CREDIT PRESENTATION

Panoro Energy

November 2024

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Panoro Energy
1. Company overview
2. Operations
3. Financial overview
4. Risk factors

Panoro Energy
COMPANY OVERVIEW
KROHNE

OVERVIEW OF PANORO ENERGY

Panoro is an African focused full-cycle independent upstream E&P company

PANORO AT A GLANCE

Listed on the Oslo Børs
(ticker symbol: PEN.OL)

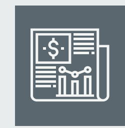
Diversified portfolio with three core oil producing assets
- Gabon (Dussafu Marin Permit)
- Equatorial Guinea (Block G)
- Tunisia (TPS Assets)

Priority is to maximise production and cash flows from existing assets

Grown through a combination of acquisitions and organic developments

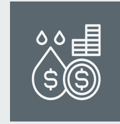
Active joint venture partner with a lean, highly capable organisation

KEY FIGURES

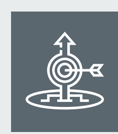


38.7 MMbbls
Net 2P reserves (100% oil) 2023[1]

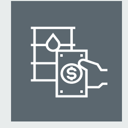
USD ~303 MM
Market cap[2]



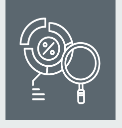
>13.0 kbopd
Current WI production



USD ~150 MM
EBITDA 2024E



28.5 MMbbls
Net 2C resources[3]



0.5x
PF leverage ratio

Ownership structure	Percentage
Institutional ownership (in top 20 holders)	22.8%
Other professional (incl. Norwegian family offices)	23.2%
Julien Balkany (Chairman of the Board)	3.2%
Management & other primary insiders	1.4%
Other (including retail)[4]	49.4%

PORTFOLIO OVERVIEW

Notes: 1) Pro forma for discoveries made after year end 2023; 2) As of 19 November 2024; 3) 2C resources as independently estimated at year end 2023 and excludes discovered resources on block EG-23 of ~112 MMboe net to Panoro (PSC signed November 2024); 4) Includes 1.1% of issued shares held in treasury following repurchase by the Company, pending board approval for cancellation

KEY MILESTONES IN PANORO'S CORPORATE DEVELOPMENT

Panoro has been in an intensive growth phase with 18 new production wells drilled offshore Gabon and Equatorial Guinea since 2018

PORTFOLIO DEVELOPMENT AND OPERATIONAL MILESTONES

3.1 MMbbl 2P
0.5 kbopd WI

+12.5x increase in 2P reserves – 2C resources provide significant further growth potential and running room

38.7 MMbbl 2P
>13.0 kbopd WI

Number of production wells drilled

- **2 Wells** (Gabon)
- **4 Wells** (Gabon)
- **2 Wells** (Equatorial Guinea)
- **8 Wells** (Gabon) & **2 Wells** (Equatorial Guinea)

2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024+

July 2018
Acquisition of DNO Tunisia AS

Tortue Phase I onstream (Dussafu)

November 2018
Acquisition of OMV Tunisia Upstream GmbH
- USD 65 million cash consideration
- TPS Assets

Tortue Phase II onstream (Dussafu)

February 2021
Tullow Acquisitions
- USD 140 million cash consideration
- 14.25% in Block G & additional 10% in Dussafu

Hibiscus onstream (Dussafu)

April 2023
Acquisition of minority interest in Tunisia business
- USD 18.2 million consideration (cash and shares)

Hibiscus South onstream (Dussafu)

2024 Discoveries onstream (Dussafu)

July 2018
(Equity issue)
- **USD 8.3 MM**

November 2018
(Equity issue)
- **USD 30 MM**

October 2019
(Equity issue)
- **USD 16 MM**

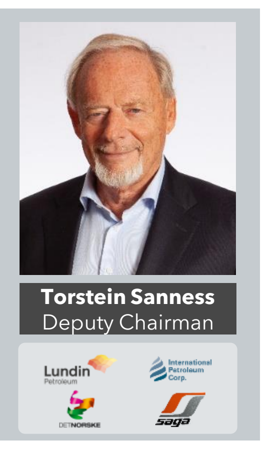
February 2021
(Equity issue)
- **USD 70 MM**
- **USD 10 MM** follow on offering

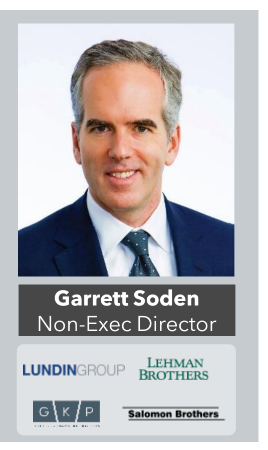
February 2021
(RBL)
- **USD 90 million** 5-year facility (in connection with Tullow Acquisitions)

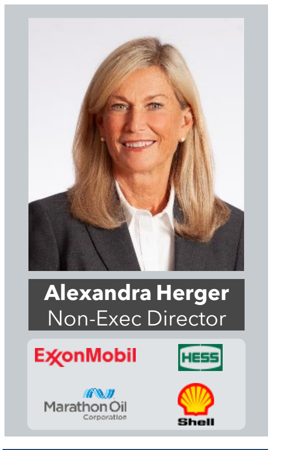
BOARD OF DIRECTORS AND MANAGEMENT TEAM

Dedicated and lean management team backed by an experienced Board of Directors

BOARD OF DIRECTORS



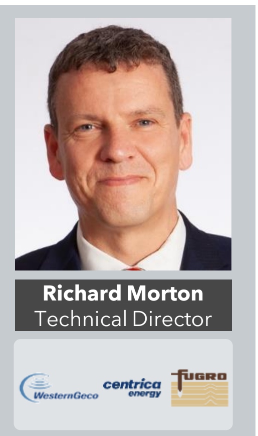


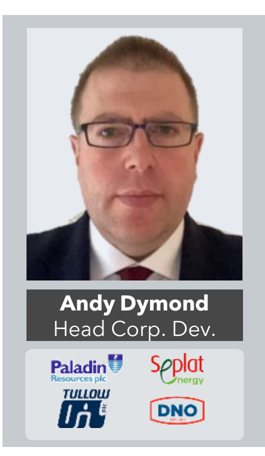


STRONG GOVERNANCE & LEAN ORGANISATION

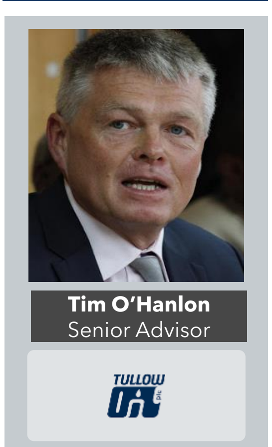
- Board of Directors with diverse and relevant expertise, offering the Company valuable perspectives on industrial, operational, financial and strategic matters
- Aligned with Norwegian Code of Practice for Corporate Governance
- Lean and efficient management team headquartered in London
- Country managers permanently based in their respective country of operations

SENIOR MANAGEMENT

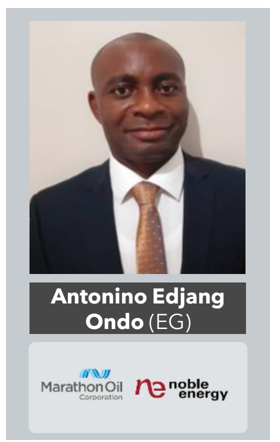


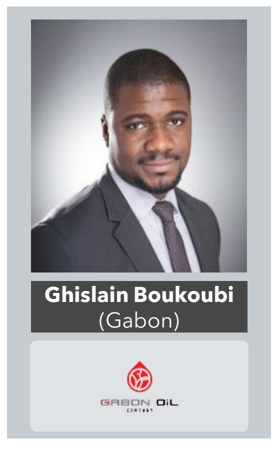


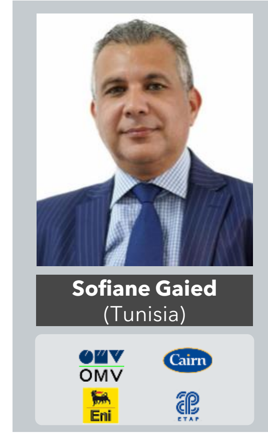
SR. ADVISOR



COUNTRY MANAGERS







BUSINESS PRIORITIES

Prioritising consistent reserve replacement and production additions at a low unit cost to deliver attractive returns

OPERATING AND CAPITAL EFFICIENCY	GROW RESERVES AND ACCELERATE PRODUCTION	CONSERVATIVE FINANCIAL PROFILE
Preserve low-cost structure to ensure attractive returns	2C resource to 2P reserve conversion	Maintain adequate liquidity to support growth
Maximise economic oil recovery from producing assets	Infrastructure-led resource opportunities (modest exposure)	Diversification of funding sources
Corporate governance and business integrity	Balance organic and opportunistic inorganic growth	Active risk management and financial policies

Operating and capital efficiency
- ✓ Eqt. Guinea acquisition payback in 18 months
- ✓ Low operating breakeven thresholds
- ✓ Lean organisation

Grow reserves and accelerate production
- ✓ >100% reserve replacement in 2024 (expected)
- ✓ 89% E&A drilling success rate in Gabon
- ✓ 29 MMbbls 2C resource base (WI)

Conservative financial profile
- ✓ USD ~135 MM equity raised since 2018
- ✓ Strong relationships with oil and gas lenders
- ✓ Limited committed expenditures

STRONG CASH FLOW OUTLOOK

Panoro has reached >13 kbopd WI production with capex in '25+ set to decrease

CURRENT WI PRODUCTION ABOVE 13 KBOPD

WI production | Capex (excl acquisition costs)

WI kbopd | USD MM

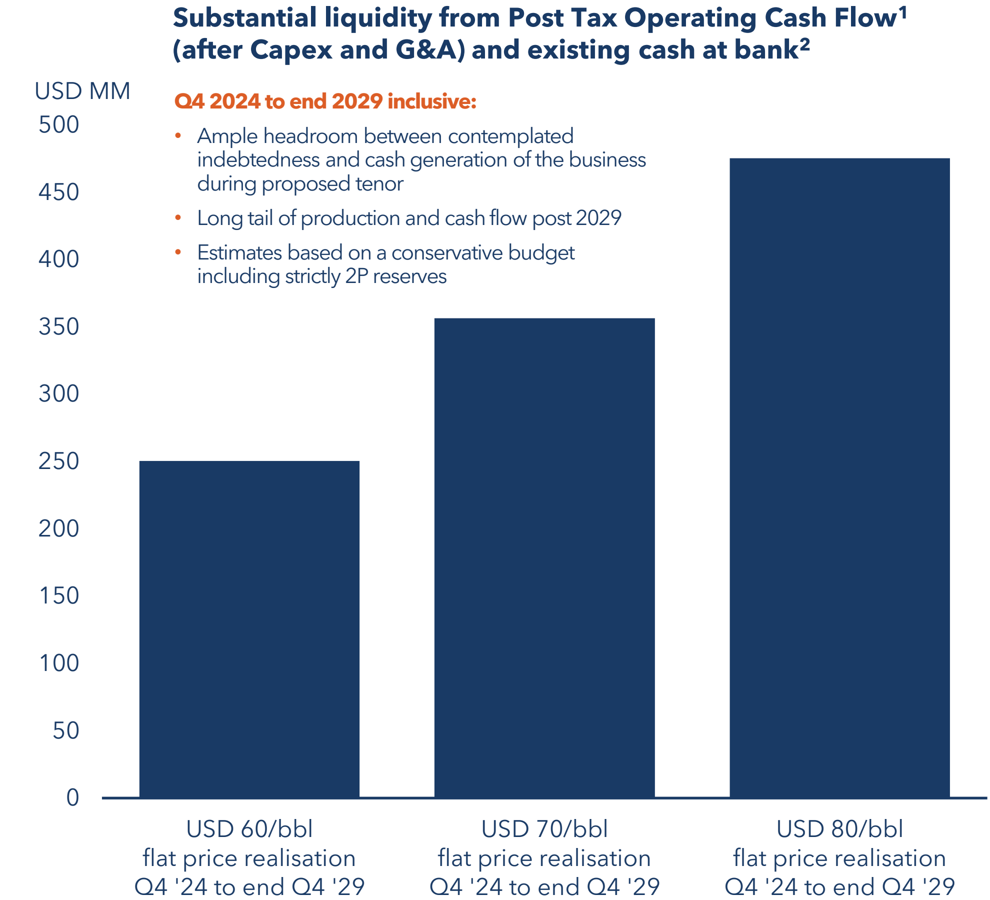
Capital intensity reduces after 2024

- 58% decrease in annual capex expected in 2025

Production contribution from additional wells to come before year-end

	2020	2021	2022	2023	9M 2024	FY 2024E	Current production / 2025E capex
WI production (kbopd)	2.2	7.6	7.5	8.5	9.2	~10.0	>13.0
Capex (USD MM)	14	56	64	68	95		40

INFLECTION POINT OF STRONG CASH GENERATION



Notes: 1) Based on actual production Q4 to date and independent forecasts to end 2029. 2% inflation applied to prices and costs; 2) Includes an opening cash balance of USD ~4 MM (cash at bank of USD 19 MM less short-term advance payments of USD ~10 MM and a declared dividend of NOK 50 MM during Q4 2024)

Panoro Energy
OPERATIONS
KROHNE

VISIBLE PRODUCTION GROWTH…

Long life production diversified across three countries and multiple fields

STABLE PRODUCTION BASE WITH DRILLING IN GABON AND EG DRIVING GROWTH

WI kbopd

Quarter	Gabon	Equatorial Guinea	Tunisia	Total
Q1 2021	2.4	4.3	1.3	8.0
Q2 2021	1.8	4.2	1.4	7.3
Q3 2021	1.6	4.3	1.4	7.2
Q4 2021	2.1	4.3	1.4	7.9
Q1 2022	2.0	5.0	1.3	8.3
Q2 2022	1.9	4.5	1.1	7.4
Q3 2022	1.8	4.2	1.2	7.3
Q4 2022	1.7	4.0	1.4	7.0
Q1 2023	1.3	3.9	1.2	6.3
Q2 2023	2.7	3.4	2.0	8.1
Q3 2023	4.1	3.6	2.3	10.0
Q4 2023	3.9	3.5	1.9	9.4
Q1 2024	4.3	3.5	1.8	9.6
Q2 2024	3.7	3.5	1.6	8.7
Q3 2024	4.8	3.3	1.4	9.4
Current				>13.0

COMMENTS

- High levels of production drilling throughout 2023 and 2024 resulting in step-change oil production growth to over 13 kbopd (WI)
  - Development of the Hibiscus, Hibiscus South and Ruche fields offshore Gabon
  - Infill drilling at the Ceiba field and Okume Complex offshore Equatorial Guinea
- Future work programmes to be focused on maximizing potential of existing production infrastructure and sustaining output

R/P RATIOS

~12 years
R/P ratio (2P reserves)[1]

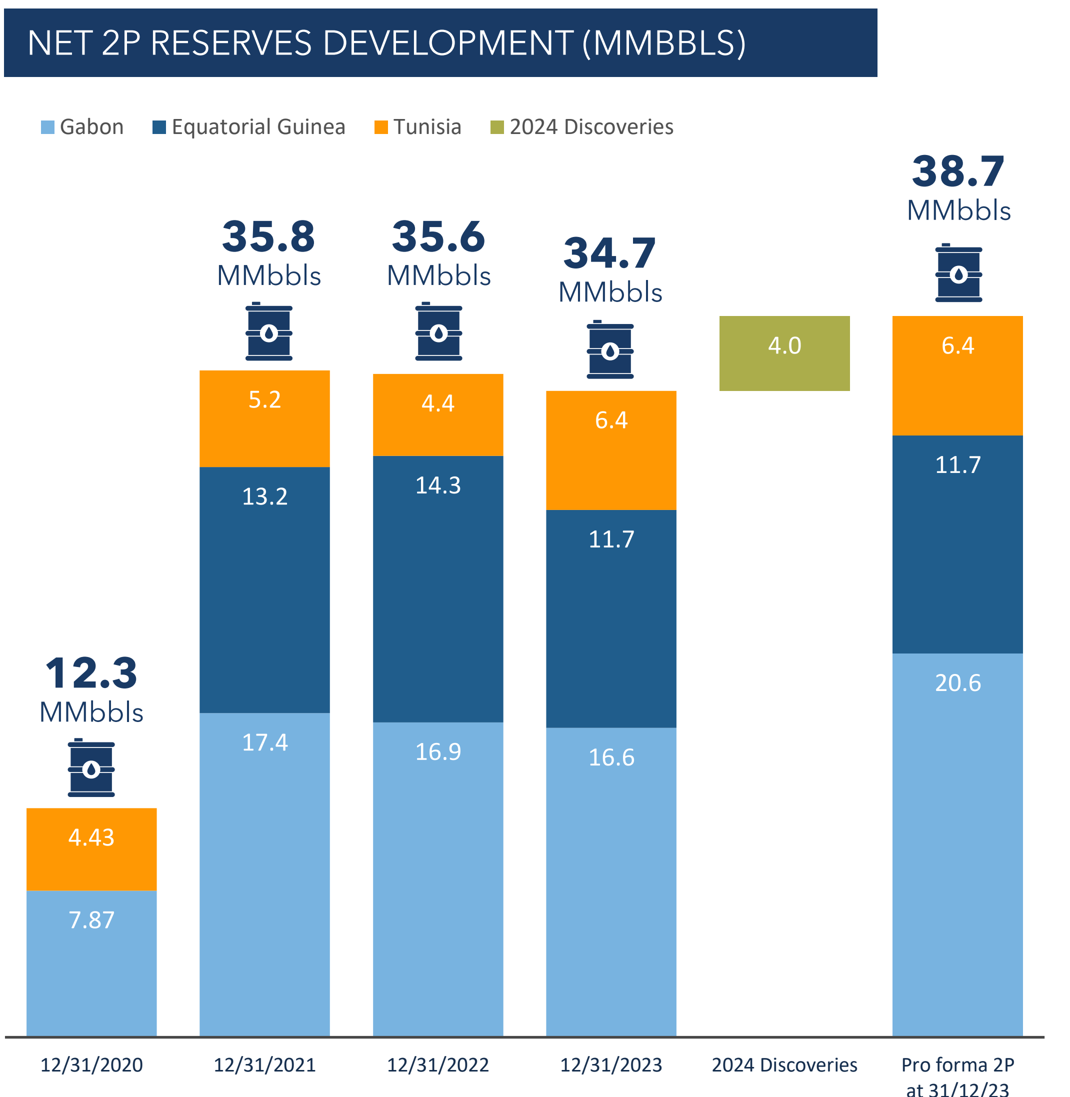
~20 years
R/P ratio (2P + 2C)[1]

Note: 1) R/P ratio based on 2024 YTD average production and pro forma 2P reserves at 31/12/23 including independently assessed 4 MMbbls net 2P reserve additions from 2024 oil discoveries in Gabon

… UNDERPINNED BY MATERIAL RESERVES AND RESOURCES

Reported reserves at end 2023 do not include 2024 additions from two material oil discoveries offshore Gabon

NET 2P RESERVES DEVELOPMENT (MMBBLS)

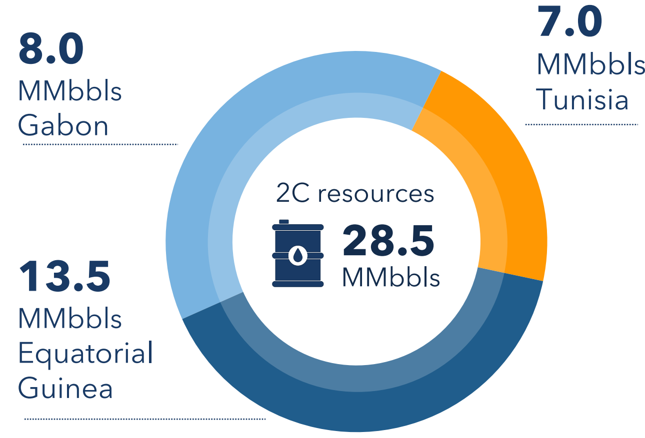


KEY FIGURES

100%
Oil weighting

>100%
Expected '24 reserve replacement

MATERIAL NET 2C RESOURCE BASE



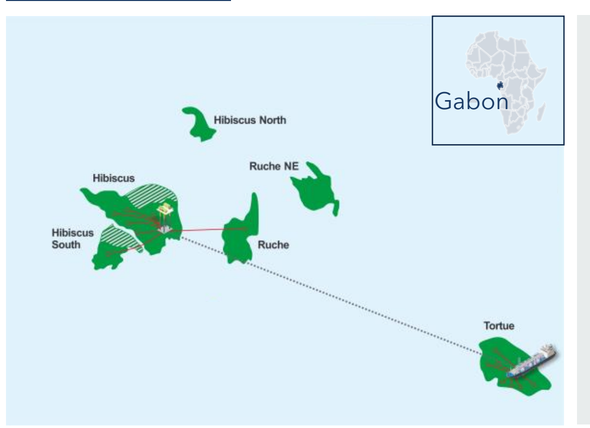
COMMENTS

- Acquisition of assets from Tullow Oil in 2021 transformed the scale and depth of Panoro's portfolio
  - Increased Panoro's exposure to upside at Dussafu (Gabon)
  - License extension of Block G (Equatorial Guinea) in 2022 has opened up substantial organic headroom
- Significant 2C resource base that offers good long term reserve replacement opportunities alongside a focused infrastructure-led exploration and appraisal strategy
- 2C volumes are in existing licenses and can largely be developed using existing infrastructure, indicating 'lower risk barrels'

GABON – DUSSAFU MARIN PERMIT OVERVIEW

Major oil production hub offshore southern Gabon

LOCATION



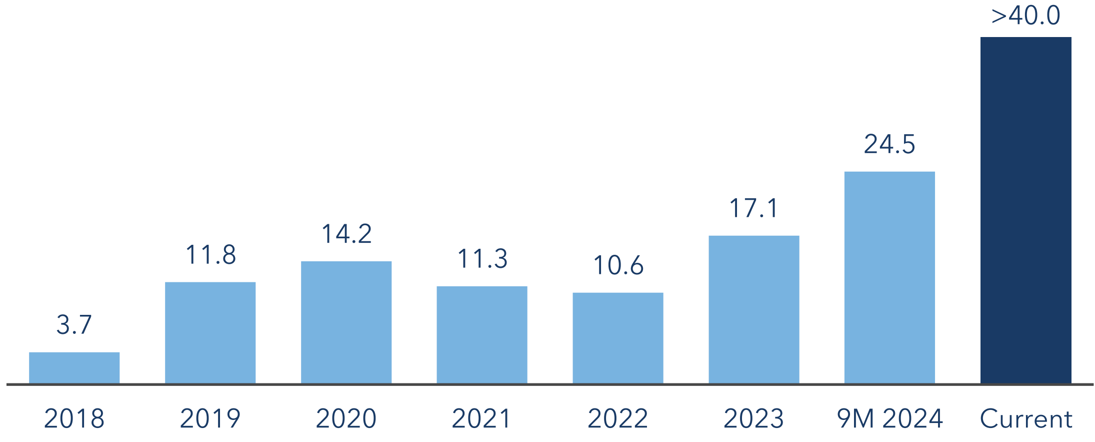
Located offshore Gabon in water depths of 100m to 500m

Largest EEA awarded in Gabon (a whole portfolio in one block)

14 production wells across four fields

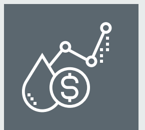
Ongoing ILX strategy under shelter of PSC cost recovery

GROSS PRODUCTION PROFILE (KBOPD)



KEY FIGURES

117.8 MMbbls
Gross 2P reserves (2023)[2]


27.5 kbopd
Gross production (Q3 2024)

45.6 MMbbls
Gross 2C resources

17.5%
Working interest

4.8 kbopd
Net production (Q3 2024)

JV Partners
BW Energy (op)
Gabon Oil Company

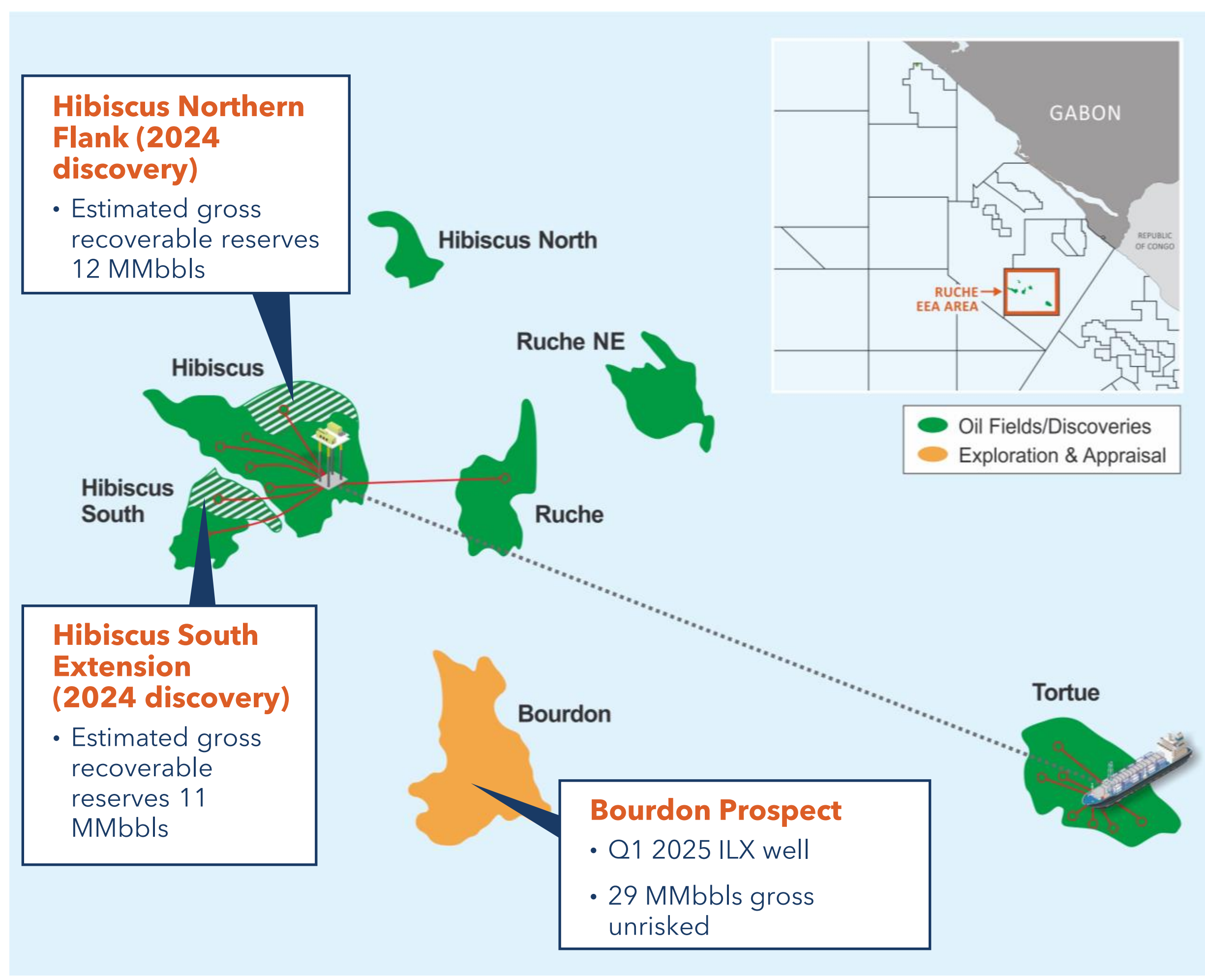
COMMENTS

- ~850 km^2 license area
- Production started in 2018 from the Tortue field
- License runs until end 2038[1]
- In 2023 a multi-well drilling campaign commenced to develop the Hibiscus and Ruche fields
- Three ILX wells also resulted in three new discoveries (Hibiscus South, Hibiscus South Extension & Hibiscus North Flank) all of which were fast-tracked into production in less than 6 months lead times
- Development drilling concluded in October 2024 and has added eight new production wells in addition to the six pre-existing wells at the Tortue field
- Current work is focused on well workovers and ESP replacements prior to drilling the Bourdon ILX well in early 2025

Notes: 1) Current period plus two mandatory 5-year extension periods at election of contractor group; 2) Pro forma basis comprising independent estimates of 2P reserves at 31/12/23 of 94.7 MMbbls and discoveries made in '24 of 23.1 MMbbls

DUSSAFU: INFRASTRUCTURE AND OPERATIONS UPDATE

Growing reserves and production to maximise utilisation of infrastructure capacity



DEVELOPED INFRASTRUCTURE

- FPSO BW Adolo[1] moored over the Tortue field
  - 40 kbopd nameplate processing capacity
  - 1.35 MMbbls storage capacity
- Production platform BW MaBoMo installed over the Hibiscus field
  - 4 available well slots after current 8 well campaign
- 20km pipeline connects production platform to FPSO
- Crude oil sold FOB direct to international markets from FPSO
- No reliance on third party infrastructure
- Minimum lifting size of 650,000 barrels
- In April 2024, BW Energy entered into a sale leaseback agreement for the BW MaBoMo production facility

OPERATIONS UPDATE

- Highly productive reservoir (~6 kbopd typical initial rate from new wells)
- Gross Q3 production was 27.5 kbopd, a quarterly record since start up in 2018
- Retrievable ESP systems initially deployed in the current Hibiscus area development phase were unreliable, resulting in some deferred production
- During Q4 all wells will have been transitioned to conventional ESP
- Tortue field continues to produce steadily

OUTLOOK

- Gross production has reached >40 kbopd
- Bourdon ILX well in Q1 2025 (cost within PSC ringfence)
- Planning for future development phase(s)

Note: 1) Leased from BW Offshore

DUSSAFU WILL CONTINUE TO DELIVER ORGANIC GROWTH

Subsurface consistently exceeding expectations

PROLIFIC OIL PLAY UNLOCKED

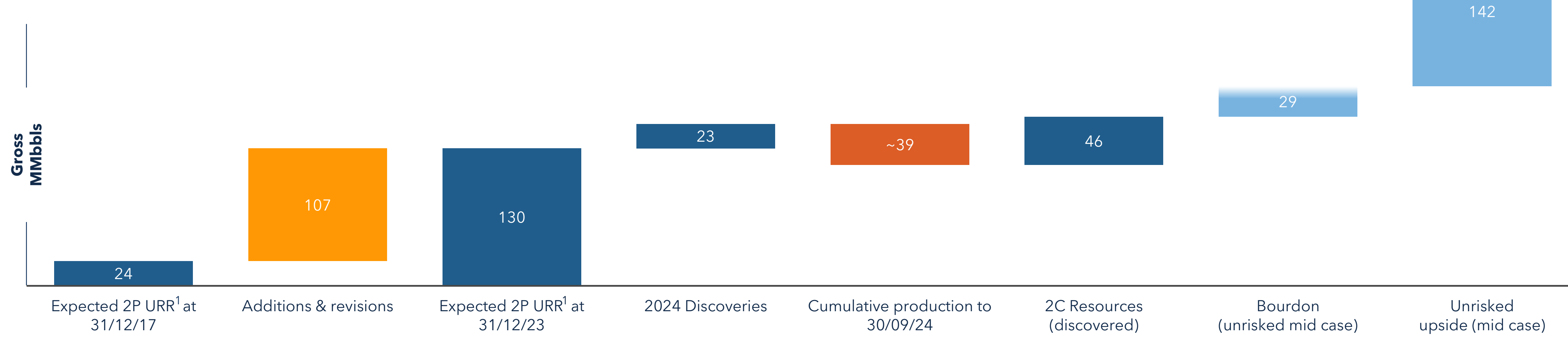
- Panoro acquired new seismic in 2013 and reprocessed existing seismic
- 8 discoveries (including field extensions) made to date since Panoro farmed-in (89% success rate)
- 22 wells drilled prior to Panoro's involvement resulting in only 2 discoveries

SIZEABLE RESERVES UNDERPIN PRODUCTION

- Latest drilling campaign results are encouraging for increased reserve potential
  - Hibiscus South discovery and extension
  - Hibiscus Northern Flank discovery
- Interim CPR estimates gross 2P reserve addition of 23.1 MMbbls from 2024 discoveries
- Future production drilling phases will occur

ORGANIC GROWTH HEADROOM

- Several undeveloped tie-back candidates
- Deep prospect inventory identified within the PSC ringfence
- Existing infrastructure means even modest discoveries can be commercially developed
- Dussafu Marin is the largest Exploitation Area in Gabon

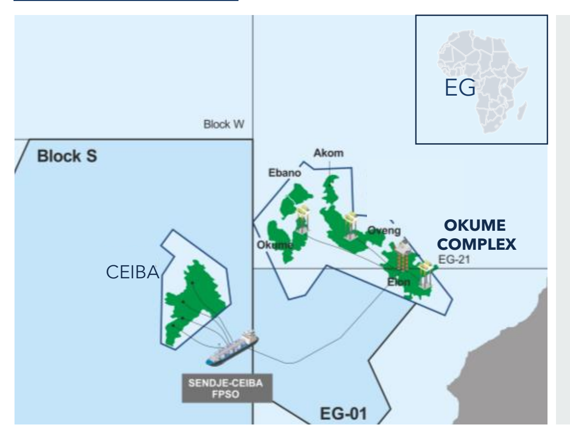


Notes: URR: Ultimately Recoverable Reserves. 1) 2P URR based on Panoro's independently prepared Annual Statement of Reserves 2017 to 2023 adjusted for production to 30/06/2024. New 2024 volumes from discoveries based on independent interim reserves update, subject to final certification. 2C resources estimate as per 2023 Annual Statement of Reserves. Unrisked prospective resource estimates based on independent estimates. All independent estimates provided by Netherland Sewell & Associates

EQUATORIAL GUINEA - BLOCK G OVERVIEW

New infill wells increasing production and large contingent resource base offers multiple opportunities to sustain reserves and production

LOCATION



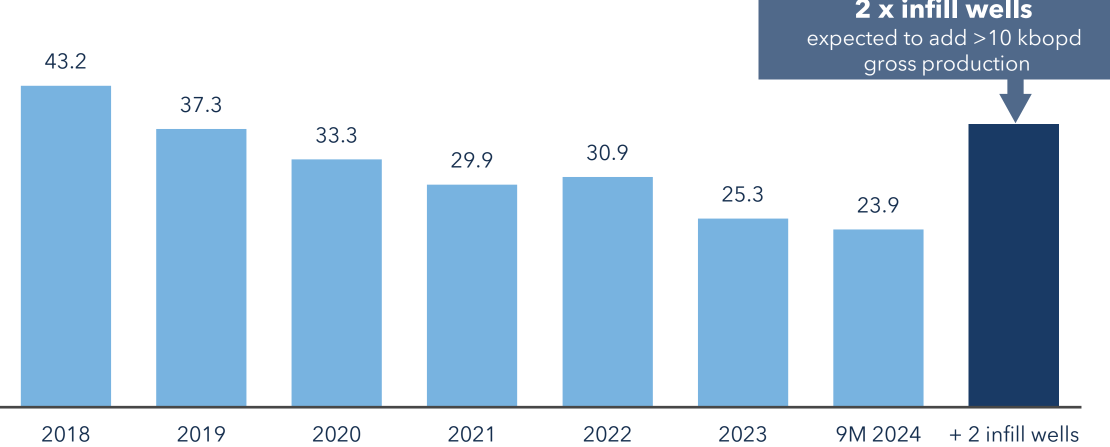
Located offshore Equatorial Guinea in water depths of 45m to 800m

Experienced operator in Trident Energy

Two new infill wells onstream in Q4 2024 add additional volume

Working interest in two additional exploration assets in the area

GROSS PRODUCTION PROFILE (KBOPD)



KEY FIGURES

82.2 MMbbls
Gross 2P reserves (2023)

23.9 kbopd
Gross production (9M 2024)

94.7 MMbbls
Gross 2C resources

14.25%
Working interest

3.4 kbopd
Net production (9M 2024)

JV Partners
Trident Energy (op)
Kosmos Energy & GEPetrol

COMMENTS

- The Block G license was acquired from Tullow Oil in 2021
- License extension to end 2040 was obtained in 2022
- Block G holds the producing Ceiba field (onstream since 2000) and Okume Complex (comprising five fields, onstream since 2006) which have STOIIP >1bn barrels and produced >200 kbopd at peak
- Two infill wells were drilled in H2 2024 which are expected to add over 10 kbopd gross production
- 2C resource of 95 MMbbls gross provides inventory of future reserve replacement opportunities
- Panoro has interests in two adjoining exploration blocks – Block S (12%) and Block EG-01 (56%)

INFILL DRILLING AT CEIBA FIELD AND OKUME COMPLEX

Increasing oil recovery through incremental brownfield projects and asset optimization

BLOCK G
(Ceiba Field and Okume Complex)

- Multiple asset optimisation projects being progressed
- Flowline replacements
- Gas compression at Okume
- Planning for future gas injection to reduce flaring

BLOCK S
(PANORO 12%)

- Akeng Deep ILX well currently drilling
- 180 MMbbls gross unrisked

BLOCK EG-01
(PANORO 56%, operator)

0 Kms 10

Block W

Block S

Okume infill well

Ceiba infill well

CEIBA

SENDJE-CEIBA FPSO

Ebano

Akom

OKUME COMPLEX

Oveng

Okume

Elon

EG-21

EG-01

DEVELOPED INFRASTRUCTURE

- Ceiba field
  - 43 subsea wells tied back to Sendje Ceiba FPSO
  - 2 MMbbls storage capacity
- Okume Complex
  - 72 wells
  - Multi-platform development with two mini TLPs, three well head platforms and a central processing facility
- Flowline network delivers all production to the FPSO
- Crude oil sold FOB direct to international markets from FPSO
- No reliance on third party infrastructure
- Minimum lifting size 650,000 barrels

OPERATIONS UPDATE

- Infill drilling commenced in early July with Noble Venturer drill ship
- First infill well at Ceiba field onstream in October at initial gross rate of >5 kbopd on a restricted choke
- Second infill well at Okume Complex onstream in November
- Noble Venturer also contracted to drill the Akeng Deep ILX well

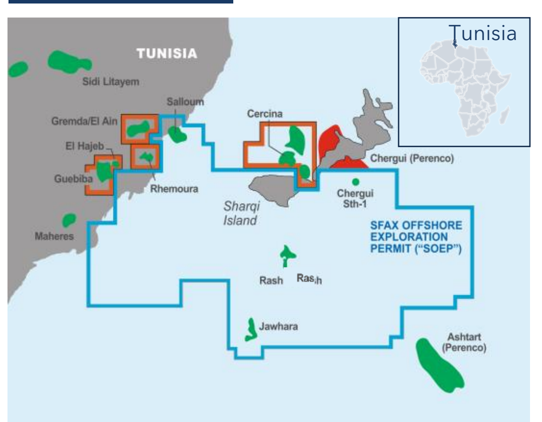
OUTLOOK

- Akeng Deep ILX well on adjacent Block S in Q4 2024 (fiscal synergy with Block G)
- Planning for potential future rig campaign(s) to target un-swept oil zones and contingent resource to reserves conversion

TUNISIA – TPS ASSETS OVERVIEW

TPS Assets contain one of Tunisia's largest oil producing concessions which Panoro jointly operates

LOCATION



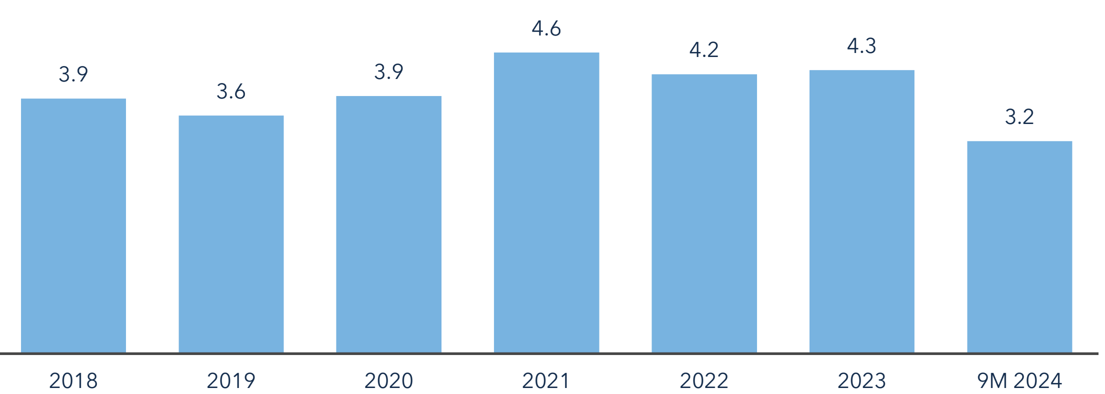
Located onshore and shallow offshore Tunisia

The assets have produced a total of ~62 MMbbls to date

Detailed planning for future development drilling

Working interest in two additional exploration assets in the area

GROSS PRODUCTION PROFILE (KBOPD)



Note: 1) Panoro Energy owns a 50% interest in the TPS operating company alongside ETAP

KEY FIGURES

13.0 MMbbls
Gross 2P reserves (2023)

3.2 kbopd
Gross production (9M 2024)

14.5 MMbbls
Gross 2C resources

49.0%
Working interest

1.6 kbopd
Net production (9M 2024)

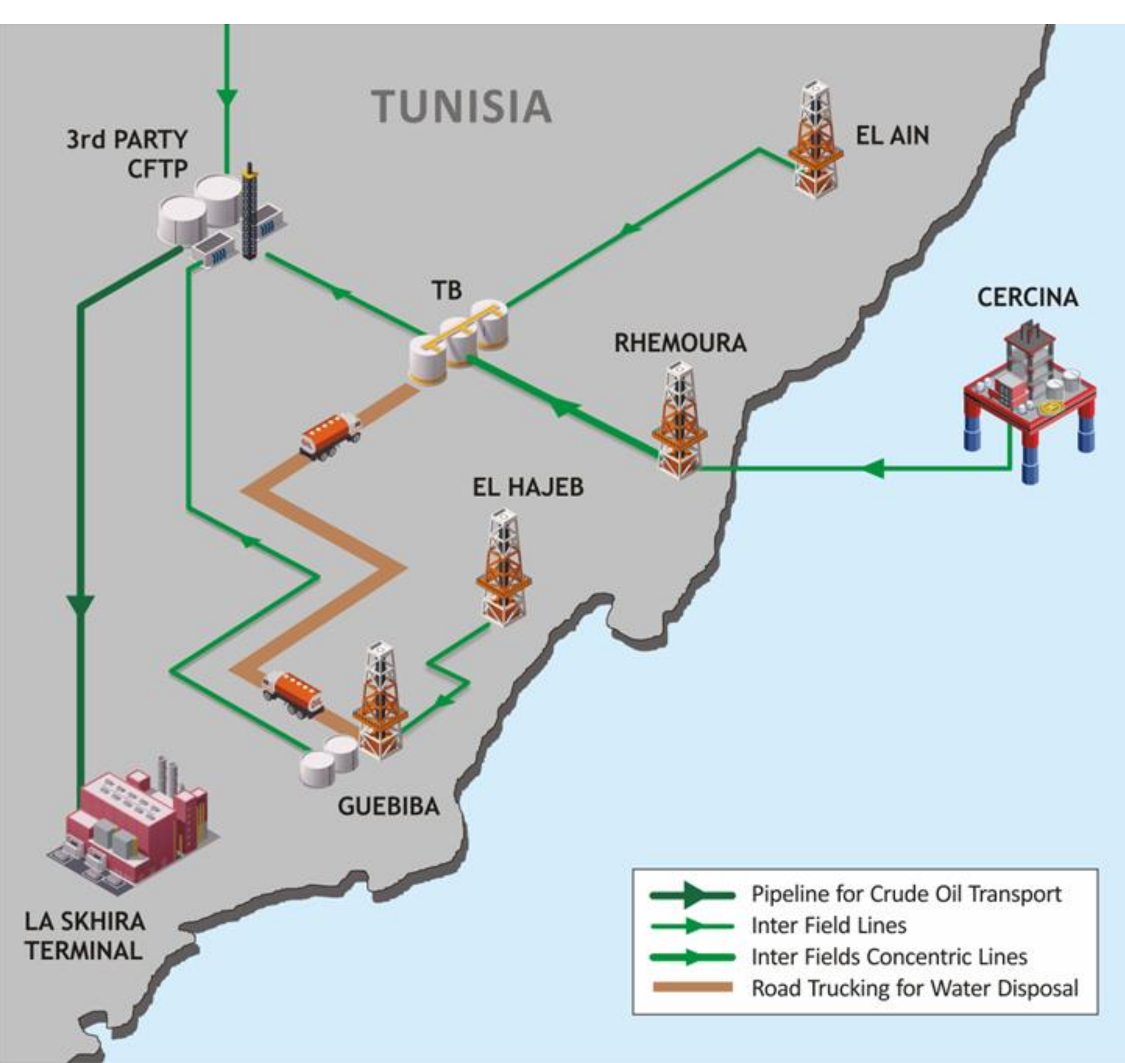
Partners[1]
ETAP (Tunisia NOC)

COMMENTS

- The TPS Assets comprises the following concessions:
  - Cercina (shallow offshore), El Ain, Guebiba and Rhemoura (all onshore)
- Panoro is joint operator alongside ETAP, the Tunisia NOC
- Production has historically remained stable since Panoro acquired the assets in 2018
- Recent activity has been impacted by delays to regulatory approval processes, reflected in 2024 production, but Panoro continues to see opportunities to ultimately restore production to historic levels of ~6 kbopd
- Field extension processes underway and current focus is on maturing new production opportunities
- Ongoing operations include routine workovers to replace ESPs, well stimulations and detailed planning for development drilling campaign on the TPS fields

LONG LIFE OIL RESERVES IN TUNISIA

Established oil production sites tied-in to nearby storage and export infrastructure with regular offtake



DEVELOPED INFRASTRUCTURE

- 14 active production wells
- TPS facilities currently have the capacity to process an average oil production of ~6 kbopd
- The oilfields are linked to 4 processing and storage facilities, which are located at:
  - Cercina Delta Platform, Tank Battery, Guebiba Station, Rhemoura
- After processing, the crude is transported via pipelines to third party CFTP and La Skhira export terminal

OPERATIONS UPDATE

CERCINA

- New production opportunities include perforation and stimulation activities on three further Cercina wells
- The extension of Cercina Concession is in progress

GUEBIBA

- Detailed planning for future development drilling

RHEMOURA

- Initial approval received for the extension of Rhemoura Concession for an additional period of 16 years (official gazetting process ongoing)
- Detailed planning for future development drilling

OUTLOOK

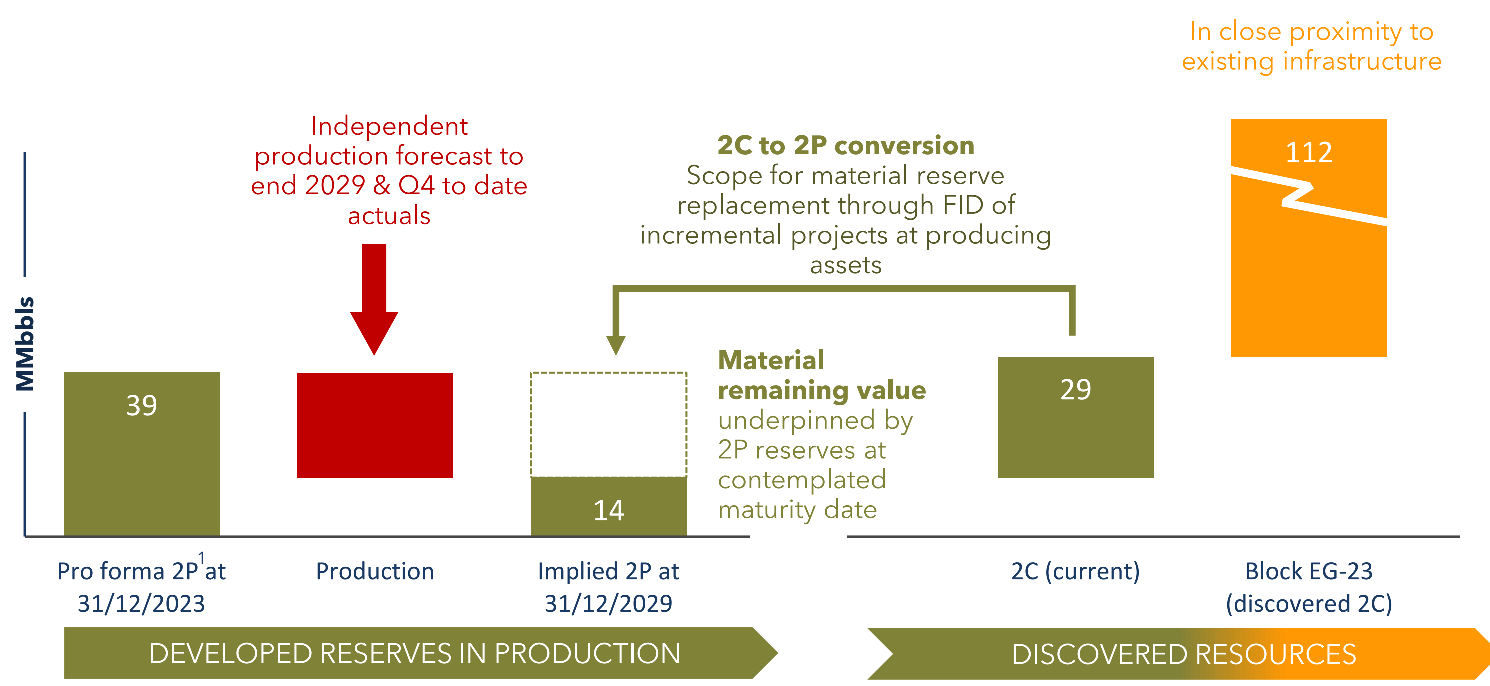
- Continued focus on optimising production, well workovers, well reactivations and planning future development drilling

NUMEROUS RESERVE REPLACEMENT OPPORTUNITIES

Extensive “hopper” of opportunities to sustain reserve replacement and add production

COMMENTS

- Substantial organic headroom in the portfolio at modest financial exposure
- Even if assuming zero further additions, Panoro will have significant remaining 2P reserves and asset value at the contemplated bond maturity with a multi-year production tail



In close proximity to existing infrastructure

112

Block EG-23 (discovered 2C)

DISCOVERED RESOURCES

Firm ILX wells
Akeng Deep
Bourdon

27

Further ILX opportunities
in Dussafu EEA

25

Large inventory of resource opportunities for technical maturation

Niosi PSC (Gabon)

Guduma PSC (Gabon)

Block EG-01 (Equatorial Guinea)

Block EG-23 (Equatorial Guinea)

ER 376 (South Africa)

ILX wells (current campaigns) | Other Dussafu ILX | Other blocks

RESOURCE OPPORTUNITIES

Note: 1) Pro forma for discoveries made after year end 2023

Panoro Energy
FINANCIAL
OVERVIEW
KROHNE

OVERVIEW OF PANORO'S FINANCIAL POLICIES

Disciplined financial management through the commodity price cycle to protect and develop the business

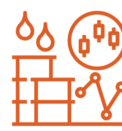
FINANCING

- Focus on liquidity and cash flow management in support of operations and timely repayment of contractual obligations
- Ensure an ample financial buffer for unforeseen volatility
- Develop and maintain broad access to diversified and appropriate sources of capital
  - Underpinned acquisitions and development work programmes with equity capital
  - Debt capital utilised for lower risk development programmes and acquisition of cash flow generating assets
- Maintain good relationships with lending institutions and providers of offtake linked finance
- Will continue to use a mix of equity and external funding sources to fund new business opportunities tailored to the particular opportunity profile

CASH MANAGEMENT

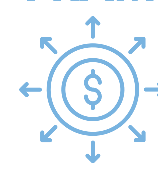
- Active treasury management to reduce risk of transferability
- Proceeds from crude oil sales collected in approved offshore bank accounts
  - BEAC approvals under CEMAC rules in place for offshore accounts held by asset holding subsidiaries
  - Local sales are limited and any currency exposure on local sales is offset by local currency denominated expenses and taxes
- 30-day cash collection cycle on all international sales, whereas mechanisms in place to actively management local DMO receivables
- Minimal cash balances held in local currencies

HEDGING



- Hedging policy is to target volumes around crude oil lifting events
- Active program to mitigate the price risk using collars and swaps
- Well established hedging counterparty relationships with MCB and Trafigura

CAPITAL ALLOCATION FRAMEWORK

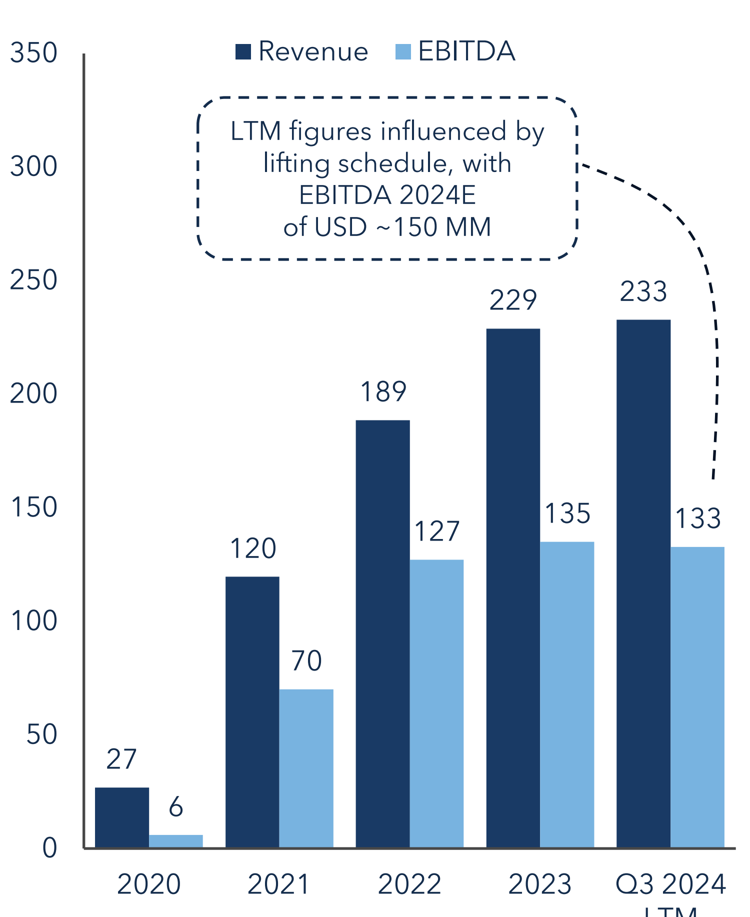


- Shareholders have supported Panoro's production and reserves growth through equity capital raises (Panoro commenced quarterly cash distributions in Q4 2022)
- Balanced capital allocation after debt service between organic opportunities, M&A and shareholder returns in alignment with cash flow generation

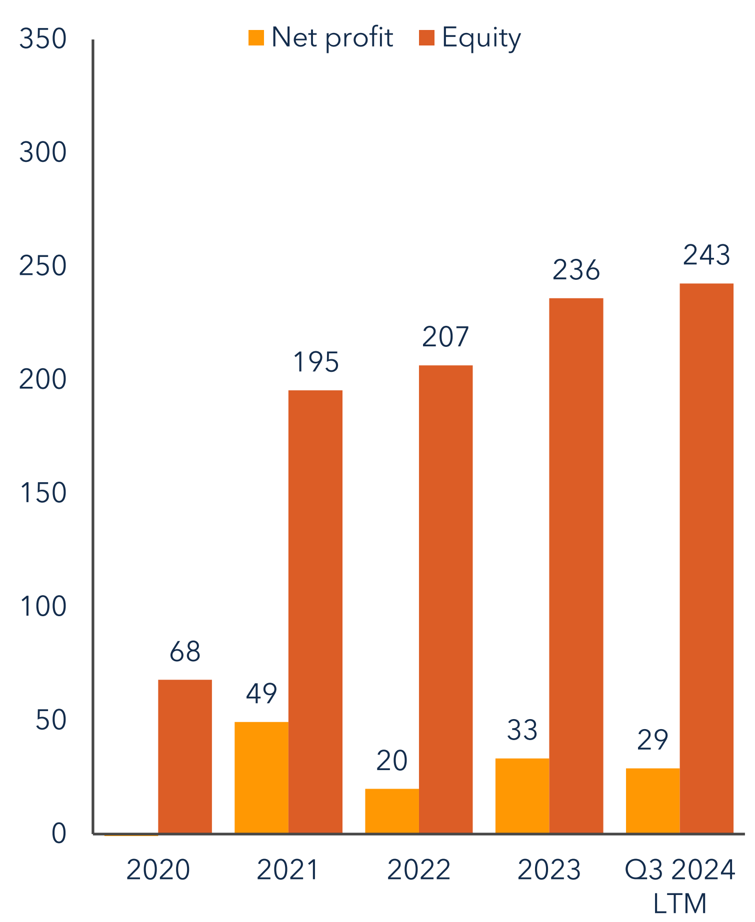
DELIVERING PROFITABLE GROWTH

Strong EBITDA and cash flow generation

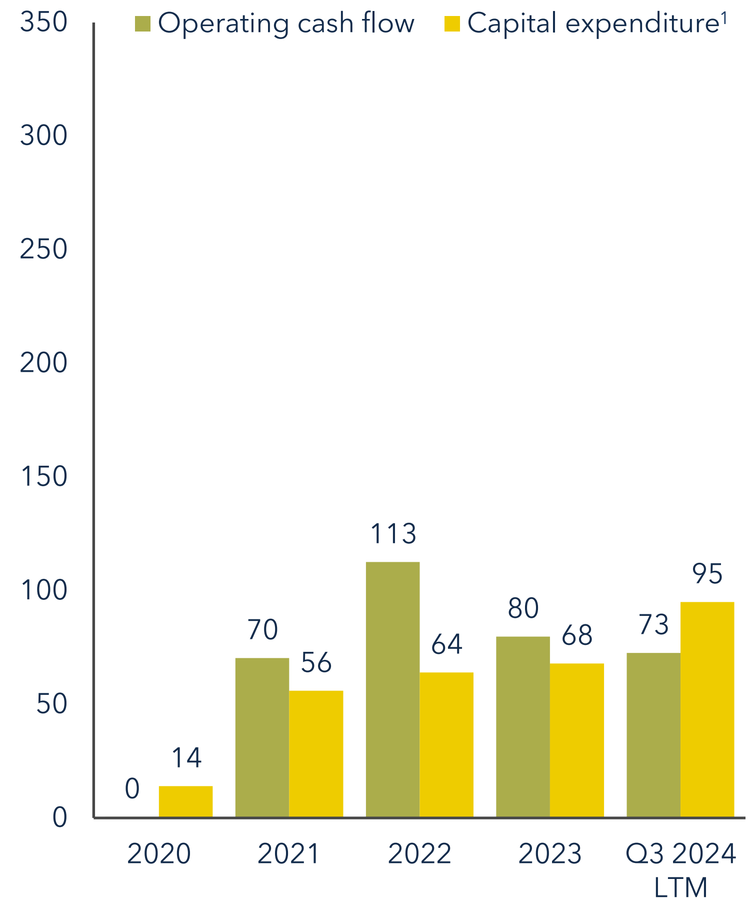
REVENUES AND EBITDA (USD MM)



NET PROFIT AND EQUITY (USD MM)



OPERATING CASH FLOW (USD MM)



Note: 1) Capex excluding acquisitions cost

CAPITAL EXPENDITURE DECREASING

Panoro will continue to prioritize investments in its production assets

COMMENTS

2024 capex primarily relates to the development drilling campaigns in Gabon and Equatorial Guinea which have been successfully concluded

Some upward pressure on 2024 capex reflected in full-year expectation of USD 95 MM

- Primarily due to higher drilling costs in the expanded and rescheduled Gabon and Equatorial Guinea campaigns, partially offset by lower than expected spend in Tunisia

Going forward the majority of capex will continue to be invested in Panoro's core production assets, with minimal exploration and appraisal expenditure scheduled

The vast majority of capex is discretionary within the joint ventures. Panoro has minimal work commitments on its exploration and appraisal assets

USD MM

Year	Capex (USD MM)
2020	14
2021	56
2022	64
2023	68
Full Year 2024 (guidance)	USD 95 MM (Tunisia 5%, Gabon 38%, Equatorial Guinea 57%)
2025 (preliminary estimate)	USD ~40 MM

Note: CAPEX figures excluding acquisition costs

Panoro Energy
RISK FACTORS

RISK FACTORS

Investing in the Bonds issued by the Issuer and guaranteed by certain direct and indirect subsidiaries of the Issuer (together, the "Guarantors"), involves inherent risks. The risks and uncertainties described in this Credit Investor Presentation are risks relating to the Company, the Group, and the Guarantors of which the Company are aware and consider to be material to its business. For the purpose of this Credit Investor Presentation, the risk factors concerning the Issuer and the Guarantors are deemed to be equivalent. If any of these risks were to occur, the Group's business, financial position, operating results or cash flows could be materially adversely affected, and the Issuer and the Guarantors could be unable to pay interest, principal or other amounts on or in connection with the Bonds.

Prospective investors should carefully consider, among other things, the risk factors set out in this Credit Investor Presentation before making an investment decision. The risks and uncertainties discussed below are risks that the Company's management currently views as most material concerning the Company, the Group and the Bonds. 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 their investment. Any investor must conduct its own investigations and analysis of the Company, Group and Bonds and should consult his or her own expert advisors as to the suitability of any investment.

1. OPERATIONAL RISKS

1.1 Risks related to volatile oil and gas prices

The Group's revenues, cash flow, reserve estimates, profitability, and growth rate heavily rely on oil and gas prices. Low or volatile prices may significantly reduce net production revenues and force substantial downward revisions of oil and gas reserves. For more information, refer to Section 1.2 "Risks related to reserve and resource estimates". Low or volatile prices may also render important development projects unprofitable, leading to postponement or cancellation. Prolonged low prices can also hinder the Group's ability to secure new financing or refinance existing loans. Overall, persistent low or volatile oil and gas prices could severely impact the Group's business, financial health, cash flow, liquidity position, capital access, and prospects. This may in turn impair the Issuer's and Guarantors' abilities to pay interest, principal or other amounts due in connection with the Bonds.

1.2 Risks related to reserve and resource estimates

When estimating reserves and resources, the Group relies on assumptions about its future production, exploration, and development, which are essential for its business operations and results. These estimates are derived from studies, assumptions, and calculations that incorporate varying degrees of uncertainty, presenting an inherent risk that they may later be found inaccurate or incorrect. For example, new data or information from exploration, drilling, interpretation, testing, and production might necessitate significant upward or downward revisions to the Group's reserves and resources. If unforeseen factors affecting reserve and resource measures arise, they could substantially impact estimates of production, capital expenditures, or revenues, potentially requiring asset value write-downs.

Furthermore, depreciation charges related to oil and gas assets in the Group's statement of comprehensive income are based on these reserve estimates. Should the estimates be considered too high, this may lead to an impairment of the booked values of the Group's oil and gas assets.

Further, should the assumptions behind the Group's reserve or resource estimates prove inaccurate, the expected levels or quality of oil or gas detailed in this Credit Investor Presentation might not be realized. This could significantly affect the Company's business, prospects, financial condition, and operational results. This may in turn impair the Issuer's and the Guarantors' abilities to pay interest, principal or other amounts due in connection with the Bonds.

1.3 Dependency on a limited number of hydrocarbon fields

The Group's production is derived from a limited number of fields located in offshore Equatorial Guinea, Gabon, and onshore and offshore Tunisia. If mechanical or technical problems, extreme weather, shutdowns or other events or problems affect the current or future production of the current producing assets of the Group, or if the actual reserves associated with any one of these fields are less than anticipated, it may have material adverse effect on the Group's business, results of operations, financial condition, cash flows, prospects and/or ability to fulfill its obligations, make new investments and raise financing.

RISK FACTORS (2/11)

1.4 Risks related to considerable investment demands

Developing and maintaining the Group's hydrocarbon fields in Equatorial Guinea, Gabon and Tunisia demands substantial investments for constructing necessary operational facilities, drilling production wells, and implementing advanced extraction technologies. Making these investments and technological implementations under challenging conditions and in jurisdictions which may be considered unstable or unsafe, can introduce uncertainties regarding the required investment amount, operating costs, and additional expenses beyond the initial budget. Consequently, this could adversely impact the Group's cash flow, business operations, financial health, and overall results.

Moreover, the high investment needed might render the conversion of resources into reserves commercially unviable. If the Group experiences reduced revenues or lacks sufficient financing to fund its committed or planned investments, it could result in decreased oil and natural gas production and reserves. Additionally, the Group might be contractually bound to continue a project even if it is economically detrimental or undesirable. Failure to meet cash call requirements could also lead to breaches of license obligations, with potentially severe repercussions. All these factors could materially and negatively affect the Group's business, operational outcomes, financial condition, and prospects.

Consequently, this might hinder the Issuer's and Guarantors' abilities to pay interest, principal or other amounts due in connection with the Bonds.

1.5 Risks related to decommissioning activities and related costs

Several of the Group's licenses pertain to fields that have been operational for years, with equipment potentially needing decommissioning. For example, the Ceiba Field in Equatorial Guinea commenced production in 2000 and has been developed in phases with the production wells tied back to the Ceiba Floating, Production, Storage and Offtake ("FPSO") unit. The Group plans to develop and invest in both existing and new fields, which will heighten future decommissioning liabilities.

There are considerable uncertainties regarding estimated liabilities, costs, and timelines for decommissioning the Group's current and prospective licenses. These liabilities stem from legislative and regulatory requirements, necessitating estimation by the Group. Decommissioning involves intricate engineering, procurement, and execution processes, such as plugging production wells, which carry risks of inadequate engineering, procurement, or execution. This may lead to delays, cost overruns, facility and property damage, environmental harm, personal injury, or loss of life.

Accurately predicting the costs associated with decommissioning liabilities is challenging. There can be no assurance that the anticipated costs, removal timing, and provision schedules are accurate. Any deviations from current estimates or significant increases in decommissioning costs related to the Group's past, present, or future licenses could materially and adversely impact the Group's business, operational results, financial condition, cash flow, and prospects. This may in turn impair the Issuer's and Guarantors' abilities to pay interest, principal or other amounts due in connection with the Bonds.

1.6 Risks related to locating, developing or acquiring oil and gas reserves

The Group's success relies heavily on its ability to locate, develop, or acquire economically recoverable reserves. However, there is no guarantee that commercial volumes of oil and gas will be discovered or obtained. Projects may result in unprofitable outcomes due to non-productive wells or insufficient net profit margins. Additionally, geological formations and proximity to neighbouring fields may trigger regulatory requirements to unitize the license area with an adjacent field, potentially leading to delays, uncertainties, and a reduced stake in the unitized field.

The economic viability of the Group's projects is not guaranteed, and operational costs may escalate due to unforeseen geological formation pressures, oceanographic conditions, hazardous weather, delays, and environmental challenges. These factors could lead to increased costs or operational shutdowns, directly impacting the Group's ability to recover costs and generate profit. Such setbacks could materially affect the Group's business, operational results, cash flow, and financial condition.

In mature fields, declining production rates present further risks. The Group's ability to maintain or grow its oil and natural gas reserves – and thus its cash flow and operational results – depends on the successful development of existing properties and cost-effective discovery or acquisition of additional reserves. Failure to replace production could adversely affect the Group's financial condition, and results of operations, potentially impairing the Issuer's and Guarantors' abilities to pay interest, principal or other amounts due in connection with the Bonds.

RISK FACTORS (3/11)

1.7 The Group depends on access to infrastructure for the transport of the Group's hydrocarbon products

The Group depends on infrastructure elements such as tankers and pipelines to transport its hydrocarbons from the production sites to the designated customers. Current production at the Dussafu field in Gabon and Block G field in Equatorial Guinea relies on tankers to transport oil from the FPSOs utilized in Gabon and Equatorial Guinea. Continued production at the fields requires frequent offloading of oil as the FPSOs have limited storage capacity. If the Group is unable to book sufficient tanker or pipeline capacity, or if tankers are unavailable or there are damages to pipelines, e.g. in the event of conflict or turmoil in the area, international sanctions on the countries in which the Group produces, extreme weather conditions or other unforeseen factors, upstream production may have to stop until there is available storage capacity. Any shutdowns in upstream production will materially affect the cash flow and results of operations of the Group, as well as the reputation of the Group.

1.8 Risks related to extension of existing licenses and permits

The Group's licenses for exploring and extracting hydrocarbons have fixed terms, some of which may end before the asset's economic life concludes. For instance, the Sfax Offshore Exploration Permit is due to expire at the end of 2024. Further, the Rhemoura and Cercina assets in Tunisia are currently awaiting extensions, which are subject to regulatory and political approvals.

The Group intends to extend any permit or license that benefits the Group. However, the extension process is uncertain and subject to factors beyond the control of the Group, and no guarantees can be provided that extensions will be obtained. In situations where the Group shares licenses with other partners, those partners might decide not to seek extensions, even if the Group prefers otherwise. Even when extensions are granted, they may come with conditions that are difficult or unacceptable to the Group and/or its partners. Upon license expiry, the Group could lose its investments, incur penalties for unmet work program requirements, and miss out on potential successful developments and future production from the license area, potentially adversely affecting the Group's financial condition and prospects. This may in turn impair the Issuer's and Guarantors' abilities to pay interest, principal or other amounts due in connection with the Bonds.

1.9 Risks relating to delays, cost inflation, potential penalties and regulatory requirements

The Group's operations involve complex engineering, procurement, construction tasks, and drilling activities that require governmental approvals. The exploration and development phases for a license involve a high degree of risk, demanding substantial capital expenditure without guaranteed returns. Offshore development projects are particularly susceptible to delays or increased cost increases due to their complexity. As a result, production schedules may be postponed, and significant cost overruns may occur.

The Group's projected exploration and development expenses are based on numerous assumptions that may prove inaccurate. These uncertainties could affect whether developing fields are fully funded or remain economically viable, potentially leading the Group to breach its obligations or need additional debt or equity financing. Any delays, cost escalations, or adverse impacts on current or future development projects could materially and adversely affect the Group's business, operational results, cash flow, financial condition, and prospects. This may, in turn, impair the Issuer's and Guarantors' abilities to pay interest, principal or other amounts due in connection with the Bonds.

1.10 Risks related to restricted, delayed or terminated hydrocarbon production

The Group's hydrocarbon production could be limited, delayed, or halted due to a range of internal and external factors. These may include, but are not limited to, malfunctions of discharge or production facilities, administrative delays (particularly in project approvals by public authorities), failures to, shortages or delays in drilling rigs, production rigs and equipment or materials, irregular pressures in geological formations, equipment failures or accidents, adverse weather conditions, or malicious actions. For example, production from the Dussafu asset in Gabon has from time to time been delayed due to technical issues, and production from assets in Tunisia has from time to time been below expectations due to technical failures, delays in obtaining governmental approvals and consents and shortage in supplies.

The Group is particularly vulnerable to shutdowns or technical issues on its FPSOs, currently being used at the Group's main producing assets in both Equatorial Guinea and Gabon. Any shutdown, technical failure, delay, or other negative event affecting the FPSOs or related fields could have significant adverse effects on the Group's business, prospects, financial condition, operations, cash flow, and/or prospects. This may in turn impair the Issuer's and Guarantors' abilities to pay interest, principal or other amounts due in connection with the Bonds.

RISK FACTORS (4/11)

1.11 Risks related to requirements under the Group's licenses, operating agreements, and unitization agreements

All the Group's exploration and production licenses include comprehensive and obligatory work programs that must be completed within a set timeframe. Non-compliance with these license requirements could result in fines, penalties, restrictions, revocation of licenses, and termination of related agreements.

Failure to meet payment obligations (cash calls) under joint operating agreements and unitization agreements may lead to penal interest on the overdue amount, loss of voting rights and access to information within the license, and an opportunity for other licensees to acquire the Group's participant interest on terms unfavourable to the Group and unrelated to the value of the license interest.

Additionally, if other joint venture partners fail to meet their payment obligations (cash calls), the Group may need to increase its stake in the relevant field, which would correspondingly increase the Group's exposure and investment commitments. Such increased exposure and obligations might leave the Group inadequately funded to meet these new commitments, potentially causing the Group to breach its obligations and/or necessitate raising additional debt or equity, thereby materially adversely affecting the Group's business, operational results, financial condition, cash flows, and/or prospects. This may in turn impair the Issuer's and Guarantors' abilities to pay interest, principal or other amounts due in connection with the Bonds.

1.12 Third-party risk within license groups

The Group currently is not the operator for any of its producing assets. When the Group does not act as the operator in fields where it holds an interest, its ability to manage those assets is limited. Mismanagement by the operator or disagreements over the best course of action can result in significant delays, financial losses, or increased costs for the Group. Additionally, partners holding interests in the Group's licenses may be unable or unwilling to fund or agree certain activities, which could prevent the Group from undertaking these activities alone or even with other participants.

Conversely, if partners decide to pursue activities contrary to the Group's wishes, the Group may incur its share of the associated costs or face actions that delay or reduce project profitability. This risk is particularly pronounced in fields and assets where the Group holds a minority interest, such as the Ceiba and Okume Complex fields offshore Equatorial Guinea and the Dussafu license offshore Gabon.

Furthermore, other participants in the Group's licenses could default on their funding commitments, potentially forcing the Group to cover the shortfall under the operating agreement, even if the Group lacks the resources to do so.

If any of the Group's partners become insolvent or fail to meet their debt obligations, government authorities may revoke and reallocate their license interest. There is no guarantee that the Group could continue operations under these reallocated licenses without significant disruption.

Third-party risks involving operators and partners, as well as intra-license conflicts, could severely impact the Group's business, operational results, financial condition, cash flows, and prospects, which may impair the Issuer's and Guarantors' abilities to pay interest, principal or other amounts due in connection with the Bonds.

1.13 Risks related to capacity constraints and cost inflation

The Group relies heavily on services, goods, and equipment provided by contractors and other companies to conduct its operations. It lacks any reserve capacity or necessary services and equipment to address constraints or failures from these external providers, placing the Group at constant risk of capacity limitations. In particular, the Group has experienced delays and non-fulfilment of supplies associated with its operations in Tunisia.

Any non-performance, delays, or faulty deliveries from contractors, or failure to secure essential services, goods, or equipment at reasonable costs or at all, could lead to significant delays, increased expenses, or liabilities, causing substantial negative impacts on the Group's business, operational results, financial standing, cash flow, and prospects.

Moreover, the Group is also susceptible to cost inflation in the service sector, which might be higher than that experienced by competitors in other countries and could negatively impact the Group's business, operational results, financial situation, cash flow, and prospects. For instance, according to World Bank data, the inflation rate in Tunisia was approximately 9.3% in 2023, whereas it was approximately 5.5% in 2023 in Norway.

RISK FACTORS (5/11)

1.14 Risks related to digital vulnerabilities and cybercrime

The increased industrial automation, control and safety systems used by the Group are largely digitized and dependent on digital technology, exposing the Group to risks related to digital vulnerabilities. For example, the Group is exposed to risks related to lack of cyber security awareness and training among employees; remote work during operations and maintenance, using standard information technology products with known vulnerabilities in the production environment; a limited cyber security culture among vendors, suppliers and contractors; insufficient separation of data networks; the use of mobile devices and storage units including smartphones; data networks between on- and offshore facilities; insufficient physical security of data rooms, cabinets, etc.; vulnerable software; and outdated and ageing control systems in facilities. These factors could materially and negatively affect the Group's business, operational outcomes, financial condition, and prospects, thereby impairing the Issuer's and Guarantors' abilities to pay interest, principal, or other amounts due in connection with the Bonds.

1.15 Risks related to inadequate insurance cover

The Group's offshore oil and gas activities face considerable risks and dangers. Many of the risks associated with these operations are either not insurable or only insurable at an excessively high cost. Potential liabilities could significantly surpass policy limits or might not be covered by insurance, potentially causing substantial financial liabilities or losses. Any losses or liabilities that are uninsured, or that exceed insured limits, could negatively impact the Group's business, operational results, financial status, cash flow, and/or future prospects. This may in turn impair the Issuer's and Guarantors' abilities to pay interest, principal or other amounts due in connection with the Bonds.

1.16 The Group is subject to complex and different safety, environmental laws and regulations, including increased focus on ESG reporting

The Group operates in an industry that is subject to extensive local, national and international safety, environmental laws and regulations, which have become more stringent over time. The Group's operations also require the Group to obtain and comply with the terms and conditions of multiple safety and environmental permits. Many of these permits are difficult and costly to obtain and could be subject to legal challenges.

Increased focus and attention on climate change, fossil fuel extraction and greenhouse gas emissions may lead to an increased rate of changes to the regulatory frameworks and policies pertaining to the Group's operations. This is for example seen in the increased focus on, and requirements for, reporting and compliance with a variety of laws and regulations relating to Environmental, Social and Governance ("ESG"). Although the Group supports this increased focus, reporting and compliance requirements are extensive and rapidly changing and the Group must use substantial resources in order to comply without being in a position to guarantee that all such laws and regulations are fully complied with at any time.

Increased operational requirements and the mentioned ESG regulations could reduce the Group's profit margins and earnings and any non-compliance could have a material adverse impact on the Group's business, results of operations, cash flows, financial condition and prospects.

Failure to comply with general environmental laws, regulations and permits may result in significant civil liability claims, fines or penalties as well as criminal sanctions potentially being enforced against the Group and/or its officers, and withdrawal of permits. The Group may also be required to curtail or cancel any operations in case of failures to comply with such laws, regulations and permits, which could materially affect the Group's reputation, results of operation, financial condition and prospects.

2. RISKS RELATED TO LAWS, REGULATIONS AND COMPLIANCE

2.1 Security risks

The Group holds license interests in Equatorial Guinea, Gabon and Tunisia, all jurisdictions that pose significant security risks such as pipeline vandalism, kidnappings, local unrest and blockages and militant takeovers of oil facilities. Additionally, the Group faces threats from terrorist acts and piracy. These security issues have already prompted some oil service firms to withdraw from certain countries where the Group operates, and could prevent or delay production and other regular operations which would negatively impact the Group's revenues and cash flows. This may in turn impair the Issuer's and Guarantors' abilities to pay interest, principal or other amounts due in connection with the Bonds.

2.2 Risks related to emerging markets and developing legal systems

Operating in Equatorial Guinea, Gabon, Tunisia and South Africa exposes the Group to a variety of risks related to political, economic, and social uncertainties. These risks may include, but are not limited to, unstable regulatory environments, fluctuating currencies, changes in governmental policies, and potential social unrest, all of which could materially and adversely affect the Group's business, financial performance, and future prospects.

The legal systems in these jurisdictions may be less developed compared to more established economies, posing specific challenges such as (i) difficulties in obtaining effective legal redress, whether for breaches of law or regulation, or in ownership disputes; (ii) greater discretion exercised by governmental authorities; (iii) a lack of judicial or administrative guidance in interpreting applicable laws and regulations, such as tax laws and regulations; (iv) inconsistencies or conflicts between various laws, regulations, decrees, and orders; and (v) limited experience within the judiciary in handling such matters. These legal uncertainties may delay or hinder the Group's ability to enforce its rights, resolve disputes, or protect its assets, potentially leading to significant operational disruptions and increased costs, which could further adversely affect the Group's business, financial performance, and future prospects. Such challenges may, in turn, impair the Issuer's and Guarantors' abilities to pay interest, principal or other amounts due in connection with the Bonds.

Gabon has seen several attempted coups in recent years, including a military coup in August 2023 that deposed President Ali Bongo. This highlights the risk of sudden political and civil instability in the countries where the Group operates, potentially impacting its financial results, revenues, and reputation. Such challenges may, in turn, impair the Issuer's and Guarantors' abilities to pay interest, principal or other amounts due in connection with the Bonds.

2.3 Risks related to money laundering, fraud, bribery and corruption

Operating in Equatorial Guinea, Gabon, Tunisia and South Africa exposes the Group to risks associated with money laundering, fraud, bribery and corruption and strict compliance with anti-corruption laws may conflict with local customs and practices. Any such violation could result in substantial fines, sanctions, civil and/or criminal penalties, legal action, costs for remediation and strengthening compliance programs, and curtailment of operations in certain jurisdictions and may as a result materially adversely affect the Group's business, financial conditions, result of operations and prospects. This may impair the Issuer's and Guarantors' abilities to pay interest, principal or other amounts due in connection with the Bonds.

2.4 Risks related to labour conflicts and labour interruptions

The Group faces risks associated with labour conflicts and general workforce interruptions, and have for example experienced challenges with unions in Tunisia. Operating in countries prone to strikes, labour conflicts, and other disputes involving employees, including those of its independent contractors or their unions, the Group may experience operational disruptions. Such disturbances can lead to heightened operational costs, reduced revenues from delayed or diminished production, and significant budget overruns, potentially impacting the Group's operational results, financial standing, cash flow, and prospects adversely. This may impair the Issuer's and Guarantors' abilities to pay interest, principal or other amounts due in connection with the Bonds.

2.5 Risks related to government intervention

Typically, the Group's exploration and development activities involve prolonged negotiations with government authorities and third parties. These activities may be exposed to several risks, including expropriation, nationalisation, contract renegotiations, modification or cancellation of existing licences, changes to royalty rates and taxes, challenges in enforcing contractual rights, and adverse legislative developments, whether broadly applicable or specific to the sector. Additional risks include foreign exchange restrictions, local currency devaluation, political instability, currency controls, and the interpretation, implementation, or enforcement of laws and regulations that favour local contractors or require the employment of local workers and the procurement of local supplies. Any of these factors could significantly impact the Group's business, prospects, financial condition, or operational results, potentially impairing the Issuer's and Guarantors' abilities to pay interest, principal, or other amounts due in connection with the Bonds.

2. 3. RISKS RELATED TO THE OIL AND GAS INDUSTRY IN WHICH THE GROUP OPERATES

3.1 Risks related to competition

The market for oil and gas services is highly competitive and rapidly changing. The Group faces competition from companies with larger technical staffs and more resources in securing licenses, drilling rigs and necessary equipment or services. The Group's competitors may have advantages like better name recognition, longer operational histories, larger budgets, established relationships, access to markets, larger projects, and greater financial and other resources. They may also make acquisitions or form strategic relationships, increasing their output and making it harder for the Group to compete. The Group expects these trends to continue, potentially hindering its ability to acquire suitable licenses, equipment or services.

Moreover, rapid technological advancements in the industry may put the Group at a disadvantage if competitors adopt new technologies or substitute products. Adapting to these changes may incur substantial costs, and the Group might not be able to do so in a timely or cost-effective manner. Current technologies employed by the Group could become outdated, and new technologies might bring unforeseen negative consequences.

These factors could materially and negatively affect the Group's business, operational outcomes, financial condition, and prospects, thereby impairing the Issuer's and Guarantors' abilities to pay interest, principal, or other amounts due in connection with the Bonds.

3.2 Risks related to political and regulatory initiatives, technological development and market changes

Ongoing political focus on climate change and measures to mitigate it could significantly impact the Group's business. International agreements and national regulations to limit greenhouse gas emissions are in various stages of discussion or implementation. For example, the EU has established a detailed taxonomy for sustainable activities. Because the Group's operations involve greenhouse gas emissions, these laws and regulations will lead to substantial costs related to capital, compliance, operations, and maintenance. The extent of these costs will depend on the specific laws enacted by different countries. Legislation and regulations limiting greenhouse gas emissions may adversely affect the Group's operations, cost structure, or demand for oil and gas.

Additionally, political and regulatory initiatives, technological advancements, and market changes could negatively impactc the oil and gas industry. Such changes could decrease the demand for oil and gas, increase the Group's costs, or cause operational disruptions. Although the Group has made significant investments in its facilities and technologies for extracting hydrocarbons, there is no assurance it will successfully transition to a low-carbon and climate-resilient future or comply with evolving energy policies and regulations. Furthermore, the Group may face activism from groups opposing fossil fuel extraction, harming its reputation and disrupting its operations.

Further, both Equatorial Guinea and Gabon are members of OPEC, and any changes in production volumes as determined by OPEC may result in a lower than expected production for the Group, which could have a material adverse effect on the Group's revenues and hence the Issuer's ability to service the Bonds.

These factors could materially and negatively affect the Group's business, operational outcomes, financial condition, and prospects, thereby impairing the Issuer's and Guarantors' abilities to pay interest, principal, or other amounts due in connection with the Bonds.

4. FINANCIAL RISKS

4.1 Risk related to high leverage and debt servicing obligations

The issuance of the Bonds will significantly increase the Group's gross leverage, which exposes the Group to a higher risk of default, greater sensitivity to economic downturns, and potential financial instability. The increased debt burden will require the Group to make regular interest and principal payments associated with the Bonds. As these debt servicing obligations will take priority over investments in the Group's operations, the Group may have limited flexibility to allocate resources towards growth initiatives, innovation, or responding to changes in market conditions. This could negatively impact the Group's long-term competitiveness and financial performance, which in turn could impair the Issuer's and Guarantors' abilities to pay interest, principal or other amounts due in connection with the Bonds.

4.2 Currency risk

In 2000, the International Monetary Fund ("IMF") and the Central Africa Economic and Monetary Commission ("CEMAC") introduced foreign currency controls in the CEMAC region. These regulations included provisions for the repatriation of foreign currency from sales conducted in the local currency, Central African Francs ("CFA"), and restrictions on access to foreign currency. However, enforcement by commercial banks in the CEMAC area was minimal, and as a non-operator, the Group was not significantly affected.

In December 2018, the IMF and CEMAC updated these provisions, and commercial banks have since increased their enforcement efforts. The renewed foreign currency regulations require special approvals for the opening and operation of new and existing foreign currency accounts outside the CEMAC region used for receiving proceeds from oil sales. These approvals can be granted for periods of up to two years and are subject to renewal. The regulations also include stipulations for opening foreign currency accounts within the CEMAC area, prohibition of foreign currency withdrawals within CEMAC, mandatory declaration of all loans with the local central bank, and the risk of forced conversion to CFA of funds held in USD in so-called "abandonment fund reserve" accounts.

The Group's activities in Gabon and Equatorial Guinea are subject to these restrictions. Should the foreign currency limitations be enacted and enforced against the Group, it could hinder the Group's ability to repatriate earnings, distribute dividends, and manage repayments or refinancing of future loan facilities. This would result in substantial documentation and fee requirements, exacerbating administrative burdens on the Group's operations. Additionally, directors of non-compliant Group companies may face fines and other penalties. Imposing such restrictions could have a significant adverse impact on the Group's business, operations, cash flows, and financial condition within the CEMAC region.

As the Group operates in countries with currencies different from its functional reporting currency, it faces potential volatility due to foreign exchange rate fluctuations. These fluctuations can impact the Group's financial results by affecting the translation of profit and loss accounts and balance sheets of foreign subsidiaries into USD. Additionally, currency risks may occur when Group companies carry out transactions in currencies other than their functional currency. The Group also receives invoices in various currencies, leading to currency exposure from both customer and supplier perspectives.

Changes in foreign currency regulations or currency exchange rate fluctuations could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and/or prospects, which in turn could impair the Issuer's and Guarantors' abilities to pay interest, principal or other amounts due in connection with the Bonds.

4.3 Credit risk

The Group is highly dependent on cash flow from its concentrated customer base and also to some extent from governmental entities to be able to meet its debt obligations as and when they fall due, and the Group may be exposed to delays in payments from customers. For example, the Group from time to time experiences delays in being paid by ETAP in Tunisia. Given the limited number of major customers of the Group and the significant portion they represent of the Group's income, the potential inability of one or more of them to make full payment may have a significant adverse impact on the business, results of operations, cash flows, financial conditions and/or prospects of the Group and impair the Issuer's and Guarantors' abilities to pay interest, principal or other amounts due in connection with the Bonds.

Further, the Groups number of liftings of hydrocarbons are few, and scheduled liftings may change, all of which may have a material impact on the Group's cash flow and the Issuer's and Guarantors' abilities to pay interest, principal or other amounts due in connection with the Bonds.

RISK FACTORS (9/11)

4.4 Risks related to guarantee and indemnity obligations

The Group will in its ordinary course of business provide guarantees and indemnities to governmental agencies, joint venture partners or third-party contractors in respect of activities relating to its subsidiaries, inter alia for such subsidiaries working and abandonment obligations under licences or obligations under the relevant terms of agreements with third party contractors. Should any guarantees or indemnities given by the Group be called upon, this may have a material adverse effect on the Group's financial position and impair the Issuer's and Guarantors' abilities to pay interest, principal, or other amounts due in connection with the Bonds.

5. RISKS RELATED TO THE BONDS

Each potential investor in the issue of the Bonds and the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bond issue; (ii) have access to and knowledge of the appropriate analytical tools to evaluate an investment in the Bonds; (iii) have sufficient financial resources and liquidity to bear the risks associated with investment in the Bonds; (iv) understand the terms of the Bonds and the behaviour of the relevant financial markets, and (v) be able to evaluate possible scenarios for economic interest rate and other factors that may affect its investment.

5.1 Risks related to upstream capacity

The Issuer is predominantly a holding company and is dependent upon the ability of its subsidiaries to generate cash flow and to make distributions to the Issuer. If the Issuer is unable to generate sufficient distributions from its subsidiaries, it will be forced to adopt an alternative strategy that may include actions such as reducing capital expenditures, selling assets, restructuring or refinancing indebtedness or seeking new equity capital. The Issuer cannot assure investors that any of these alternative strategies can be effected on satisfactory terms, if at all, or that they would yield sufficient funds to make the required payments under the Bond issue or to repay the Bonds at maturity.

5.2 Risks related to limitations on guarantees and security interests

The Bonds will be supported by guarantees from several Group companies. These entities are incorporated in various jurisdictions, where, inter alia, legal restrictions may exist on the right for companies to grant security and guarantees related to acquisition of shares in the company (and/or other companies within the group) as well as requirements to receive corporate benefit as consideration of the granting of full unlimited security and guarantees for the outstanding under the Bonds. The bond terms will contain several agreed security principles pursuant to which the Group will not be required to grant security and/or guarantees under certain circumstances, to the extent in conflict with applicable law. The security principles will also entail that certain security and/or guarantees may be limited, cannot be perfected or are otherwise subject to defects (including, without limitation, that established security may become subject to new hardening periods or new and more onerous limitations because of transactions permitted under the bond terms), including where the creation or perfection of security is unduly burdensome on the Group having regard to the benefit accruing to bondholders. The security principles will furthermore include a provision stating that no security and/or guarantees will be effective if and to an extent such security and/or guarantee is contrary to mandatory provision under local law. Given the jurisdictions in which the Group operates, including emerging markets and/or jurisdictions with developing legal systems such as Equatorial Guinea, Gabon, Tunisia and South Africa, it may be more likely that the agreed security principles operate to exempt the Group from the obligation to create and/or perfect certain security that it would otherwise be required to provide.

5.3 Risks related to required repurchases of the Bonds

Upon the occurrence of a Change of Control Event, a Share De-Listing Event or a Material Asset Sale (all such capitalised terms as defined in the Bond term sheet), each individual bondholder has a right of pre-payment of the Bonds at 101% of the nominal amount (plus accrued and unpaid interest). However, it is possible that the Issuer will have insufficient funds at the time of a Change of Control Event, a Share De-Listing Event or a Material Asset Sale to make the required repurchase of the Bonds. The Issuer's failure to redeem the Bonds would constitute an event of default under the Bonds. If an event of default has occurred and is continuing, the Bond trustee may declare acceleration of the Bonds. This could lead to significant financial strain on the Issuer, potentially resulting in liquidity issue and/or, insolvency, which may adversely affect all bondholders and not only those that choose to exercise the repurchase option.

5.4 Risks related to redemption and amortization of the Bonds

The terms of the Bonds will provide that the Issuer (i) may redeem all of the Bonds at fixed call prices after issuance of the Bonds and (ii) shall redeem all the Bonds upon specified events, some of which provide for redemption of the Bonds without premium. The Issuer is also required to amortize and repay USD 25 million of the Bond in December 2027 and USD 25 million in December 2028. This is likely to limit the market value of the Bonds if interest rates rise. During any period when the Issuer may elect to redeem the Bonds, the market value of the Bonds might not rise substantially above the price at which they can be redeemed at a fixed call price. This may also be true prior to any redemption period. The Issuer may be expected to redeem the Bonds when its cost of borrowing is lower than the interest rate on the Bonds. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Bonds and may only be able to do so at a significantly lower rate. In addition, the Issuer may not have sufficient cash available to repay the amortised amounts in December 2027 and 2028, respectively.

5.5 Risk related to conflicting interests between the Group and the bondholders

The interests of the Group's shareholders, management, or other stakeholders may not always align with the interests of the bondholders. The Group may prioritize objectives that favour equity holders, such as, inter alia, pursuing growth strategies, acquisitions or dividend distributions, which could divert resources away from debt reduction or timely servicing interest and principal payments on the Bonds. These potential conflicts of interest could adversely impair the Issuer's and Guarantors' abilities to pay interest, principal or other amounts due in connection with the Bonds.

5.6 Risks related to the market value of the Bonds

The Bonds will be new securities for which there is no trading market. Even though the Issuer will have an obligation to list the Bonds on Oslo Stock Exchange (Oslo Børs), any regulated market as such term is understood in accordance with the Markets in Financial Instruments Directive 2014/65/EU (MiFID II) and Regulation (EU) No. 600/2014 on markets in financial instruments (MiFIR) or the ABM market in Oslo, no assurance can be made that such listing will be obtained, nor has the Issuer entered into any market-making scheme to ensure liquidity in the Bonds. There can be no assurance as to: (i) the liquidity of any market that may develop; (ii) bondholders' ability to sell the Bonds or (iii) the price at which bondholders would be able to sell the Bonds. If such a market were to develop, the Bonds could trade at prices that may be lower than the principal amount or purchase price, depending on many factors, including prevailing interest rates, the market for similar bonds and the Group's financial performance and outlook. If an active market does not develop or is not maintained, the price and liquidity of the Bonds may be adversely affected.

5.7 Risks related to the value and enforcement of the security package

Although the Bonds are senior secured obligations of the Issuer, the value of the security supporting these obligations might be less than the total claims of the bondholders. The fair market value of these assets can fluctuate based on several factors, including the Issuer's ability to implement its business strategy, the capacity to sell the assets in an orderly manner, general economic conditions, and the availability of buyers.

Moreover, there is no guarantee that the assets are saleable, and even if they are, the timing of any liquidation or foreclosure remains uncertain. Additionally, liens, retention of title arrangements, rights, easements, or other security and quasi-security arrangements encumbering the security could impact the value and scope of the security, as well as the bond trustee's ability to enforce and realize collateral. Appraisals of the value of any security or underlying transaction security may also be inaccurate.

For as long as no event of default has occurred and is continuing, the Issuer will also retain possession of the underlying assets and will be free to sell, transfer, vote, operate, and otherwise manage and dispose of them, unless otherwise restricted by the bond terms, the security documents, or other finance documents. If the assets are not managed appropriately or if the Issuer disposes of the assets, the value of the security may decrease. Such a reduction in the value of the security could be detrimental to the interests of the bondholders.

In addition, agreements governing the assets which act as security for the secured obligations will be governed primarily by laws other than the laws of Norway. Enforcement of such secured assets will be subject to such other laws and may be more difficult, time consuming and costly than would have been the case if all agreements relating to the secured assets were governed by Norwegian law.

5.8 Risks related to the status of the Bonds

The Bonds are subject to credit risk relating to the Group's ability to meet its payment obligations, which in turn is largely dependent upon the performance of the Group's operations and its financial position. Generally, creditors under indebtedness and trade creditors of the Issuer's non-guarantor subsidiaries will be entitled to payments of their claims from the assets of such subsidiaries before these assets are made available for distribution to the Issuer, as a direct or indirect shareholder. Accordingly, in an enforcement scenario, creditors of the Issuer's non-guarantor subsidiaries will generally be entitled to payment in full from the sale or other disposal of the assets of such subsidiaries before the Issuer, as a direct or indirect shareholder, will be entitled to receive any distributions.

5.9 Risks related to amendments to the Bond terms

The terms of the Bonds will contain provisions for calling for meetings of bondholders if the Issuer wishes to amend any of the terms and conditions applicable to the Bonds. These provisions permit defined majorities to bind all bondholders, including bondholders who did not attend and vote at the relevant bondholder meeting and bondholders who vote in a manner contrary to the majority. Consequently, there is a risk that the actions of the majority in such matters will impact certain bondholders' rights in a manner that is undesirable for some of the bondholders.

5.10 Risks related to bondholders' representation

The trustee for the Bonds will represent all bondholders in all matters relating to the Bonds and the bondholders are prevented from taking actions on their own against the Issuer. Consequently, individual bondholders do not have the right to take legal actions to declare any default by claiming any payment from the Issuer and may therefore lack effective remedies unless and until a requisite majority of the bondholders agree to take such action. However, there is a risk that an individual bondholder, in certain situations, could bring its own action against the Issuer (in breach of the bond terms), which could negatively impact an acceleration of the Bonds or other action against the Issuer.

To enable the trustee for the Bonds to represent bondholders in court, the bondholders and/or their nominees may have to submit a written power of attorney for legal proceedings. The failure of all bondholders to submit such a power of attorney could have a negative effect on the legal proceedings as for instance the requisite quorum or majority for taking such legal proceedings may not be obtained. Under the bond terms, the trustee for the Bonds will in some cases have the right to make decisions and take measures that bind all bondholders. Consequently, there is a risk that the actions of the bond trustee in such matters will impact a bondholder's rights under the Bonds in a manner that is undesirable for some of the bondholders.

5.11 Risks related to the transferability of the Bonds

Bondholders will not be permitted to transfer the Bonds except (a) subject to an effective registration statement under the Securities Act, (b) to a person that the bondholder reasonably believes is a QIB within the meaning of Rule 144A that is purchasing for its own account, or the account of another QIB, to whom notice is given that the resale, pledge or other transfer may be made in reliance on Rule 144A, (c) an offshore transaction in accordance with Regulation S under the Securities Act, including, in a transaction on Euronext Oslo Børs, and (d) pursuant to any other exemption from registration under the Securities Act, including Rule 144 there under (if available). Due to these restrictions, there is a risk that a bondholder cannot sell its Bonds as desired. Restrictions relating to the transferability of the Bonds could have a negative effect for some of the bondholders.

5.12 The Bonds will impose operational and financial restrictions

The bond terms will contain certain restrictions on the Group's activities, for example general and financial undertakings restricting activities such as financial indebtedness, dividend payments, liens and divestments. In addition, the Bond terms impose certain financial covenants on the Issuer relating to a leverage ratio and minimum liquidity.

These restrictions may prevent the Group from taking actions that they believe would be in the best interest of the Group and the Group's business, and may make it difficult for the Group to execute its business strategy successfully or compete effectively with companies that are not similarly restricted. Inability to take actions and/or effect profitable business strategies or loss of competitiveness may have a material adverse effect on the Group's business, results of operations, financial position and/or prospects, which in turn may cause a decline in the value and trading price of the Bonds and ability to make required payments on or repay the Bonds.

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