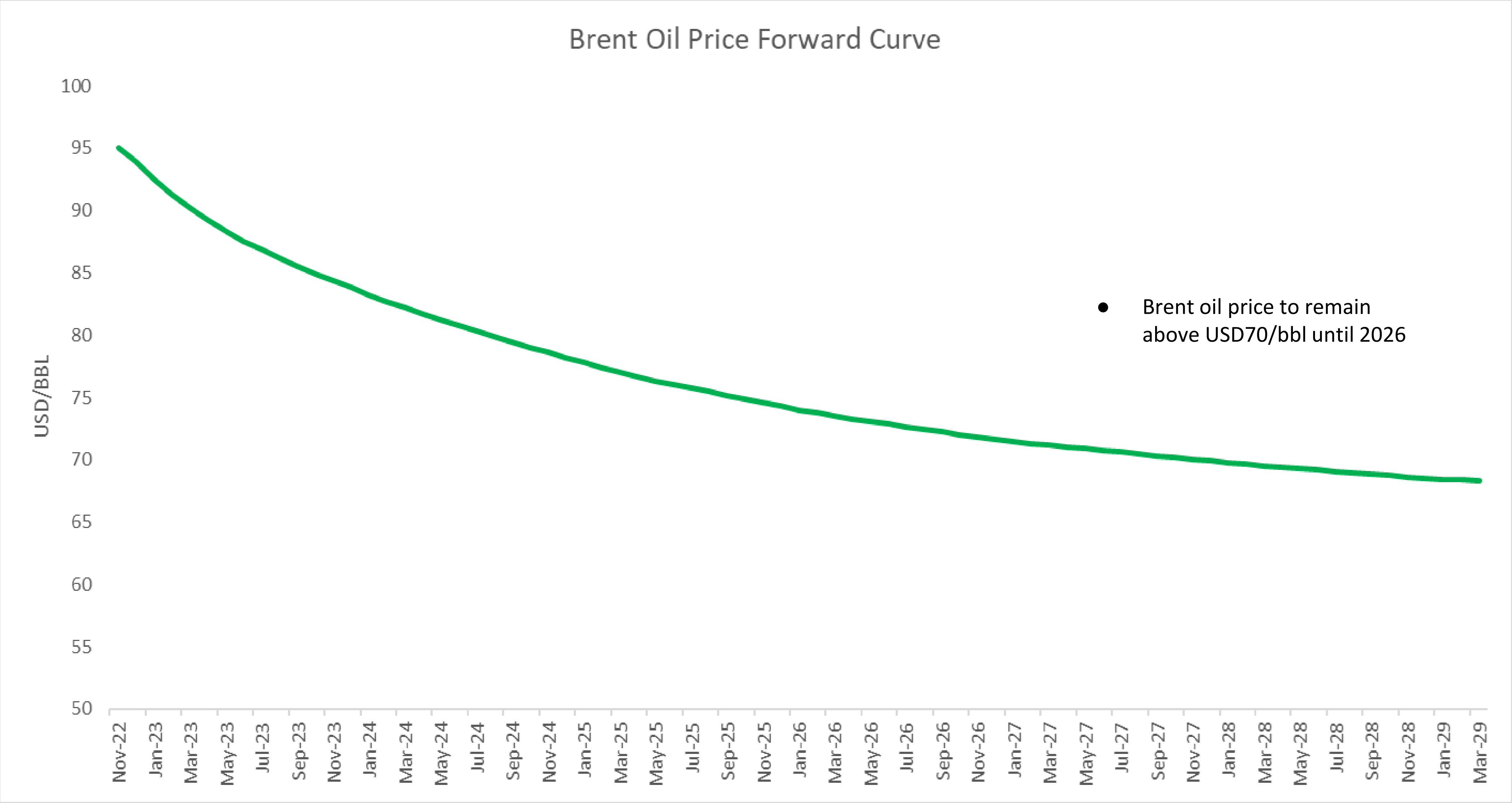
- Pursuing shut-in brownfield in South East Asia. Acquisition timing in Q3 FY 2023, with short cycle to production - this is under Ping Malaysia

- Significant capital expenditure from both Anasuria and Avalon to significantly reduce the impact of the Energy Profit Levy, in effect since 26 May 2022 - PPUK

- Evaluating Test West field with potential 4km tie-back to existing subsea facilities at initial production of 6k bopd - PPUK

HISTORICAL CASH BALANCE MOVEMENT

OIL PRICE - OUTLOOK



- Brent oil price to remain above USD70/bbl until 2026

1.Brent Oil Price extracted from Bloomberg as of 13th September 2022

HIGHLY EXPERIENCED MANAGEMENT AND BOARD

Strong track record of value creation and project execution

ROB FISHER; Chairman

- +45 years of experience in senior leadership at ExxonMobil (XOM) managing multi-functional oil and gas organizations in Malaysia, USA and Saudi Arabia
- Roles include chairman and managing director of XOM subsidiaries in Malaysia, executive assistant to the chairman of XOM, VP new business development and VP upstream Saudi Arabia
- Senior advisor to Bain and Company

ZAINAL ABIDIN JALIL; Managing Director

- +35 years of experience in various managerial and leadership capacities covering upstream and offshore operations.
- Former CEO of Malakoff Corporation and former executive of ExxonMobil in upstream O&G

PAUL BALTENSPERGER; SVP BD and M&A

- +35 years in O&G identifying, capturing, monetizing and creating value in oil and gas assets worldwide
- Former Asset Manager of Newfield Malaysia
- Managed exploration and development projects for Apache and Newfield in Africa, GOM, SE Asia and North Africa resulting in profitable core businesses.

KEVIN SMITH; Country Manager UK

- +35 years of O&G experience managing oil and gas assets
- BSc and MSc PE Texas A&M University
- Former CEO of UK based Summit E&P (8 years)
- Held various Engineering Manager roles in the US and UK.

FAIZ M. KUNJU; VP Development

- +35 years of experience in the upstream oil and gas business
- 30+ years at ExxonMobil in senior leadership roles in project execution and development planning in SE Asia, North America, Africa and the Middle East
- Recently served as CEO of OGPC providing strategic and operational leadership during transition from founder owned to a subsidiary of DNeX

MATHIAS VARMING; Head of ESG

- +10 years of experience as a sustainability practitioner, primarily focused on greenhouse gas management across a range of sectors, including energy, plantations, construction and hospitality
- Co-founder and former CEO of Evenergy Sdn Bhd, and former Principal Consultant with YTL-SV Carbon Sdn Bhd

Highly experienced management team with >225 years of collective oil and gas industry experience from supermajors, large and mid-sized independents

The team has successfully managed significant value-enhancing and investment activities on the Anasuria Cluster assets since the acquisition from Shell/ExxonMobil in 2015 while maintaining best-in-class operations and HSE records.

Strong entrepreneurial and value creation track record globally in producing assets and new field developments. The Ping team has maintained this mindset in managing the business and in our strategy for growth.

RISK **FACTORS (1/14)**

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It is impossible to accurately predict future oil and gas prices. Sustained lower oil and gas prices or price declines may lead to a material decrease in the Group's revenues. Although the Group intends to consider entering into, and may from time to time enter into, hedging agreements to receive fixed prices on its oil and gas production to offset this price risk, there can be no assurance that hedging will be available or continue to be available on commercially reasonable terms. In addition, hedging itself carries certain risks, including that if commodity prices increase beyond the levels set out in such agreements, the Group may not benefit from such increases.

Sustained lower oil and gas prices may also cause the Group to make substantial downward adjustments to its oil and gas reserves. If this occurs, or if the Group's estimates of production or economic factors change, the Group may be required to write-down the carrying value of its proved oil and gas properties for impairments and/or make changes to the depreciation of oil and gas assets charged to its income statement.

Further, development projects, production optimization projects or other projects could become unprofitable as a result of a decline in price and could result in the Group having to postpone or cancel a planned project or, if it is not possible to postpone or cancel the project, carry out the project with negative economic impact.

Finally, if oil and gas prices remain depressed (particularly in the current environment of COVID-19 and consequential reduction in demand caused by global measures to combat the pandemic), it could reduce the Group's ability to refinance debt and raise new equity and debt.

RISK FACTORS (2/14)

The Group's business, results of operations, value of assets, reserves, cash flows, financial condition, and access to capital depend significantly upon, and may be adversely affected by, the level of oil and gas prices, which are highly volatile. (cont.)

The impact of climate change may contribute to a longer-term reduction in demand for oil and gas products due to shifts in consumer preference for alternative energy technologies. This may in turn significantly reduce the value of the Group's existing and future hydrocarbon production, as well as its hydrocarbon reserves and resources. Furthermore, the cost to comply with climate change related operational regulations and disclosure requirements may reduce the Company's capacity to seek and develop new hydrocarbons or invest in acquisitions.

The occurrence of any of these things could materially adversely affect the Group's business, results of operations, value of assets, reserves, cash flows, financial condition, access to capital and/or prospects and could cause the Company to fail to meet its obligations under the Bond Terms.

The Group's business and financial condition could be adversely affected if UK tax regulations for the petroleum industry are amended.

There is no assurance that future political conditions in the UK will not result in the government adopting materially different policies for taxation which could affect the petroleum industry. Furthermore, the amounts of taxes the Group must pay could also change significantly as a result of new interpretations of tax laws and regulations or changes to such laws and regulations. In the event there are any such changes, it could inter alia lead to new investments being less attractive, prevent the Group from further growth, affect the Group's current and future tax positions, net income after tax and financial conditions. In addition, tax authorities could review and question the Group's tax returns leading to additional taxes and tax penalties. The occurrence of any of these things could materially adversely affect the Group's business, results of operations, value of assets, reserves, cash flows, financial condition, access to capital and/or prospects and could cause the Company to fail to meet its obligations under the Bond Terms.

Reserve and resource estimates are uncertain by nature.

The hydrocarbons that the Group produces and sells are situated offshore and far below the seabed. It is not possible to visit or see these reservoirs. The Group cannot measure the volumes in the reservoir directly. It will always have to rely on data from wellbore(s) and/or seismic surveys and the quality of this data may also be difficult to assess. Data from one part of the reservoir may not prove to be representative for other parts of the reservoir. The data is used in complex models to estimate volumes of hydrocarbons in place and how much of these hydrocarbons it is possible to produce. These models are themselves complex, carry considerable uncertainty and the Group cannot guarantee that these models are correct. Consequently, the accuracy of any reserves or resources evaluation depends on a number of factors, including, but not limited to the quality and quantity of available information and assumptions made in the models and geological/geophysical interpretations. New data or information from drilling, ongoing interpretation, testing and production may result in substantial upward or downward revisions of the Group's reserves or resources.

If the assumptions upon which the estimates of the Group's oil and gas reserves and resources are based prove to be incorrect, the Group may be unable to recover and/or produce the estimated levels or quality of oil or gas. This could materially adversely affect the Group's business, results of operations, value of assets, reserves, cash flows, financial condition, access to capital and/or prospects and could cause the Company to fail to meet its obligations under the Bond Terms.

Without drilling of new wells, the Company's assets have a declining production profile, which may have a negative effect on the Company's financial condition.

The Company currently projects that, without drilling of new wells, the combined production profile from its assets will be declining. If the decline takes place more rapidly than expected, or is larger than expected, the Group will receive less oil and gas to sell than anticipated. This could materially adversely affect the Group's business, results of operations, value of assets, reserves, cash flows, financial condition, access to capital and/or prospects and could cause the Company to fail to meet its obligations under the Bond Terms.

RISK FACTORS (3/14)

The Group's development projects require substantial capital expenditures.

Significant investments are required to realize the Group's planned production growth. The Group intends to finance its future capital expenditures for these projects with cash flow from operations and borrowings. However, cash flows from operations and access to capital are subject to a number of variables which are outside the control of the Group. If the Group's available cash is not sufficient, a curtailment of its development projects could occur. If this were to occur, it could materially adversely affect the Group's business, results of operations, value of assets, reserves, cash flows, financial condition, access to capital and/or prospects and could cause the Company to fail to meet its obligations under the Bond Terms

Future acquisitions by the Group may not be value accretive

The Group may acquire additional hydrocarbon assets in the future. However, there can be no guarantee that additional assets acquired by the Group will give such return on investments as the Group predicts. For example, the technical and economic assumptions about asset performance and liabilities that the Group makes to establish an offer price for the acquisition may be incorrect, resulting in the Group overpaying. Additionally, the Group may discover existing or potential problems with assets after acquiring them. This could materially adversely affect the Group's business, results of operations, value of assets, reserves, cash flows, financial condition, access to capital and/or prospects and could cause the Issuer to fail to meet its obligations under the Bond Terms.

The Group is subject to operating risks.

The Group's performance depends on successful continuation of operations. Oil and gas operations involve risks typically associated with such activities including, blowouts, oil spills, explosions, fires, equipment damage or failure, natural disasters, reservoir and other geological uncertainties, unusual or unexpected rock formations, abnormal pressures, availability of technology and engineering capacity, availability of skilled resources, maintaining project schedules and managing costs, as well as technical, fiscal, regulatory, political and other conditions.

The Group's facilities are also subject to the hazards inherent in marine operations, such as inter alia capsizing, sinking, grounding and damage from severe weather conditions.

Such hazards can also severely damage or destroy equipment, surrounding areas or property of third parties as well as cause a loss of life or serious injury to individuals or the environment, including pollution or contamination resulting from an emission, leak, release, spill or discharge into the environment emanating from the FPSO located on Anasuria and co-owned by the Company with its co-partner and/or the from the Group's facilities. Damage or loss occurring as a result of such risks may give rise to claims against the Group, and such potential obstacles may impair the Group's continuation of existing field production and delivery of key projects. This could materially adversely affect the Group's business, results of operations, value of assets, reserves, cash flows, financial condition, access to capital and/or prospects and could cause the Company to fail to meet its obligations under the Bond Terms.

Furthermore, if any of these events were to occur, they could, among other adverse effects, result in environmental damage, injury to persons, loss of life, a failure to produce oil and/or gas in commercial quantities, delays, shut-down of operations or other damage. These events can also put at risk some or all of the Group's licences and could result in the Group incurring significant civil liability claims, fines and/or criminal sanctions. In the Group's capacity as licencee and operator, it is subject to liability provisions under HSE regulations that may result in suspension or revocation of licences, civil liability for pollution damage and the imposition of fines and penalties which may be material. In 2018, a gas release incident occurred on a contractor's drilling rig in an open water location at the Guillemot A field operated by the Group's joint venture Anasuria Operating Company. The Anasuria Operating Company now faces a potential fine from UK regulators that is anticipated to be somewhere between GBP 550,000 and GBP 2,900,000 and the Company may be liable for a portion of this.

The Group maintains an energy insurance package arranged by AON London which covers business interruption from loss of production, subsea equipment and FPSO property damage, operator's extra expenses and third party liabilities to mitigate against these risks, but there can be no guarantee that the coverage under this insurance package will be sufficient to cover damage arising out of these risks.

The occurrence of any of the risks described in this section could materially adversely affect the Group's business, results of operations, value of assets, reserves, cash flows, financial condition, access to capital and/or prospects and could cause the Company to fail to meet its obligations under the Bond Terms.

RISK FACTORS (4/14)

There can be no guarantee that the Group's development plans will lead to the desired outcome.

The Group participates in a number of development projects, including facility optimization and in-fill drilling within the Anasuria Cluster. It may participate in other development projects in the future, including in relation to the Kite, Avalon and Cross discoveries, as well the Cook West prospect. These development projects are exposed to technical, financial and operational risks and may not be completed. Even if the projects are completed, there can be no guarantee that they will lead to increased reserves, revenues, or production for the Group or yield any other benefit. This could materially adversely affect the Group's business, results of operations, value of assets, reserves, cash flows, financial condition, access to capital and/or prospects and could cause the Company to fail to meet its obligations under the Bond Terms.

The Issuer relies on third parties to market and sell hydrocarbons produced from the licences in which it holds an interest.

The Issuer does not always market and sell its hydrocarbons itself, but instead relies on third parties to identify buyers and execute sales on its behalf. In the case of the Anasuria Cluster, 100% of the Issuer's entitlement to hydrocarbons from the fields in the cluster is sold by BP Oil International Limited on the Issuer's behalf. The execution of sale of its hydrocarbon products is therefore dependent on a functional market for sale of hydrocarbon products in which BP Oil International Limited or other marketers can market and sell the hydrocarbon products on behalf of the Issuer. Further, if BP Oil International Limited or other third parties with responsibility for marketing and selling the Issuer's hydrocarbons terminate their arrangements with the Issuer, there can be no assurances as to the Issuer's ability to secure similar arrangements (or similar arrangements on no less favourable terms) with other marketing and sale companies. If the Issuer is unable to sell its entitlements to hydrocarbons, either by itself or through marketers, the Issuer's ability to generate revenue from its hydrocarbon production could decrease or stop altogether. This could materially adversely affect the Group's business, results of operations, value of assets, reserves, cash flows, financial condition, access to capital and/or prospects and could cause the Company to fail to meet its obligations under the Bond Terms.

The Group is subject to infrastructure risks.

The Group may face interruptions or delays in the availability of infrastructure, including subsea pipelines, subsea risers, topside processing equipment and the Anasuria FPSO, on which production activities are dependent. The Group is currently addressing an interruption linked to leaks identified at the Guillemot A test riser and remediation options are currently being evaluated to reinstate or replace the riser. If replacement of a riser is required and no suitable spares have been identified, procurement and delivery of a new riser may take time and could cause prolonged shut-in of some of the wells and may have an adverse impact to the Company's financials. Furthermore the procurement and installation of the riser may also be exposed to potential cost overrun.

Infrastructure used by the Group is subject not only to the risk of physical damage but is also dependent upon certain minimum economic thresholds being met which are governed by a combination of commodity prices and throughput often from other producing fields which the Group may not have an interest in. Although the Group does not currently rely on infrastructure controlled by third parties, it may do so in the future. If this third party infrastructure is no longer economic to operate, it may leave the Group's fields stranded without a product export route. This could in turn materially adversely affect the Group's business, results of operations, value of assets, reserves, cash flows, financial condition, access to capital and/or prospects and could cause the Company to fail to meet its obligations under the Bond Terms.

The oil and gas industry is characterized by rapid and significant technological advancements, and the Group may not be able to keep pace.

As competitors use or develop new technologies, the Group may be placed at a competitive disadvantage or may be forced by competitive pressures to implement those new technologies at substantial costs. The Group may not be able to respond to these competitive pressures or implement new technologies on a timely basis or at an acceptable cost. Further, one or more of the technologies used by the Group now or in the future may become obsolete. In addition, new technology implemented by the Group may have unanticipated or unforeseen adverse consequences, either to its business or the industry as a whole. The occurrence of any of these things could materially adversely affect the Group's business, results of operations, value of assets, reserves, cash flows, financial condition, access to capital and/or prospects and could cause the Company to fail to meet its obligations under the Bond Terms.

RISK FACTORS (5/14)

The Group’s current production and expected future production are concentrated in one area.

Currently, the Group’s production comes from four oil fields (Guillemot A, Teal, Teal South, and Cook), all located in the Central North Sea. If mechanical or technical problems, storms, shutdowns or other events or problems affect the current or future production or infrastructure in this area, it may have direct and significant impact on a substantial portion of the Group’s production. The Group maintains an energy package insurance to mitigate these risks but there can be no guarantee that the coverage under this insurance package will be sufficient to cover damage arising out of these risks.

If this were to occur, it could materially adversely affect the Group’s business, results of operations, value of assets, reserves, cash flows, financial condition, access to capital and/or prospects and could cause the Company to fail to meet its obligations under the Bond Terms.

The Group's operations rely on shared property and infrastructure.

The Group does not own all of the facilities, equipment, IP rights or other assets and rights necessary to use in the production and operation of the fields in which the Group holds licence interests; it is dependent on contractual arrangements to secure the continued use of such assets and rights. All of the Group's current production relies on shared infrastructure, particularly the Anasuria FPSO. There is a risk that some or all of these assets and rights might not be available to the Group. If this were to occur, it could materially adversely affect the Group’s business, results of operations, value of assets, reserves, cash flows, financial condition, access to capital and/or prospects and could cause the Company to fail to meet its obligations under the Bond Terms.

The Company may not have access to capacity booking for the transportation and sale of natural gas

The Group is, and will in the future be, dependent on capacity to sell its gas production. There can be no assurance that the Group will be able to get access to future necessary capacity booking and the Group’s income relating to the sale of gas may be reduced. Furthermore, if there is a capacity constraint to sell the gas, some of the oil production may need to be curtailed to cater for the gas capacity constraint. This could materially adversely affect the Group’s business, results of operations, value of assets, reserves, cash flows, financial condition, access to capital and/or prospects and could cause the Company to fail to meet its obligations under the Bond Terms.

Risk relating to transportation of hydrocarbons.

The Group depends on third-party services to transport hydrocarbons to the point of sale. Hydrocarbons are by their nature hazardous and the Group is exposed to risks arising from possible major accidents or incidents. These damage the environment and/or the health and safety of the Group's staff and others. If an accident or incident were to occur, it could materially adversely affect the Group’s business, results of operations, value of assets, reserves, cash flows, financial condition, access to capital and/or prospects and could cause the Company to fail to meet its obligations under the Bond Terms.

Dependence on oil field services providers and equipment, and production and supply infrastructure.

The Group’s oil and gas projects rely on the availability of third-party equipment and services. In particular, operations in the Anasuria Cluster (excluding the Cook Field) rely on the provision of installation, pipeline and well services by contractor Petrofac. In the future, the Group's projects may also rely on access to third-party-owned and operated infrastructure. Such materials and services may be scarce or may not be readily available at the times and places required or at favourable rates. Failure to perform drilling within the expiry date of a production licence may lead to a material adverse effect on the business, results of operations and financial condition of the Group.

RISK FACTORS (6/14)

Risk of liability from contractors' operations.

The Group carries out the majority of its activities using contractors. In the case of the Anasuria Cluster (excluding the Cook Field), all installation, pipeline and well operations are carried out by contractor Petrofac. The Group may become subject to liability claims or losses due the acts or omissions of contractors and other service providers. Any indemnities that the Group may receive from contractors and service providers may be inadequate and/or difficult to enforce. This could materially adversely affect the Group’s business, results of operations, value of assets, reserves, cash flows, financial condition, access to capital and/or prospects and could cause the Company to fail to meet its obligations under the Bond Terms.

Risk related to reliance on the Anasuria Operating Company.

The Group does not operate all of its properties or licences and consequently relies on the expertise of other operators. The Anasuria assets are operated by the Anasuria Operating Company, which the Company owns jointly with its co-partner. The Anasuria Operating Company has in turn engaged oil service provider Petrofac to operate the installations, pipelines and wells within the Anasuria Cluster (excluding the Cook Field). The Group is therefore dependent on the services of the Anasuria Operating Company and Petrofac to carry out operator tasks and may be unable to direct or control the activities of the operator or the costs of production and exploration of such operations. This could materially adversely affect the Group’s business, results of operations, value of assets, reserves, cash flows, financial condition, access to capital and/or prospects and could cause the Company to fail to meet its obligations under the Bond Terms.

Risk of joint and several liabilities with its licence partners.

Under each licence, the relevant Group entity is liable on a joint and several basis together with its licence partners for the liabilities of the licence group (including but not limited to decommissioning liabilities). While such joint and several liability is regulated among the licence group through the joint operating agreement, ultimately failure by a licence partner to fulfil its financial obligations may result in the other licence partners (including the Group) being liable for such failure and therefore increase the Group's exposure related to the licence in question. As a consequence of joint and several liabilities, any failure by a licence partner to fulfil any significant financial obligations could materially adversely affect the Group’s business, results of operations, value of assets, reserves, cash flows, financial condition, access to capital and/or prospects and could cause the Company to fail to meet its obligations under the Bond Terms.

The Group's decommissioning liabilities may be onerous and cannot be accurately predicted.

The Group has assumed certain obligations in respect of the decommissioning of its fields and related infrastructure and is expected to assume additional decommissioning liabilities in the future. These liabilities are derived from legislative, regulatory and contractual requirements concerning the decommissioning of wells and production facilities and require the Group to make provisions for and/or underwrite the liabilities relating to such decommissioning. It is difficult to forecast the costs that the Group will incur in satisfying its decommissioning obligations particularly as (i) the costs of decommissioning are volatile, being linked to oil and gas capital expenditure generally and (ii) regulations determining the decommissioning standards may change. The actual costs of decommissioning are expected to be paid from the Group's cash resources and cash flow generated from both the Group's existing and future producing assets. The Group has decommissioning securities agreements in place, and also has a cash trust account to build cash funds to meet the costs of decommissioning for all of its current assets but these may be insufficient to cover the decommissioning liabilities. In the particular case of the Anasuria Cluster, the Group has entered into an agreement under which it is required to make quarterly cash payments linked to the cluster's profitability into an escrow account to be used to cover future decommissioning costs.

RISK FACTORS (7/14)

The Group's decommissioning liabilities may be onerous and cannot be accurately predicted. (cont.)

The estimated timing of decommissioning is dependent upon a number of factors and a material reduction in production levels or commodity prices and/or an increase in operating expenditure may bring forward such timing. Given the uncertainty of both the medium to long term timing and cost of decommissioning, the associated liabilities may exceed the Group's cash resources to a point where the Group does not have the funds available to meet such costs. When its decommissioning liabilities crystallise, the Group may be jointly and severally liable for them with other former or current partners. In the event that other partners default on their obligations, the Group will remain liable and its decommissioning liabilities could be magnified significantly through such default. Any significant increase in the actual or estimated decommissioning costs that the Group incurs may adversely affect its financial condition. Furthermore, decommissioning tax relief in the UK is dependent on sufficient tax having been paid to offset such expense. The Group may not be able to offset such expenses, partially or at all.

In addition, in the UK the Group has to provide or procure security to support its future decommissioning liabilities typically in the form of cash, irrevocable standby letters of credit or on-demand (performance) bonds from banks holding certain minimum credit ratings (as set required under the terms of the UK Oil & Gas model decommissioning security agreement and the Secretary of State under the UK Petroleum Act 1998). There is an increasing shortage of banks able and willing to provide such security which may leave the Group having to provide cash as security or potentially being unable to meet its security obligations under the decommissioning arrangements. Decommissioning obligations for previously owned assets should be met by the owners of those assets at the time of decommissioning, but if those owners are unable to pay for that decommissioning the liability may have to be met by other former owners, including the Group.

The risks described in this section could materially adversely affect the Group’s business, results of operations, value of assets, reserves, cash flows, financial condition, access to capital and/or prospects and could cause the Company to fail to meet its obligations under the Bond Terms.

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

Once the Group has an interest in an established oil and/or gas exploration, development and/or production operation in a particular location, it may be expensive and logistically burdensome to discontinue such an operation should economic, physical or other conditions deteriorate. This is due to, among other reasons, the significant capital investments required in connection with oil and gas exploration, development and production; the nature of contractual arrangements with partners and government authorities; and significant decommissioning costs. Additionally, because the trading of oil and gas assets is relatively illiquid, the Group's ability to discontinue or dispose of all or a partial interest in assets promptly may be limited. In the event that the Group wishes to dispose of any exploration, appraisal, development or production interest in the future, no assurance can be given that the Group would be able to sell or swap any such asset either at all or on terms acceptable to the Group. It is not possible to predict the length of time required to find such acquirers for assets or to conclude asset disposals particularly in times of political, economic or financial change or uncertainty. Being in such a situation could materially adversely affect the Group’s business, results of operations, value of assets, reserves, cash flows, financial condition, access to capital and/or prospects and could cause the Company to fail to meet its obligations under the Bond Terms.

The Group cannot completely protect itself against title disputes.

Although the Group believes that it has good title to its oil and gas properties, it cannot control or completely protect itself against the risk of title disputes or challenges. The Group holds rights to produce, develop and explore its various oil and gas properties, but no assurance can be given that relevant government authorities will not revoke, or significantly alter the conditions of, the applicable exploration and development authorisations, licences, permits, approvals and consents or that such exploration and development authorisations, licences, permits, approvals and consents will not be challenged or impugned by third parties. If this were to occur it could materially adversely affect the Group’s business, results of operations, value of assets, reserves, cash flows, financial condition, access to capital and/or prospects and could cause the Company to fail to meet its obligations under the Bond Terms.

RISK FACTORS (8/14)

The Group may not pursue all of the development projects it becomes involved in.

The Group may become involved in the early stages of development projects before a field development plan has been defined. Uncertainty remains as to whether these projects will reach final development sanction, and if they do, what their final cost will be and whether they will meet the Group's internal technical requirements and financial risk and/or return criteria. As such, the Group may not have, or may not choose, to allocate capital to all of these projects at current ownership levels and may seek to farm-down its equity participations in these projects where appropriate. There is no guarantee that such a process will be successful. In such circumstances, the Group may choose to withdraw from some or all of such projects and, as a consequence, not meet its production growth aspirations. This could materially adversely affect the Group’s business, results of operations, value of assets, reserves, cash flows, financial condition, access to capital and/or prospects and could cause the Company to fail to meet its obligations under the Bond Terms.

Risk related to attracting and retaining executive management and other personnel.

The Group is substantially dependent on the services of a few key personnel. In addition, from time to time there is a high level of competition for qualified personnel in the oil and gas industry. There can be no assurance that the Group will be able to continue to attract and retain all personnel necessary for the development and operation of its business. This could materially adversely affect the Group’s business, results of operations, value of assets, reserves, cash flows, financial condition, access to capital and/or prospects and could cause the Company to fail to meet its obligations under the Bond Terms.

The Group's financial and operational condition could be materially adversely affected by the COVID-19 pandemic

If the COVID-19 pandemic worsens, or if it continues longer than currently projected, work programmes at the Group's fields may be delayed or cancelled and production at the Group's fields may be reduced or stopped entirely. The pandemic also has the potential to restrict the movement of necessary personnel to operational sites and therefore affect production and future development. The occurrence of any of these things could materially adversely affect the Group’s business, results of operations, value of assets, reserves, cash flows, financial condition, access to capital and/or prospects and could cause the Company to fail to meet its obligations under the Bond Terms.

Legal, regulatory and insurance risks

Risk of insufficient insurance coverage.

The Group may be subject to substantial liability claims due to the inherently hazardous nature of its business or for acts and omissions of contractors, operators or joint venture partners. Although the Group has obtained insurance in accordance with industry standards to address such risks, such insurance has limitations on liability. In addition, such risks may not, in all circumstances be insurable or, in certain circumstances the Group may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or for other reasons. In addition, there can be no assurance that the proceeds of insurance applicable to covered risks will be adequate to cover expenses relating to losses or liabilities. Accordingly, the Group may suffer material losses from uninsurable or uninsured risks or insufficient insurance coverage or indemnities. This could materially adversely affect the Group’s business, results of operations, value of assets, reserves, cash flows, financial condition, access to capital and/or prospects and could cause the Company to fail to meet its obligations under the Bond Terms.

RISK FACTORS (9/14)

There are significant risks related to owning and developing hydrocarbon assets in light of public policy relating to the energy transition and governmental commitments to the "Net Zero 2050" policy objective

The revised Maximising Economic Recovery Strategy for the UK (the MER Strategy) came into force on 11 February 2021. The MER Strategy was issued in the wake of the UK Government's introduction of legislation in June 2019 to achieve carbon neutrality by 2050 (the net zero target). The MER Strategy Central Obligation is to “secure that the maximum value of economically recoverable petroleum is recovered from the strata beneath relevant UK waters“. This core principal objective of “maximising the economic recovery of UK petroleum” is enshrined in Section 9A(1) of the Petroleum Act 1998. The MER Strategy added a second branch to this Central Obligation by requiring participants to “take appropriate steps to assist the Secretary of State in meeting the net zero target, including by reducing as far as reasonable in the circumstances greenhouse gas emissions from sources such as flaring and venting and power generation, and supporting carbon capture and storage projects”. The UK Oil and Gas Authority's revisions reflect this with new obligations including new low carbon obligations requiring industry participants to reduce flaring and emissions, explore and implement carbon reduction measures such as platform electrification and new good faith obligations in respect of carbon capture and storage. Persons subject to these obligations include holders of and operators under petroleum licences, owners of upstream petroleum infrastructure, persons planning and carrying out the commissioning of upstream petroleum infrastructure and owners of relevant offshore installations. The effect of this change is to directly integrate the Government's net zero target into the Central Obligation. These proposed or predicted regulatory changes have the potential to impact the industry as a whole and could materially adversely affect the Group’s business, results of operations, value of assets, reserves, cash flows, financial condition, access to capital and/or prospects and could cause the Company to fail to meet its obligations under the Bond Terms.

The Group faces risks relating to the UK’s exit from the European Union.

The UK withdrew from the European Union effective 31 January 2020 ("Brexit"). Notwithstanding that the transition period expired on 31 December 2020 and the UK agreed the terms of its ongoing relationship with the European Union, there remains a lack of clarity about (i) future UK laws and regulations (as the UK determines which EU laws to replace or replicate following its withdrawal from the European Union) including free trade agreements; and (ii) the effect Brexit will have on the movement of people, capital and goods, the provision of services to businesses and the practicalities associated with operating in the UK as well as different European markets. Any substantial change in the regulations applicable to the Group's business may increase costs associated with its operations in the UK and the EU.

Due to the size and importance of the UK economy, and the uncertainty and unpredictability concerning the UK’s relationship with the European Union following the end of the transition period, enhanced by the economic uncertainty and unpredictability caused by the COVID-19 pandemic, there may continue to be instability in the market, significant currency fluctuations, and/or other adverse effects on trading agreements or similar cross border cooperation arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise) for the foreseeable future. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and could significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets.

Possible negative outcomes resulting from Brexit include: significantly disrupted trade between the UK and the EU; political and economic instability in other countries of the EU; and instability in the global financial and foreign exchange markets, including volatility in the value of the euro and the pound sterling.

Given the lack of comparable precedent, it is unclear what financial, trade and legal implications Brexit will have and whether, and to what extent, the Group’s operations might be affected. Therefore, Brexit could materially adversely affect the Group’s business, results of operations, value of assets, reserves, cash flows, financial condition, access to capital and/or prospects and could cause the Company to fail to meet its obligations under the Bond Terms.

RISK FACTORS (10/14)

The Group's business, results of operations and financial condition could be adversely affected by the future independence of Scotland.

Some Scottish parliamentarians are advocating for independence from the rest of the United Kingdom. If this were to occur, the great majority of the Group's reserves would likely be located in Scottish waters and certain of the Group's contractors and providers of capital equipment may be similarly affected. The uncertainty created by any future vote on independence in Scotland may have a negative impact on the Group's ability to obtain services from Scottish companies and/or continue to deliver hydrocarbons into Scotland, be it at all, at economic rates and/or at levels similar to current rates, as well as other fiscal and economic uncertainties arising from Scottish independence (including uncertainties with respect to petroleum taxation schemes and tax losses). An affirmative vote in favour of Scottish independence could result in Scotland ceasing to be in a trading, monetary or fiscal union with the remainder of the United Kingdom. There can be no assurances that, even if Scotland were to apply for EU membership, Scotland would be able to join as an independent member. The UK government has also stated that there is unwillingness to maintain a currency union with an independent Scotland, so that Scotland would no longer be entitled to use pounds sterling as its official currency and there is uncertainty as to whether Scotland would be able to or willing to adopt the Euro. Scottish independence could thus materially adversely affect the Group's business, results of operations, value of assets, reserves, cash flows, financial condition, access to capital and/or prospects and could cause the Company to fail to meet its obligations under the Bond Terms.

Litigation against the Group could materially impact the Group's business.

The Group currently has only one material litigation pending. This arises out of the fact that AOC, in which the Company holds a 50% stake, may dispute any eventual fine it received for the gas release described above. However, there can be no guarantee that the past, current or future actions of the Group will not result in litigation. Such disputes and legal proceedings may be expensive and time-consuming, and could divert management's attention from the Group's business. In addition, damages claimed under such litigation, defence and settlement costs, and the adverse publicity surrounding such claims could materially adversely affect the Group's business, results of operations, value of assets, reserves, cash flows, financial condition, access to capital and/or prospects and could cause the Company to fail to meet its obligations under the Bond Terms.

Fiscal and other risks derived from UK governmental involvement in the oil and gas industry.

The Group currently operates in the United Kingdom, the government of which has exercised and continues to exercise significant influence over many aspects of its economy, including the oil and gas industry. The government could take action concerning the economy, including the oil and gas industry, such as changing oil or gas pricing policy (including royalties), exploration and development policy or renegotiation or nullification of existing concession contracts. Furthermore, there can be no assurance that the UK government will not postpone or review projects or will not make any changes to laws, rules, regulations or policies. The occurrence of these things could materially adversely affect the Group's business, results of operations, value of assets, reserves, cash flows, financial condition, access to capital and/or prospects and could cause the Company to fail to meet its obligations under the Bond Terms.

Non-compliance with HSE rules.

The oil and gas business is subject to onerous health, safety and environmental ("HSE") regulation pursuant to numerous international, EU, state and municipal conventions, laws and regulations. These conventions, laws and regulations are becoming increasingly complex, stringently enforced and expensive to comply with and this trend is likely to continue. Any legal responsibility, sanction or other consequence resulting from breach of or non-compliance with any HSE requirements or other laws, regulations or requirements connected to the oil and gas industry could materially adversely affect the Group's business, results of operations, value of assets, reserves, cash flows, financial condition, access to capital and/or prospects and could cause the Company to fail to meet its obligations under the Bond Terms.

RISK FACTORS (11/14)

Risks related to the Group's financial position and liquidity

The Group is exposed to credit risk.

The Group may be exposed to financial loss if contractual counterparties fail to meet their obligations. If significant amounts are not paid this could materially adversely affect the Group's business, results of operations, value of assets, reserves, cash flows, financial condition, access to capital and/or prospects and could cause the Company to fail to meet its obligations under the Bond Terms..

Risk relating to obtaining further financing.

If the Group's revenues decline, or if new debt arrangements and/or capital expenditure financings in general are not accessible, or only on unattractive commercial terms, the Group will experience a limited ability to undertake or complete future development programs. There is no assurance that additional funding, if required, will be available on acceptable terms at the relevant time. In addition, neither the parent of the Company nor the parent's sponsors are under any obligation to provide additional equity or shareholder loans to the Group.

The failure to secure further financing could materially adversely affect the Group's business, results of operations, value of assets, reserves, cash flows, financial condition, access to capital and/or prospects and could cause the Company to fail to meet its obligations under the Bond Terms.

The Group is exposed to liquidity risks.

In order to be able to continue as a going concern, finance its operations and mitigate the effects of fluctuations in cash flows, the Group ensures that adequate cash resources (i.e. cash and cash equivalents) are readily available by entering into credit arrangements. In case of a breach of the terms and conditions of such an arrangement, a lender may be entitled to cancel the entire or part of the commitment. If, for any reason or at any time, the Group cannot get access to liquidity on commercially acceptable terms and conditions or at all, this could materially adversely affect the Group's business, results of operations, value of assets, reserves, cash flows, financial condition, access to capital and/or prospects and could cause the Company to fail to meet its obligations under the Bond Terms.

Debt service and upstream capacity.

Applicable law may limit the amounts that some members of the Group will be permitted to pay as dividends or distributions on their equity interest or limit their ability to transfer cash among entities within the Group. This may mean that even though the Group in aggregate may have sufficient resources to meet its obligations, the Group may not be permitted to make the necessary transfers within the Group, which could materially adversely affect the Group's business, results of operations, value of assets, reserves, cash flows, financial condition, access to capital and/or prospects and could cause the Company to fail to meet its obligations under the Bond Terms.

RISK FACTORS (12/14)

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The Group is exposed to credit risk.

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RISK FACTORS (13/14)

The value of the security for the Bonds cannot be guaranteed. (cont.)

Enforcement of security will also be subject to law and regulations and the procedures set out therein. There may therefore both be restrictions, limitations and procedures that could affect timing, procedure and return upon enforcement of security.

The scope of the security package will not cover all assets required to secure the continued production or operations on the fields in which the Group has licence interests and there can be no assurances as to the ability to secure the continued use of all facilities, equipment, agreements, IP rights and other rights and assets necessary for continued production or operations in case of a liquidation, bankruptcy or a similar proceeding initiated against the Group, the relevant operating companies or its co-licence holders on any such fields. Enforcement of security, particularly in licences, may also require approval from regulatory bodies (which inter alia can impose conditions on technical and financial capacities) and contractual counterparties that may restrict and limit the realisation of assets and therefore also the value of the security.

In the event of a liquidation, bankruptcy or a similar proceeding, neither the Company nor Parent can provide any assurance that the proceeds from any sale or liquidation of the security assets of the Group will be sufficient to pay the obligations under the Bonds, in full or at all. If the proceeds of any sale of the security assets are not sufficient to repay all amounts due under the Bonds, the bondholders (to the extent not repaid from the proceeds of enforcement against the security assets) would have only an unsecured claim against the remaining assets of applicable obligor Group companies.

No assurances can therefore be given to the bondholders as to the value of any security, including if the security has any value at all, and if enforcement of any or all the security could give any return.

Optional redemption by the Company.

The Bond Terms will provide that the Bonds shall be subject to optional redemption by the Company at their outstanding principal amount, plus accrued and unpaid interest to the date of redemption, plus in some events a premium calculated in accordance with the terms and conditions of the Bond Terms. This is likely to limit the market value of the Bonds. It may not be possible for bondholders to reinvest proceeds at an effective interest rate as high as the interest rate on the Bonds.

The Bond may become putable.

Upon the occurrence of a Put Option (Change of Control and Disposal of Anasuria Licences), each individual bondholder shall have a right to require that the Company purchases all or some of the Bonds held by that bondholder, as further set out in the Bond Terms. However, it is possible that the Company may not have sufficient funds or be able to obtain third-party financing to make the required redemption of Bonds, resulting in an event of default under the Bonds.

The Bonds may be subject to purchase and transfer restrictions.

While the Bonds are freely transferable and may be pledged, any bondholder may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable from time to time under local laws to which a bondholder may be subject (due e.g. to its nationality, its residency, its registered address, its place(s) for doing business or similar), including, but not limited to, specific transfer restrictions applicable to bondholders located in the United Kingdom and the United States. The Company is relying upon exemptions from registration under the US federal securities laws, applicable US state securities laws and UK and EU securities laws in the placement of the Bond. As a result, in the future the Bonds may be transferred or resold only in a transaction registered under or exempt from the registration requirements of such legislation. Consequently, investors may not be able to sell their Bonds at their preferred time or price. The Company cannot assure investors as to the future liquidity of the Bonds and as a result, investors bear the financial risk of their investment in the Bonds, and each bondholder must ensure compliance with applicable local laws and regulations at its own cost and expense.

RISK FACTORS (14/14)

The bondholders may not be able to act if the financial condition of the Company materially deteriorates (incurrence covenants).

Since the Company will only be required to satisfy certain financial ratios upon the incurrence of certain types of financial indebtedness there is a significant risk that the bondholders will be unable to accelerate the maturity date of the Bonds or take other actions against the Company to preserve their investments, even if the financial condition of the Company and the Group materially deteriorates.

Modification of the Bonds.

The Bond Terms will contain provisions for calling meetings of bondholders. These provisions permit defined majorities to make decisions affecting and binding all bondholders. The trustee may, without the consent of the bondholders, agree to certain modifications of the Bond Terms and other finance documents which, in the opinion of the trustee, are proper to make. Such decisions or modifications, whether agreed to by the trustee or resolved by a requisite majority of bondholders, may not be in the best interests of all bondholders and might adversely affect the liquidity or price of the Bonds.

Prospective investors may not be able to recover in civil proceedings for US securities laws violations.

The Bonds will be issued by the Company, which is incorporated under the laws of the United Kingdom. As a result, prospective investors may be unable to effect service of process within the United States, or to recover on judgments of US courts in any civil proceedings under the US federal securities laws.

Risk of being unable to repay the Bond.

If the cash flow and capital resources are insufficient to fund the debt obligations, the Group may be forced to sell assets, seek additional equity or debt capital or restructure its debt. In addition, any failure to make scheduled payments of interest and principal on outstanding indebtedness is likely to result in a reduction of credit rating, which could harm the ability to incur additional indebtedness on acceptable terms.

The terms and conditions of the Bond are governed by Norwegian law and there are risks of changes to such laws.

The terms and conditions of the Bond are governed by Norwegian law in effect as at the date of this presentation. No assurance can be given as to the impact of any possible judicial decision or change to such laws or administrative practices after the date of this presentation.

THANK YOU

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