



Admission Document

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The Company and the Directors whose names appear on page 4 of this document accept individual and collective responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application has been made for the Enlarged Share Capital to be admitted to trading on the London Stock Exchange's AIM market. It is expected that trading in the Ordinary Shares will commence on AIM on 25 July 2017. **AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.**

A copy of this document, which comprises an admission document drawn up in accordance with the AIM Rules for Companies, has been issued in connection with the application for admission to trading of the Enlarged Share Capital. This document does not comprise a prospectus for the purpose of the FSMA and the Prospectus Rules of the FCA and has not been pre-approved by the FCA pursuant to section 85 of FSMA. This document does not constitute a financial promotion and has not been approved for issue as such in the United Kingdom for the purposes for Section 21 of FSMA.

The whole of this document should be read. Your attention is particularly drawn to the Risk Factors set out in Part II of this document. All statements regarding the Company's business, financial position and prospects should be viewed in light of these Risk Factors.



(Incorporated in England and Wales under the Companies Act 2006 with registered number 10699593)

Application for Admission to trading on AIM of 25,690,892 Ordinary Shares



*Nominated Adviser and
Joint Broker*



Joint Broker



Joint Broker

WH Ireland Limited, which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser and joint broker to the Company. Its responsibilities as the Company's nominated adviser and joint broker under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document. No representation or warranty, expressed or implied, is made by WH Ireland Limited as to any of the contents of this document. WH Ireland Limited will not be offering advice and will not otherwise be responsible for providing customer protections to recipients of this document or for advising them on the contents of this document or any other matter.

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The Ordinary Shares have not been and will not be registered under the securities legislation of any province or territory of Canada, Australia, Japan, or the Republic of South Africa. Accordingly, the Ordinary Shares may not, subject to certain exceptions, be offered or sold directly or indirectly, in or into Canada, Australia, Japan, the Republic of Ireland, the Republic of South Africa or to any national, citizen or resident of Canada, Australia, Japan, the Republic of Ireland, or the Republic of South Africa.

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Prospective investors should inform themselves as to: (a) the legal requirements of their own countries for the purchase, holding, transfer or other disposal of the Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of the Ordinary Shares. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein. Statements made in this document are based on the law and practice currently in force in the UK and are subject to change. This document should be read in its entirety. All holders of Ordinary Shares are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the Articles of Association of the Company.

FORWARD LOOKING STATEMENTS

All statements other than statements of historical fact, contained in this document constitute "forward looking statements". In some cases forward looking statements can be identified by terms such as "may", "intend", "might", "will", "should", "could", "would", "believe", "forecast", "anticipate", "expect", "estimate", "predict", "project", "potential", or the negative of these terms, and similar expressions. Such forward looking statements are based on assumptions and estimates and involve risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Except as required by the AIM Rules for Companies, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. New factors may emerge from time to time that could cause the Company's business not to develop as it expects, and it is not possible for the Company to predict all such factors. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements except as required by law.

It should be remembered that the price of securities and the income from them can go down as well as up and this Admission Document contains references to past performance of the Company and its subsidiaries. Past performance is not a reliable indicator of future results.

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DIRECTORS, SECRETARY AND ADVISERS

Directors:	Neill Ashley Carson Graham Andrew Heath David John Wissler Knox Majid Shafiq Richard Millington Ames	<i>(Chief Executive Officer)</i> <i>(Chief Financial Officer)</i> <i>(Non-Executive Chairman)</i> <i>(Non-Executive Director)</i> <i>(Non-Executive Director)</i>
Secretary:	Burness Paull LLP	
Registered Office:	New Kings Court Tollgate Chandler's Ford Eastleigh Hampshire SO53 3LG	
Nominated Adviser and Joint Broker:	WH Ireland Limited 24 Martin Lane London EC4R 0DR	
Joint Broker:	Cantor Fitzgerald Europe 1 Churchill Place Canary Wharf London E14 5RB	
Joint Broker:	GMP FirstEnergy 85 London Wall London EC2M 7AD	
Solicitors to Company:	Burness Paull LLP 50 Lothian Road Festival Square Edinburgh EH3 9WJ	
Solicitors to Nominated Adviser and Joint Brokers	Charles Russell Speechlys LLP 5 Fleet Place London EC4M 7RD	
Auditors & Reporting Accountants:	Deloitte LLP Union Plaza 1 Union Wynd Aberdeen AB20 1SL	
Independent Competent Person:	Gaffney, Cline & Associates Bentley Hall Blacknest Road Alton GU34 4PU	

Registrar: Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Company Website: www.i3.energy

Company Telephone Number: +44 (0) 1224 945 980

KEY INFORMATION

The following is a brief summary only and should be read together with the more detailed information and the financial data and statements, and risk factors appearing elsewhere in this document.

ADMISSION STATISTICS

Admission Price	55p
Number of Existing Ordinary Shares	16,500,000
Number of new Ordinary Shares issued pursuant to the conversion of PLC Loan Notes	9,190,892
Total number of Ordinary Shares in issue on Admission	25,690,892
Market capitalisation of the Company on Admission at the Admission Price	£14.1m
AIM ticker	i3e
SEDOL	BDHXPJ6
ISIN	GB00BDHXPJ60

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of Admission Document	19 July 2017
Admission and commencement of dealings in the Ordinary Shares on AIM	25 July 2017

DEFINITIONS

In this Admission Document, where the context permits, the expressions set out below shall bear the following meanings:

“Act” or “Companies Act”	Companies Act 2006 (as amended)
“Admission”	the admission of the entire issued and to be issued Ordinary Share capital of the Company to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
“AIM”	AIM, a market of that name operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies as issued by the London Stock Exchange
“Articles of Association” or “Articles”	the articles of association of the Company
“Blake Field”	the Blake oil field, located in blocks 13/24 and 13/29b in the Outer Moray Firth area of the UK North Sea
“Blake Infrastructure”	Blake Field infrastructure and Bleo Holm FPSO Vessel
“Blake Partners”	Repsol and Idemitsu
“Bleo Holm FPSO Vessel”	Bleo Holm floating production, storage and offloading vessel
“Board” or “Directors”	the directors of the Company whose names are listed on page 4 of this Admission Document
“Broker”	WH Ireland, Cantor Fitzgerald or GMP FirstEnergy
“Business Day”	means any day other than a Saturday or Sunday on which banks are open for business in London, other than for the purposes of trading and settlement in sterling or for the purposes of online banking
“Certificated”	in relation to an Ordinary Share, recorded on the relevant register as being held in certificated form and title to which may be transferred by means of a stock transfer form (that is, not in CREST)
“Company” or “i3”	i3 Energy plc
“Competent Person”	Gaffney, Cline & Associates
“Competent Person’s Report” or “CPR”	the report prepared by the Competent Person, a copy of which is reproduced in Part VI of this Admission Document
“Contingent Resources”	Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development because of one or more contingencies
“Contingent Resources (Development Pending)”	a sub-class of Contingent Resources where project activities are ongoing to justify commercial development in the foreseeable future
“Contingent Resources (Development Unclarified or On Hold)”	a sub-class of Contingent Resources where project activities are on hold and/or where justification as a commercial development may be subject to significant delay
“CREST”	the relevant system (as defined in the CREST Regulations) for the paperless settlement of share transfers and the holding of shares in uncertificated form in respect of which Euroclear is the operator (as defined in the CREST Regulations) in accordance with which securities may be held or transferred in uncertificated form
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) (as amended)

“Dana”	Dana Petroleum (E&P) Limited
“Deferred Shares”	deferred shares of £10 each in the share capital of the Company
“EHS”	environmental, health and safety
“Enlarged Share Capital”	the Existing Ordinary Shares as enlarged by the issue of the Loan Note Conversion Shares
“EU”	the European Union
“Euroclear”	Euroclear UK & Ireland Limited
“Existing Ordinary Shares”	the existing Ordinary Shares in issue immediately prior to Admission (excluding the Loan Note Conversion Shares)
“FCA”	the Financial Conduct Authority
“FDP”	the Group’s field development plan to develop the LFC
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“GCA”	Gaffney, Cline & Associates
“Glenwick Loan Notes”	the PLC Loan Notes held by Glenwick plc
“GMP FirstEnergy”	FirstEnergy Capital LLP
“Group”	the Company and its subsidiary undertakings
“HMRC”	Her Majesty’s Revenue and Customs, the UK tax authority
“i3 Energy”	i3 Energy North Sea Limited
“i3 Energy Loan Notes”	convertible loan notes issued in i3 Energy
“Idemitsu”	Idemitsu Petroleum UK Limited
“Introduction Agreement”	the introduction agreement entered into by the Nomad, the Company and the Directors, as further described in paragraph 11 of Part IX of this Admission Document
“JCAM Loan Note Instrument”	the loan note instrument entered into by the Company, pursuant to which the JCAM Loan Notes have been issued
“JCAM Loan Notes”	the PLC Loan Notes held by James Caird Investments Ltd
“Last Practicable Date”	18 July 2017, being the last practicable date before the date of this Admission Document
“Liberator Field Cluster” or “LFC”	together Liberator Main, Liberator NE and Liberator NW
“Liberator Licence Area” or “LLA”	the Group’s interests in the Liberator Main and Liberator NE accumulations
“Liberator Main” or “Liberator”	the main Liberator accumulation, the location of which is shown in Figure 1 on page 14
“Liberator NE”	the Liberator North East accumulation, the location of which is shown in Figure 1 on page 14
“Liberator NW”	the Liberator North West accumulation, the location of which is shown in Figure 1 on page 14
“Loan Note Conversion Shares”	the Ordinary Shares to be issued pursuant to the conversion of PLC Loan Notes
“Loan Noteholders”	the holders of PLC Loan Notes
“Loan Note Instruments”	the loan note instruments entered into by the Company, pursuant to which the PLC Loan Notes have been issued
“Locked-up Employees”	David Knox, Graham Heath, Neill Carson, Mihai Butuc, Iain Campbell, John Woods and Sheri Barton
“London Stock Exchange”	London Stock Exchange plc
“MER”	the OGA’s Maximising Economic Recovery strategy for the UK

“Nomad” or “WH Ireland”	W H Ireland Limited, in its capacity as nominated adviser and broker to the Company
“OGA”	UK Oil and Gas Authority
“Ordinary Shares”	ordinary shares of £0.0001 each in the share capital of the Company
“Panel”	the Panel on Takeovers and Mergers operating under the Takeover Code
“Petrofac SPD”	Petrofac Facilities Management Limited
“PLC Loan Notes”	convertible loan notes issued by the Company (in either GBP or US\$), the principal terms of which are summarised in paragraph 4 of Part IX of this Admission Document
“Registrar”	Capita Asset Services
“Repsol” or “Blake Operator”	Repsol Sinopec Resources UK Ltd
“Ross Field”	the Ross oil field, located in blocks 13/28a and 13/29a in the Outer Moray Firth area of the UK North Sea
“Reserves”	Reserves are those quantities of petroleum that are anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions
“Shareholder”	any holder of Ordinary Shares
“Sterling or £”	the lawful currency for the time being of the United Kingdom
“subsidiary” and “subsidiary undertaking”	have the meanings given to them by the Act
“Takeover Code”	the City Code on Takeovers and Mergers
“UK Corporate Governance Code”	the UK Corporate Governance Code published by the Financial Reporting Council, as in force from time to time
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UKCS”	the United Kingdom Continental Shelf
“Listing Authority” or “UKLA”	the FCA, acting in its capacity as the competent authority for the purposes of Part VI of FSMA
“Uncertificated”	recorded on the relevant register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST

In this Admission Document, all references to times and dates are in reference to those observed in London, England.

Glossary of Terms

ABEX	Abandonment expenditure
API	American Petroleum Institute
°API	Degrees API (a measure of oil density)
B	Billion (10 ⁹)
Bbl	Barrels
/Bbl	Per barrel
Boe	Barrels of oil equivalent
Boepd	Barrels of oil equivalent per day
Bscf	Billion standard cubic feet
CAPEX	Capital expenditure
Christmas Tree	An assembly of valves, spools and fittings used for an oil well
cP	Centipoise
ELT	Economic limit test
EUR	Estimated ultimate recovery
°F	Degrees Fahrenheit
FDP	Field development plan
FPSO	Floating production, storage and offloading vessel
ft	Foot/feet
GBP	Pounds Sterling
GIIP	Gas initially in place
GOC	Gas oil contact
GOR	Gas oil ratio
GRV	Gross rock volume
km	Kilometres
m	Metres
M	Thousand
MBbl	Thousands of barrels
Mscf	Thousand standard cubic feet
MDT	Modular dynamic tester (a wireline logging tool)
MM	Million
MMBbl	Millions of barrels
MMboe	Millions of barrels of oil equivalent
MMscf	Million standard cubic feet
ms	Milliseconds
NPV	Net Present Value
NPV10	Net Present Value at 10 per cent. annual discount rate
NTG	Net to gross ratio
OPEX	Operating expenditure
OWC	Oil water contact
p.a.	Per annum
psi	Pounds per square inch
PVT	Pressure volume temperature
RF	Recovery factor

scf	Standard cubic feet
ss	Subsea
stb	Stock tank barrel
STOIIP	Stock tank oil initially in place
TVD	True vertical depth
TVDSS	True vertical depth subsea
TWT	Two-way time
UKCS	United Kingdom Continental Shelf
US\$	United States Dollar
WI	Working interest
1C	Low estimate of Contingent Resources
2C	Best estimate of Contingent Resource
3C	High estimate of Contingent Resources
2D	Two dimensional
3D	Three dimensional
1P	Proved Reserves
2P	Probable Reserves
3P	Possible Reserves
1Q	First quarter (of year)

PART I

INFORMATION ON THE COMPANY

1 Investment Summary

Introduction

i3 Energy plc (“i3”, or the “Company”) is an independent oil and gas company with assets and operations in the UK. Its strategy is to focus on the development of discoveries located close to existing infrastructure and the exploitation of producing fields, whilst maintaining limited exploration exposure.

On 28 December 2016, i3 Energy North Sea Limited (“i3 Energy”), the Company’s wholly owned subsidiary, acquired Licence P.1987 from Dana Petroleum (E&P) Limited (“Dana”), in Block 13/23d in the North Sea. The licence comprises the Group’s interests in sections of the Liberator Main and Liberator North East (“NE”) hydrocarbon accumulations (“Liberator Licence Area” or “LLA”). Dana drilled the 13/23d-8 well on the LLA in 2013 and discovered oil at approximately 5,200 ft total vertical depth sub-sea (TVDS).

Block 13/23d is located in the Blake Field (“Blake Field”) and Bleo Holm Floating Production Storage and Offloading (“FPSO”) catchment area of the Outer Moray Firth within the UK North Sea. The Group is in discussions with Repsol Sinopec Resources UK Ltd (“Repsol” or the “Blake Operator”) regarding i3 Energy using the existing spare capacity of the Blake Field infrastructure and Bleo Holm FPSO Vessel (“Blake Infrastructure”). The Directors believe the Company will reach an agreement with Repsol in due course, which would significantly reduce costs and accelerate the delivery of first hydrocarbons relative to a standalone development of the LLA, although there can be no certainty that this agreement will be forthcoming.

In addition to the acreage under licence, the Liberator Main and Liberator NE structures may extend into an adjacent block currently owned by the Blake Field partners, Repsol and Idemitsu Petroleum UK Limited (“Idemitsu”) (together the “Blake Partners”), though this potential extension of an accumulation has not been proven through drilling by the adjacent Blake Partners. Additionally, the Liberator North West (“NW”) structure lies to the northwest of Liberator Main and is currently not licenced to any party. The combination of the Liberator Main, Liberator NE and Liberator NW hydrocarbon accumulations form the Liberator Field Cluster (“LFC”). Gaffney, Cline & Associates (“GCA”) has determined that the LFC is an existing discovery (13/23d-8). In due course, the Group intends to raise funds in order to develop the LFC.

As described more fully below, the Group is currently in discussions with the UK Oil and Gas Authority (“OGA”) regarding the Group’s Field Development Plan (“FDP”) which includes the prospect of extending i3 Energy’s field development area to include the entirety of the LFC. The Directors have factored these extensions into the Group’s FDP in light of the recently published guidelines for Maximising Economic Recovery (“MER”) in the UK, and they believe the OGA will approve the FDP in due course, although there can be no certainty that these extensions will be granted at that time, or at all.

Post Admission the Company will continue to advance discussions with Repsol to agree suitable LFC offtake terms across the Blake Infrastructure while securing contracts with the supply chain for the provision of a rig, well services and well services project management for i3’s LFC development.

The Group subsequently intends to raise the necessary funds to develop the LFC in advance of final Field Development Plan approval. The timing of any future fundraise is yet to be determined, and whilst the Directors believe any such fundraise would occur after further advancement of offtake discussions with the Blake Partners, supply chain contract agreements, and FDP consultation with the OGA, the Group may consider raising funds earlier if possible. The Group may also pursue other funding options such as, but not limited to, the partial sale of the LFC to an industry partner and/or supply chain financing. Investors should note that there is no certainty the Group will be able to raise the necessary capital to develop the LFC. Should the Group fail to raise requisite funds to drill any form of well on the LFC by January 2019, the Group would be at risk of losing Licence P.1987.

The Group has to date been financed principally by the issue of loan notes. On Admission approximately £3.5m of these will be converted to equity and £2.5m will remain to be converted or redeemed on or before the earlier of 31 August 2018 and 13 months following Admission as more

fully described in paragraph 4.5 of Part IX. If all outstanding loan notes aren't previously converted or redeemed by the earlier of 31 August 2018 and 13 months following Admission, the Company will need to raise sufficient finance to redeem these loan notes to ensure it remains a going concern.

Figure 1

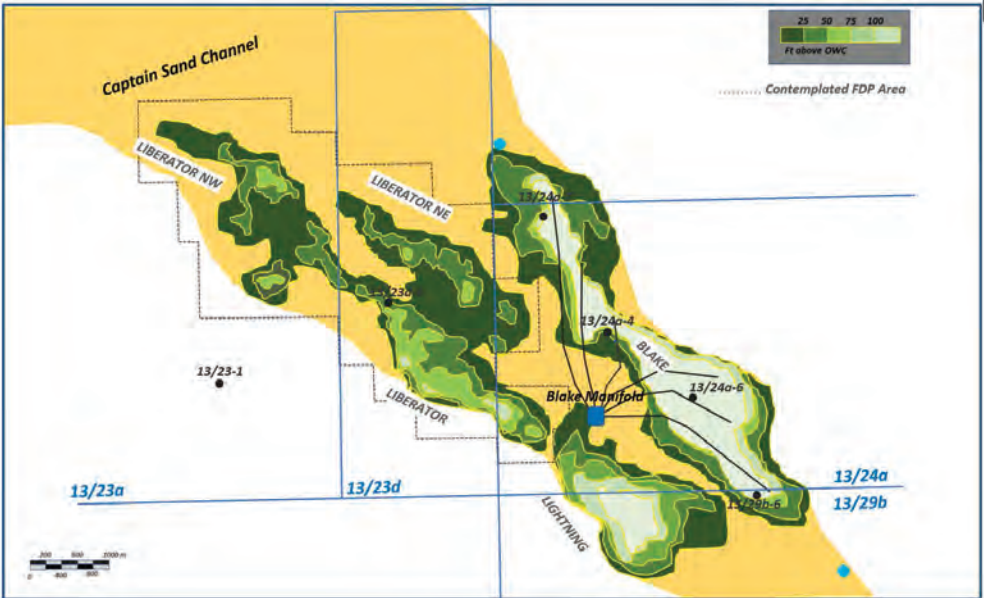


Figure 1. Liberator Field Cluster key elements relative to Blake Field in summary. (Source: i3 Energy)

Contingent Resources

GCA has compiled a Competent Person’s Report (“CPR”) covering the LLA and LFC. The full report is included in Part VI of this Admission Document. The CPR has outlined Low, Best and High cases for Contingent Resources. The Contingent Resources are categorised in terms of Development Pending (Resources associated with i3’s 2-well FDP, prior to a year end 2024 cut off) and Development Unclearified or On Hold (Resources post-2024 and within Liberator NW). According to the CPR, the year end 2024 cut off has been applied to reflect a risk that the Bleo Holm FPSO Vessel will not be available beyond that date. The Bleo Holm FPSO Vessel is insured until year end 2024, although the vessel will be subject to review and re-certification in late 2019. The Bleo Holm FPSO Vessel is already subject to an ongoing inspection and maintenance programme, which is intended to address any issues ahead of re-certification in late 2019. A similar process would be undertaken in 2024, although as stated in the CPR, there can be no certainty the Bleo Holm FPSO Vessel would be available after 2024.

According to the CPR, this should not be read as implying that production will necessarily cease at the end of 2024. If the Bleo Holm is retired at that date, other solutions for continuing production could be considered, including a replacement FPSO of a smaller size. However, it is only in the High case, under the economic assumptions contained in the CPR, that production from an initial two-well development of the LLA on its own would support the cost of an FPSO vessel. Consequently, the economic viability of continued production for a significant period beyond 2024 would depend on continued production from the Blake Field and/or from other potential satellite developments in the area that may have been developed by that date.

Table 1 provides a summary of the Contingent Resources stated in the CPR, together with the Company's conversion into barrels of oil equivalent (Boe).

Table 1

		Contingent Resources (Development Pending)					
		Within Block 13/23d			Outside Block 13/23d		
		1C	2C	3C	1C	2C	3C
Liberator Main	Oil (MMBbl)*	2.5	5.8	9.5	0.6	1.5	2.4
	Gas (Bscf)*	8.0	1.5	2.5	2.0	0.4	0.6
Liberator NE	Oil (MMBbl)*	0.0	2.3	4.2	0.0	0.6	1.0
	Gas (Bscf)*	0.0	0.6	1.1	0.0	0.1	0.3
Total (MMboe)**		3.8	8.5	14.3	0.9	2.2	3.6

		Contingent Resources (Development Unclassified or On Hold)					
		Within Block 13/23d			Outside Block 13/23d		
		1C	2C	3C	1C	2C	3C
Liberator Main	Oil (MMbbl)*	0.1	0.8	3.0	0.0	0.2	0.8
	Gas (Bscf)*	0.8	0.2	0.8	0.2	0.0	0.2
Liberator NE	Oil (MMbbl)*	0.0	0.1	0.9	0.0	0.0	0.2
	Gas (Bscf)*	0.0	0.0	0.2	0.0	0.0	0.1
Liberator NW	Oil (MMbbl)*	0.0	0.0	0.0	0.0	4.1	8.3
	Gas (Bscf)*	0.0	0.0	0.0	0.0	1.1	2.2
Total (MMboe)**		0.2	0.9	4.1	0.0	4.5	9.7
Total LFC Contingent Resources	(MMboe)***	4.1	9.4	18.4	0.9	6.7	13.3

Table 1. Liberator Licence Area and LFC Contingent Resources

*Source: CPR, pages 73 and 75

**Source: Calculated by aggregating oil and gas volumes from the CPR to Boe (conversion assumes 6Mscf per Boe)

***Source: Calculated as the aggregate of Contingent Resources (Development Pending) and Contingent Resources (Development Unclassified or On Hold)

Note: Within Block 13/23d denotes those resources within i3 Energy's current licence. Outside Block 13/23d denotes those resources outside of i3 Energy's current licence but which form part of the LFC

According to the CPR, if production is able to continue beyond 2024, the economic limits for the 1C, 2C and 3C cases would occur at the end of 2026, 2031 and 2037 respectively, although it should be noted that this is under the assumption that the assumed tariff arrangement for operating expenditure would continue indefinitely, which may not be viable as production from the Blake and Ross Fields decline. The Directors believe that other sources of production in the area could potentially become available to replace this production, however there can be no certainty that this will occur.

Further detail on the Contingent Resources is included below in Part I of this Admission Document. The aggregated figures from the CPR indicate that, prior to FDP approval (which the Directors believe will be received from the OGA in due course), i3 currently has 2C Contingent Resources of 9.4 MMboe. i3 expects that, subject to the approval of the Group's FDP, 8.5 MMboe of these 2C Contingent Resources (Development Pending) would be reclassified as 2P Reserves as all contingencies defined in the CPR will have been met.

A further 6.7 MMboe of 2C Contingent Resources are attributed to the LFC area outside of the LLA. By adding these Contingent Resources to the existing 2C Contingent Resource base within the LLA, the total Contingent Resources base in the LFC is 16.1 MMboe. These would become attributable to the Group if the whole LFC area is awarded to the Group on approval of the FDP by the OGA. These volumes assume the drilling of a contingent third well, in Liberator NW.

Assuming the requisite development funds are raised in due course, Management characterises the proposed LFC development as relatively low risk based on the following premises:

- The potential for a fast track field development adjacent to the existing Blake Field and within 2.5 km of its producing infrastructure;
- The expected conversion of 8.5 MMboe from 2C Contingent Resources to 2P Reserves once the project is funded and following the FDP being approved by the OGA;
- Reservoir properties being analogous to the Blake Field with its strong production history and life-to-date recovery factors above 60 per cent.;
- High historical uptime of offtake infrastructure of approximately 85 per cent. expected to be used for LFC production;
- A robust Low case based upon production volumes which have been stress tested at an NPV10 break-even above US\$23/bbl Brent crude;
- An established oil water contact (“OWC”) and well defined subsurface definition;
- The opportunity to drill and develop the asset at advantageous supply chain prices; and
- Low, well-defined, decommissioning exposure.

Management is of the view that there is potential for further upside value through:

- Higher volumes of oil recovery beyond those contemplated within the CPR;
- A production extension beyond 2024;
- Future potential development wells funded organically from production revenues;
- Strong synergies with adjacent licence holders and the offtake host which could provide the Group with further satellite development opportunities;
- The employment of extended-reach wells to produce peripheral volumes not currently considered recoverable;
- The extension of the LFC’s western flank beyond existing mapping limits; and
- A potential increase in the forward commodity price curve above that projected in the CPR.

Figure 2

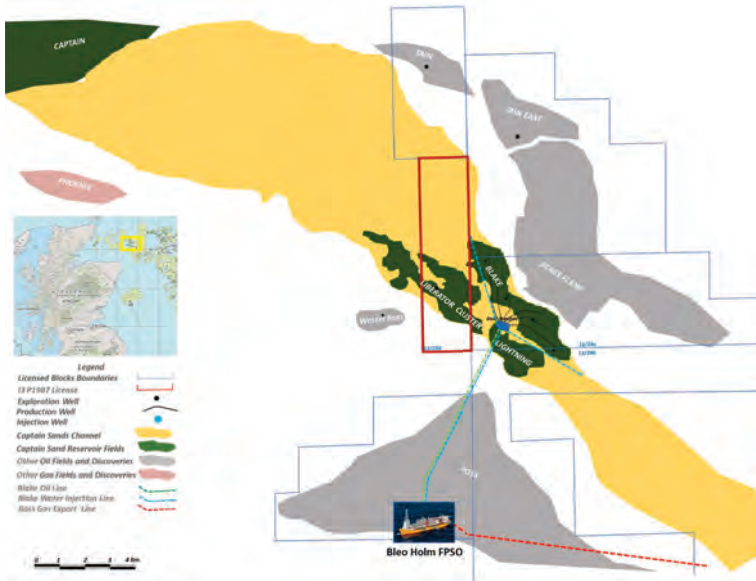


Figure 2. Regional Map illustrating Blake Field, Bleo Holm FPSO Vessel, and the Liberator Field Cluster. (Source: i3 Energy)

Hydrocarbons Initially In Place

Table 2 outlines the Low, Best and, High cases for initially in place volumes of oil and gas in the LFC, from the CPR and management's conversion of total hydrocarbons into Boe:

Table 2

		Initially in place volumes		
		Low	Best	High
Liberator Main	STOIIP (MMbbl)*	12.1	25.8	35.2
	GIIP (Bscf)*	16.2	6.7	9.2
Liberator NE	STOIIP (MMbbl)*	—	9.8	16.3
	GIIP (Bscf)*	—	2.5	4.2
Liberator NW	STOIIP (MMbbl)*	—	13.7	21.8
	GIIP (Bscf)*	—	3.6	5.7
LFC	Total (MMboe)**	14.8	51.4	76.5

Table 2. Oil and gas initially in place in the LFC, including volumes outside Block 13/23d.

*Source: CPR, page 84

**Source: Calculated by aggregating oil and gas volumes from the CPR to Boe (conversion assumes 6Mscf per Boe)

Field Development Plan

i3 is currently in consultation with the OGA regarding the Group's draft FDP for the LFC. The Company considers the LFC as ready for development upon FDP approval by the OGA, reaching agreement to export LFC hydrocarbons across the Blake Infrastructure, agreeing supply chain contracts to deliver the LFC project, and the raising of sufficient development finance. The use of the Blake Infrastructure is dependent upon entering into an agreement with the Blake Partners and, as stated in the CPR, there can be no assurance that this agreement will be forthcoming. The Group has submitted a formal request for services to the Blake Partners for the LFC to utilise the Blake Infrastructure and is in consultation with the OGA regarding this request.

According to the CPR, following Admission and assuming the necessary development funds are raised, the LFC's Contingent Resources (Development Pending) will be classified as such until it becomes reasonably certain that the following will occur:

- The approval of the FDP by the OGA;
- The award of the extended development area to i3 Energy to encompass the LFC or reaching a form of agreement to proceed on another basis; and
- An agreement with the Blake Partners for the use of the Blake Infrastructure.

The Directors believe i3 Energy will be granted the rights to the entire LFC resource base (Liberator, Liberator NE and Liberator NW) upon approval of the FDP currently under consultation with the OGA or an equivalent license award and subsequent FDP approval. This belief is based upon the Directors' interpretation of the recently published MER guidelines, which seek to ensure hydrocarbon resources are not left stranded and undeveloped, and obliges operators to maximise the expected net value of economically recoverable petroleum from relevant UK waters.

In addition, the Directors regard the changes implemented within the UK oil and gas regulatory framework that relate to ensuring access to critical producing infrastructure at competitive and sustainable cost, as being important to i3. According to the OGA: "The OGA's role is to regulate, influence and promote the UK oil and gas industry in order to achieve the statutory principal objective of maximising the economic recovery of the UK's oil and gas resources. The OGA seeks to be a progressive and highly effective authority, aiming to attract investment and with that jobs, helping to anchor valuable skills and expertise in this country".

The Board believes the OGA's legislative powers would apply to the Group's assets through the approval of the contemplated FDP and that the OGA may enforce, if necessary, access to the Blake Infrastructure such that the "Maximum Economic Recovery" of hydrocarbons within the catchment of the infrastructure, at competitive cost, can be achieved if not already agreed through negotiation.

Additionally, the Directors believe the implementation of these new legislative powers under MER may release further properties of interest that may become available to the Group under future

competitive licensing rounds or through direct acquisition from current owners. Please see Part IV of this Admission Document for a fuller summary of the regulatory environment.

Economic Evaluation

Within the CPR, Pre- and Post-tax Net Present Values (NPVs) have been attributed to the Contingent Resources (Development Pending) as presented below. As noted above, upon the meeting of certain conditions which culminate in the approval of the FDP by the OGA, the Board expects that the Group would thereafter hold Reserves with NPV10 values associated with the LFC figures shown below in Table 3. The following values do not include any value attributed to production beyond 2024.

Table 3

NPV10 (US\$ MM)	Liberator Field Cluster		
	Low	Best	High
Pre-tax	73	311	576
Post-tax	48	190	349

NPV10 (US\$ MM)	Liberator Licence Area		
	Low	Best	High
Pre-tax	58	249	461
Post-tax	38	152	279

Table 3. CPR Unrisked NPV of potential revenue from Contingent Resources (Development Pending) as at 31 January 2017, includes the 2 well FDP for Liberator and Liberator NE, with production up to 2024.

Source: CPR, page 76

Figure 3 below shows the cash flows summary used by GCA in assessing the best case NPV of the project.

Figure 3

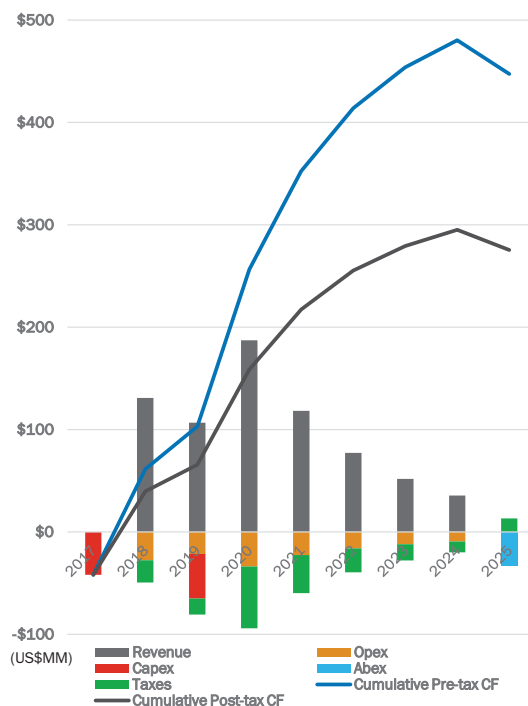


Figure 3. Best Case cash flow summary (US\$ MM)

- 1) CPR Best (Development Pending) case considers Liberator Main and NE only with cessation of production in 2024 including volumes outside the LLA
- 2) CPR Brent scenario of 2017 US\$58.35, 2018 US\$58.36, 2019 US\$65.00, 2020 US\$70.00, 2021 US\$71.40, 2022 US\$72.83, 2023 US\$74.28, 2024 US\$75.77
- 3) CPR Best case assumes 85% uptime at Bleo Holm FPSO, Capex contingency of 24%, Opex contingency of 50%, 2% inflation, US\$:GBP 1.53

Table 4 below shows the relevant cash flows used in the NPV calculations for each of the Low, Best and High Cases together with a sensitivity analysis on the best cash NPV10.

Table 4

CASE	LOW	BEST	HIGH
Revenue (US\$MM total / US\$ per boe)	266.06 / 56.15	708.20 / 66.65	1201.62 / 67.69
Opex	61.61 / 13.00	142.57 / 13.42	224.22 / 12.63
Capex	85.33 / 18.01	85.33 / 8.03	85.33 / 4.81
Abex	16.46 / 3.47	32.91 / 3.10	32.91 / 1.85
Pre-tax CF	102.67 / 21.67	447.38 / 42.10	859.16 / 48.40
Taxes	34.06 / 7.19	171.95 / 16.18	336.66 / 18.96
After-tax CF	68.61 / 14.48	275.44 / 25.92	522.50 / 29.43

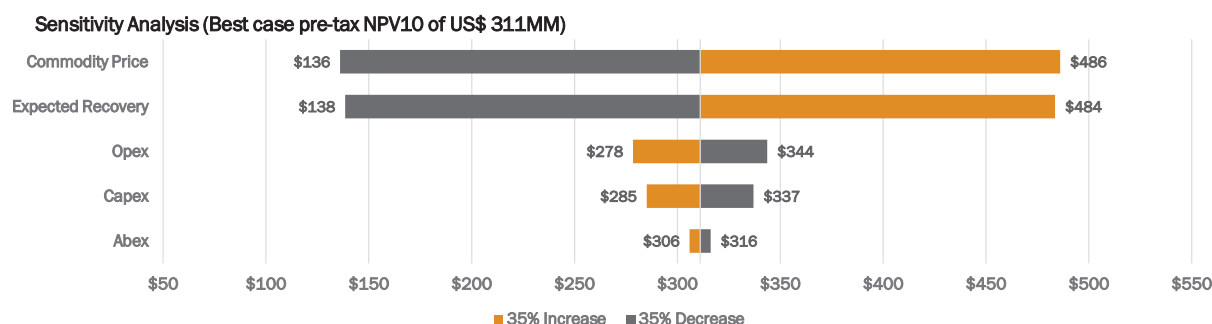


Table 4.

- 1) CPR Best (Development Pending) case considers Liberator Main and NE only with cessation of production in 2024 including volumes outside the LLA
- 2) GCA Brent scenario of 2017 US\$58.35, 2018 US\$58.36, 2019 US\$65.00, 2020 US\$70.00, 2021 US\$71.40, 2022 US\$72.83, 2023 US\$74.28, 2024 US\$75.77
- 3) CPR Best case assumes 85% uptime at Bleo Holm FPSO, Capex contingency of 24%, Opex contingency of 50%, 2% inflation, US\$:GBP 1.53

Based upon Low case production volumes contained in the CPR, the FDP has been stress tested at an NPV10 break-even above US\$23/bbl Brent Crude.

Group Strategy

The Company's initial strategy post Admission is to:

- reach agreement with the Blake Field Partners regarding LFC offtake terms across the Blake Infrastructure;
- secure agreements with the supply chain regarding the provision of a rig, well services, and well services project management related to the development of the Liberator Field Cluster.
- raise the requisite funding required to develop the LFC from, but not limited to, one or a combination of the capital markets and/or a partial sale of the LFC to an industry partner and/or the provision of supply chain financing;
- obtain FDP approval from the OGA; and
- bring the LFC into production.

In conjunction with this, the Directors intend to grow the business in the longer term through the acquisition of additional development and appraisal assets using its existing networks within the oil and gas industry and in particular, in the UK North Sea. As part of this strategy, the Company intends to focus on opportunities which are broadly within the following criteria:

- geographical location within proven and mature basins where i3 has detailed knowledge;
- assets either in production with short term deliverable upside, or at appraisal/development stage with a short timeframe to production and generation of cash flows;
- opportunities whereby i3 would assume subsurface operatorship of the underlying oil and gas assets, with a high percentage working interest;

- assets with net reserves in excess of approximately 10 MMboe and achievable near-term production in excess of approximately 5,000 boepd;
- low acquisition costs, appraisal and development capital expenditures, with the ability to generate significant value creation multiples;
- low finding, development and operating costs; and
- low exposure to decommissioning liabilities.

Whilst the Group is focused on entering new ventures at the appraisal, development, production or near field exploration phase, this will not preclude it from considering each new opportunity in terms of relative technical and commercial merits within the context of the overall objectives of the Company. This approach may include divestments, acquisitions, farm-ins, farm-outs and exchanges of interests. The Group's acquisition strategy is intended to be primarily funded from cash flows from the LFC, however the Board may consider alternative funding sources as appropriate, including equity and debt capital markets.

The Directors believe that Admission will offer the Group numerous benefits, including:

- greater potential access to development capital in the future;
- the potential to attract a broader investor base;
- the creation of a public market for the Ordinary Shares; and
- the ability to retain and attract high quality employees through performance-based equity incentives.

2 History and Development

The Group was established to identify, appraise, and develop underfunded oil and gas projects in the UK Continental Shelf ("UKCS"). The Company is headquartered in Aberdeen, Scotland, with its registered office in Eastleigh, Hampshire. The history of the Group is set out below:

2014 Established i3 Energy and its near-term business plan.

2015 Commenced the targeting and screening of commercial opportunities.

2016

- Commenced the pre-IPO financing and completed purchase of Licence P.1987
- Appointed operator status by the OGA
- Prepared the draft LFC FDP
- Consultation with the OGA on LFC development in the context of MER
- Commenced operational planning with key contractors and host facilities
- Engaged the supply chain, the Blake Partners and the OGA in respect of the LFC field development

2017

- Completed the pre-IPO financing via private placement of i3 Energy Loan Notes totalling approximately US\$7.6 million
- Began the process for Admission
- Established the Company as the parent company of i3 Energy
- Continued to engage the supply chain, the Blake Partners, and the OGA in respect of the LFC field development

3 Key Strengths

The Directors believe that the Company's corporate strategies are underpinned by the following key strengths:

The Company's management team and Board have substantial international experience in the oil and gas industry

i3 has a strong technical team, with combined experience of approximately 200 years, led by its Chief Executive Officer, Neill Carson. In addition, the members of the senior management team have significant financial, geoscience and operational expertise and have demonstrated their ability to identify, acquire and evaluate highly productive E&P portfolios.

The Company's breadth of technical, operational and commercial expertise is complemented by the Board which has extensive experience in the oil and gas industry and a track record of creating and realising shareholder value through both organic growth and corporate activity. The Directors have held senior positions in large, medium and small oil and gas companies, several of which are listed on either AIM or the Main Market in London, Toronto's TSX and TSX Venture Exchanges, or the Australian Securities Exchange.

The Company benefits from an international commercial and operational network

i3 has developed an international network of high quality industry commercial representatives who provide the Company with a wide range of skills. These include verification of internal work, exposure to broader expertise and techniques, and greater access to international deal flow and field development services. A collaborative approach within this network has supported the Company in attaining a strong position for the identification, acquisition, and development of potential opportunities. This will continue to form a core part of the Company's strategy.

Significant near-term cash flow potential from use of existing infrastructure

The proposed FDP contemplates wells to be drilled from and tied back to the existing Blake Infrastructure, significantly reducing the required development capital expenditure when compared to stand-alone development solutions. The use of the Blake Infrastructure remains subject to agreement with the Blake Partners.

Low country risk

i3 operates in the UK which is an established petroleum region and one of the largest oil and gas producers in Europe with significant infrastructure in place. The regulatory regime in the UK is considered by the Directors to be both predictable and streamlined and the political situation is very stable with the UK ranking high on global transparency rankings. A summary of the regulatory environment in the UK is set out in Part IV of this Admission Document. The UK North Sea hosts a wide range of oil and gas companies from small independent start-ups to super-majors and there is an active market for buying and selling oil and gas assets and companies in the region.

It is possible, following a motion passed by the Scottish Government to hold a Scottish Independence Referendum, that Scotland may vote to become independent from the remainder of the United Kingdom. To the extent Scotland became an independent country, the details of any changes are impossible to predict with certainty at present and will depend on post-referendum negotiations and agreements between the Scottish Government and other organisations at UK and international level.

4 The Liberator Field Cluster and i3's Field Development Plan

Overview of Licence

i3 Energy holds one traditional offshore licence (UK Seaward Production Licence P.1987) containing its interests in the Liberator Main and Liberator NE accumulations within Block 13/23d, located 120 km north-east of Aberdeen in the South Halibut Basin of the Moray Firth Province. Liberator Main lies just 2 km from the Blake Infrastructure.

Asset (Licence and Block)	Operator	Interest	Status	Term (Expiry)	Licence Area (km²)
P.1987 13/23d	i3 ENERGY	100%	Exploration	21/12/2020	14.6

Source: OGA P.1987 licence

The Directors expect that, upon approval of the FDP by the OGA, a 20-year production licence would be issued.

In addition to Licence P.1987, i3 Energy will be applying on a 100 per cent. basis for Block 13/23a (status: unlicensed, open for application) to the west of Block 13/23d, which contains a portion of Liberator NW. The Company expects the production rights within the western extension, as well as part of Liberator Main which is located in Block 13/24a, to be attributable to i3 Energy upon FDP approval by the OGA, or through a further license award and subsequent FDP approval.

A detailed map of the LFC can be seen in Figure 1, whilst a more detailed review of the UK licensing and regulatory regime is contained in Part IV of this Admission Document.

The first term of Licence P.1987 (Block 13/23d) completed in December 2016, for which all work commitments were met. The second term commenced on 1 January 2017 and a letter from the OGA dated 21 December 2016 states that OGA consent is given to the assignment from Dana to the Group. i3 Energy has undertaken to the OGA that, unless the OGA in its discretion decides otherwise, it shall relinquish Licence P.1987 on the expiry of the period of two years after the commencement of the second term in the event of it failing before the expiry of that period to demonstrate to the OGA that sufficient funding has been secured for a well to be drilled on Block 13/23d or the approval of a FDP. i3 Energy has also committed to sign a deed of variation to Licence P.1987 to include such undertakings in its terms. The Group has already been involved in consultations with the OGA regarding the FDP and intends to submit a final FDP for approval before the expiry of such two year period and the above undertaking to relinquish would cease to apply when the OGA approves a FDP for Licence P.1987. On the expiry of the first term of Licence P.1987 through consultation with the OGA by the then licence holder, Dana, relating to the continuance of the licence into the second term, no relinquishment of any part of this licence was required by the OGA. On the approval of the assignment of the licence from Dana to i3 Energy, no relinquishment of any part of the licence was required by the OGA, save for in the circumstances outlined above. The OGA has confirmed that the licence data as of the time of the Admission is accurate and up to date. Based on correspondence between i3 Energy and the OGA with regard to the licence, the said licence assignment, the FDP and related matters, there has been nothing to suggest that any such relinquishment was effected, or will be required during the second term of the licence, save for in the circumstances outlined above. In the unlikely event of the OGA subsequently requiring a relinquishment related to the expiry of the first term of the licence, or related to licence area outside of an approved Field Development Plan area, the Directors are of the view that the minimum proportion of the licenced area that would be retained by i3 Energy (50 per cent.) following any such relinquishment would be sufficient to facilitate the Group's strategy and objectives pursuant to the FDP currently under discussion between i3 Energy and the OGA.

Summary of the Company's Resources

Contingent Resources as of 31 January 2017 and oil and gas initially in place in the LFC have been estimated by GCA and reported in tables 2 and 3 of the CPR. They are summarised below:

Table 5

		Initially in place volumes		
		Low	Best	High
Liberator Main	STOIIP (MMbbl)*	12.1	25.8	35.2
	GIIP (Bscf)*	16.2	6.7	9.2
Liberator NE	STOIIP (MMbbl)*	—	9.8	16.3
	GIIP (Bscf)*	—	2.5	4.2
Liberator NW	STOIIP (MMbbl)*	—	13.7	21.8
	GIIP (Bscf)*	—	3.6	5.7
LFC	Total (MMboe)**	14.8	51.4	76.5

Table 5. Oil and gas initially in place in the LFC, including volumes outside Block 13/23d.

*Source: CPR, page 84

**Source: Calculated by aggregating oil and gas volumes from the CPR to Boe (conversion assumes 6Mscf per Boe)

Table 6 below shows the Contingent Resources held within the Liberator Licence Area and outside the LLA but within the LFC:

Table 6

		Contingent Resources (Development Pending)					
		Within Block 13/23d			Outside Block 13/23d		
		1C	2C	3C	1C	2C	3C
Liberator Main	Oil (MMbbl)*	2.5	5.8	9.5	0.6	1.5	2.4
	Gas (Bscf)*	8.0	1.5	2.5	2.0	0.4	0.6
Liberator NE	Oil (MMbbl)*	0.0	2.3	4.2	0.0	0.6	1.0
	Gas (Bscf)*	0.0	0.6	1.1	0.0	0.1	0.3
Total (MMboe)**		3.8	8.5	14.3	0.9	2.2	3.6

		Contingent Resources (Development Unclarified or On Hold)					
		Within Block 13/23d			Outside Block 13/23d		
		1C	2C	3C	1C	2C	3C
Liberator Main	Oil (MMbbl)*	0.1	0.8	3.0	0.0	0.2	0.8
	Gas (Bscf)*	0.8	0.2	0.8	0.2	0.0	0.2
Liberator NE	Oil (MMbbl)*	0.0	0.1	0.9	0.0	0.0	0.2
	Gas (Bscf)*	0.0	0.0	0.2	0.0	0.0	0.1
Liberator NW	Oil (MMbbl)*	0.0	0.0	0.0	0.0	4.1	8.3
	Gas (Bscf)*	0.0	0.0	0.0	0.0	1.1	2.2
Total (MMboe)**		0.2	0.9	4.1	0.0	4.5	9.7
Total LFC Contingent Resources	(MMboe)***	4.1	9.4	18.4	0.9	6.7	13.3

Table 6. Liberator Licence Area and LFC Contingent Resources

*Source: CPR, pages 73 and 75

**Source: Calculated by aggregating oil and gas volumes from the CPR to Boe (conversion assumes 6Mscf per Boe)

***Source: Calculated as the aggregate of Contingent Resources (Development Pending) and Contingent Resources (Development Unclarified or On Hold)

The Contingent Resources classified as “Development Pending” are attributed to the proposed two well FDP of Liberator Main and Liberator NE, with production up to the end of 2024.

The CPR has outlined Low, Best and High cases for Contingent Resources. The Contingent Resources are split in terms of Development Pending (Resources associated with i3’s two well FDP, prior to a year end 2024 cut off) and Development Unclarified or On Hold (Resources post-2024 and in Liberator NW). According to the CPR, the year end 2024 cut off has been applied to reflect a risk that the Bleo Holm FPSO Vessel will not be available beyond that date.

According to the CPR this should not be read as implying that production will necessarily cease at the end of 2024. If the Bleo Holm FPSO Vessel is retired at that date, other solutions for continuing production could be considered, including a replacement FPSO vessel of a smaller size. However, it is only in the High case that production from an initial two well LLA development on its own would support the cost of a standalone solution. Consequently the economic viability of continued production for a significant period beyond 2024 would depend on continued production from Blake and/or from other potential satellite developments in the area that may have been developed by that date.

The additional Contingent Resources classified as “Development Unclarified or On Hold” are attributed to reflect possible further development of the LFC, including production beyond 2024.

Development Wells and Tieback to Blake Infrastructure

Once development funding has been raised, the FDP envisages a two well development programme, comprising a well on Liberator Main and another on Liberator NE. The horizontal section of the Liberator Main well (“L1”) is expected to be placed in the reservoir approximately 40ft above the oil water contact. Control of the well will be possible via the well head choke such that any encroachment of water into the well can be managed. Consideration is being given to the installation of sliding sleeves in the well and an ‘Equaliser’ type of completion, to provide additional production control mechanisms. The above, taken together with the planned drawdown of 12 psi, is expected to enable a reservoir management plan consistent with the targeted resources and production forecasts.

Dependent upon the results and performance of the L1 well, a second horizontal production well is planned to develop Liberator NE. The Liberator NE well (“LNE1”) would also be drilled from Blake’s drill center and is expected to have a similar completion to L1.

i3 has used the services of Petrofac SPD to design the L1 well, simplified in Figure 4.

Figure 4

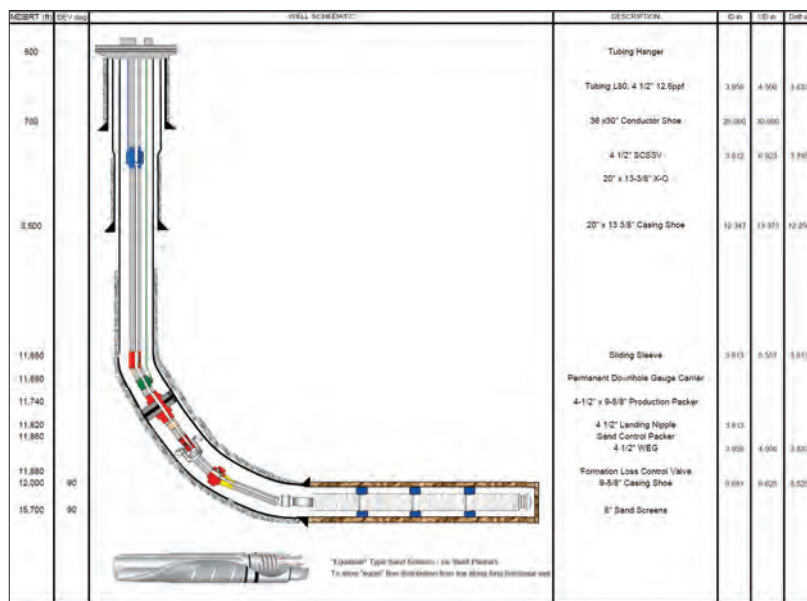


Figure 4. Schematic of the proposed L1 well and completion design. Surface casing strings mirror the Blake Field well designs and will facilitate the use of a standard Blake Field subsea Christmas tree and control module. Below the 30", 20" and 13-3/8" surface casings, 9-5/8" casing is set at entry to the reservoir at 90° deviation. The 8-1/2" hole is then drilled to TD providing a 3,800ft horizontal reservoir section with a constant 40ft offset to the oil water contact. (Source: Petrofac SPD)

Wells and subsea facilities

Management expects that the production wells would be tied into the Blake Infrastructure in the same way that existing Blake production wells are connected. Subject to agreement with the Blake Partners, electrical, hydraulic and chemical requirements would be delivered by the Blake electrical, hydraulic and chemical supply system. Produced fluids from the LFC would be metered and allocated by subsurface metering and then co-mingled with Blake production at the Blake subsea production manifold and flowed to the Bleo Holm FPSO Vessel for processing. Discussions with the Blake Partners are ongoing and Management expects to confirm agreement for i3 Energy to make use of the Blake Infrastructure in due course.

Figure 5

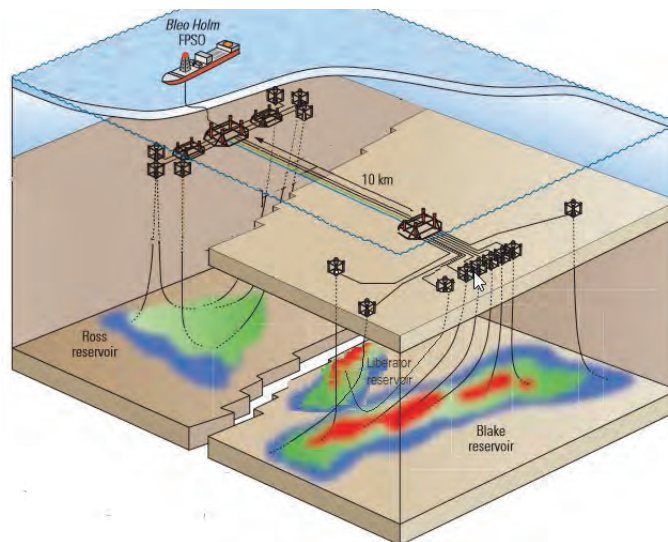


Figure 5. Blake Infrastructure & Liberator development tie in (Source: Repsol / Petrofac SPD / i3)

Bleo Holm Floating Production Storage and Offloading (FPSO) Vessel

The Bleo Holm FPSO Vessel, pictured in Figure 6 below, is a purpose built, double hulled FPSO with produced fluids processing capacity capable of accommodating production from the LFC and has an oil storage capacity of approximately 837,142 bbl. Approximate processing capacities are Oil: 74,000 bopd, Gas: 63 MMscf/d and Water: 130,000 bwpd. All fluid streams have, in the Directors' opinion, adequate spare capacity at present to handle production from the LFC. Historical production uptimes have been reported, and confirmed by Repsol, as approximately 85 per cent.

Gas may be used for fuel where possible. Excess gas will be exported via the existing 6" pipeline to the Frigg system and on to the St Fergus gas terminal. Subject to agreement with the Blake Partners oil will be stored on board the Bleo Holm FPSO Vessel and exported along with oil from the Blake and Ross Fields for transport to market via an established fleet of shuttle tankers.

As stated in the CPR included in full in Part VI of this Admission Document, the Bleo Holm FPSO Vessel will need to be "maintained in class" for insurance purposes in 2019 and again in 2024. GCA has stated that there is no certainty that the Bleo Holm FPSO Vessel facilities would be available after 2024, although the Board has been informed by Repsol that they intend to work towards maintaining the vessel in class for as long as economically justifiable.

Figure 6



Figure 6. Bleo Holm FPSO Vessel Operated by Repsol processes oil from Blake and Ross (Source: Repsol)

Project Financing and the Supply Chain

The Group is working with supply chain contractors for the provision of a rig, well services, and well services project management related to the development of the Liberator Field Cluster. The Company will seek to finalise binding agreements with these key contractors including the provision of supplier-carried project finance arrangements which are anticipated to include partial payment deferral beyond first oil from Liberator Main. The Company would subsequently seek to raise a minimum of the non-deferred development capital required to bring the LFC to first production.

The services required to drill and complete the wells envisaged include, but are not limited to, the provision of: well planning and project management services, well drilling services, and a semi-submersible rig. Under the Group's engagement with supply chain contractors, two rig slots are being made available for the drilling of one firm and one optional second programmed well, to be drilled within the LFC. Associated project financing and deferred payment arrangements may provide for a partial carry of related development costs until six months after the commencement of production from the LFC, at which point the Company will effectively complete the payment for carried services out of LFC production proceeds. Also under the proposed financing arrangements, certain equipment will be held in stock by the supply chain to be made available on an "on call" basis with minimum financial exposure to the Group. The Directors estimate that, based on the completed drilling plans, the level of financing made available under these initial agreements will represent 30 per cent. of their related development costs. In addition to these potential supply chain financing arrangements, i3 expects in the future to negotiate similar terms for certain tangibles, completion, tie-in equipment and services.

The supply chain contracts under negotiation are subject to finalisation of contracting agreements, the provision of regulatory approval and drilling permits by the OGA, i3's lodging of funds into secured letters of credit for the associated dry hole costs of this one-plus-one development programme, and i3 Board approval.

As part of its proposed arrangements with the Blake Partners during the production phase of the LFC, the Group would rely on Repsol as the host installation operator to manage and safely operate subsea and FPSO facilities to maximise production. The terms and conditions under which these operations will be performed will be set out in a processing, operations and service agreement ("POSA"), expected to be agreed between i3 and Repsol in due course.

During production operations of the LFC, Repsol will have the ultimate responsibility to maintain and safely operate the subsea well(s), pipeline and topsides process facilities to assure ongoing production from the fields. Under the expected terms and conditions of the POSA, Repsol will retain responsibility for the drill centre manifold maintenance and integrity of the marine riser and process facilities on the Bleo Holm FPSO. i3 would retain responsibility for the condition, integrity and operability of the wells, flow lines and associated infield infrastructure.

Operating costs are anticipated by the Directors to be approximately US\$2 million per year for routine subsea inspection, repair and maintenance (as part of the host facility annual IRM programme) and allowing for one intervention per year to resolve control or instrumentation issues. The processing tariff is estimated to be US\$6 per bbl (oil tariff) with an additional US\$0.50 per bbl for transportation to market and a further US\$0.10 per bbl marketing fee. Table 7 shows operating expenditure estimates. Gas will be used on the FPSO and surplus gas exported to St Fergus will be charged at the prevailing tariff for the pipeline and terminal system with revenues from sales fully off-setting the transportation and processing costs.

Table 7

OPERATING EXPENDITURE	COST (US\$)	NOTE
Annual OPEX	US\$2.0 MM	<ul style="list-style-type: none"> Participate in facility Operator's annual maintenance programme One additional intervention per year for sub-sea maintenance
Processing	US\$6.00/bbl	<ul style="list-style-type: none"> Tariff per barrel of oil processed (based on allocation agreement) Tariff includes associated water and gas
Transportation	US\$0.50/bbl	<ul style="list-style-type: none"> Assumes 5 days shuttle tanker hire at US\$50k/d and 500,000 bbl parcel
Sales	US\$0.10/bbl	<ul style="list-style-type: none"> Oil is co-marketed with Blake/Ross Tariff is contribution to host marketing costs

Table 7. Expected LFC operating costs for Liberator (Source: i3)

Abandonment & Decommissioning liability

Management expects that responsibility for decommissioning the shared subsea facilities and FPSO will remain with the Blake Partners. The Group will be liable for the decommissioning of the LFC wells and short tieback flow lines estimated to be US\$9 million per well.

Project Schedule

Subject to regulatory approval, agreement of Blake Infrastructure offtake terms, supply chain agreements and subsequent development financing, the Directors have been working to a contemplated first oil date in 2018.

The ability to meet such a plan is dependent on meeting various milestones, in particular the raising of funds required to develop the LFC in due course. There is no certainty that such milestones will be met at all or in the timescales targeted.

A formal request for tie-in and production services that conforms to the industry standard infrastructure code of practice has been made to the Blake Partners.

5 Board and Management

i3 has assembled a highly experienced and qualified team of technical, operational and administrative oil & gas professionals. The Aberdeen-based team has collectively accumulated approximately 200 years of direct operating experience through employment in a wide range of super major, large independent and start-up enterprises. Various members of the management team have extensive track records of building effective development and production operation organisations. Whilst approved in December 2016 as an operator in the UKCS, the organisation will be strengthened during the course of 2017 through the addition of personnel with extensive North Sea development and operational experience. i3's core staff are supplemented by the insourcing of experienced consultants and through strategic alliances with key service providers. Current operations are run from i3's UK office located in Aberdeen, Scotland.

In total, the Group has 8 employees located in its UK offices in Aberdeen and London, excluding the two executive directors, and also utilises the services of several professionals on a part-time contract or consulting basis.

Directors

At Admission, the Board will comprise two executive Directors and three non-executive Directors (including the Chairman) whose biographical details are set out below:

Neill Carson, Chief Executive Officer (aged 58)

Mr Carson has 31 years of management and international project experience in the oil & gas industry. On completion of his Bachelors (with First Class Honours) and Master degrees in the geosciences from Ulster University and Birmingham University respectively, he joined Amoco in 1981. During his 14 years with Amoco he was responsible for numerous exploration and production projects within the UKCS. His international career widened through exploration management positions for BP Amoco in the Netherlands, Bolivia, and Pakistan. As Performance Unit Leader for

BP Pakistan, Mr Carson was responsible for the delivery and growth of approximately 12,000 boe/day and capital budgets in excess of US\$50m. Through his career with BP Amoco, Mr Carson executed growth plans through successful oil and gas discoveries, and the development and management of commercial portfolios. He contributed as a select member of a targeted team to BP's world-wide new venture screening initiative in 2003. In early 2004, Mr Carson co-founded Ithaca Energy Inc. ("Ithaca") where he served as its President and a Director from April 2004 and acted as Chief Operating Officer until late 2007. While at Ithaca, Mr Carson was responsible for asset acquisitions, all aspects of operations and safety, general corporate strategy, and the drilling of four successful oil wells. Across his 4 years with Ithaca, the portfolio grew to 39 MMboe of 2P reserves and was on plan to deliver 8,000 boe/day of production. Mr Carson founded Iona Energy Inc. ("Iona") in late 2007 where he served as Chief Executive Officer until his departure in mid 2014 to form i3. Responsible for all aspects of corporate strategy and portfolio development, he grew Iona to 40 MMboe of 2P reserves and saw peak production of 6,700 boe/day.

Graham Heath, Chief Financial Officer (aged 42)

Prior to co-founding i3 in late 2014, Mr Heath served as VP Corporate Development and later as Interim CFO at Iona Energy from December 2010 alongside Mr Carson. During his time at Iona, Mr Heath worked with the senior management team to build the company from infancy to 40 MMboe of 2P reserves and production above 6,000 boe/day, listing the company on the Toronto Venture Exchange, and structuring equity, debt, and derivative financings in excess of US\$670 million. As VP Corporate Development he was a proactive engager of all external stakeholders and as Interim CFO led a finance and administration team that expanded internal financial controls while improving quarter-on-quarter quality and delivery of financial reporting. Before joining Iona, Mr Heath's 14 year career focused on energy-related tech startups and consulting within Alberta's Oil and Gas Industry. Between 1998 and 2010, Mr Heath consulted to Colt Engineering, PanCanadian Petroleum, EnCana Corporation and Cenovus Energy. From 2002 to 2006, Mr Heath was Co-founder and VP of Strategic Development for The CO2 Hub – a marketplace created to facilitate the sale and purchase of carbon dioxide and its related purification, compression, storage, and transportation services – designed to foster the aggregation of CO2 supply and demand for its use in enhanced oil recovery. Mr Heath holds a Bachelor of Commerce from the University of Calgary.

David Knox, Non-Executive Chairman (aged 59)

Mr David Knox, BSc (Hons) Mech Eng, MBA, FIEAust, FTSE, GAICD, served as the Chief Executive Officer and Managing Director of Santos Limited from 2008 to 2015, after joining the company in 2007 as the Executive Vice President of Growth Businesses. Mr Knox has global experience in the Petroleum Industry. Joining Santos in 2007, he was responsible for growth of new businesses including Geoscience and New Ventures, Indonesia and other strategic projects. Prior to Santos, Mr Knox served as the Managing Director of BP Exploration and Production in Australasia, having previously held management and engineering roles at BP, ARCO and Shell across Australia, United Kingdom, Pakistan, United States, the Netherlands and Norway. He served as a Director of Santos (JPDA 91-12) Pty Ltd., Santos (N.T.) Pty. Ltd. and Santos Finance Ltd, in addition to serving as Director of Santos Limited and Santos (bbf) Pty Ltd until November 2015. He was also an Executive Member of the Australian Petroleum Industry Peak Body, and the Australian Petroleum Production and Exploration Association (APPEA). Originally from Edinburgh, Scotland, Mr Knox holds a first class honours degree in Mechanical Engineering from Edinburgh University and a Masters of Business Administration from the University of Strathclyde. Mr Knox has also been a director on the board of the Botanic Gardens and State Herbarium in South Australia, a director of the Adelaide Festival, a Fellow of the Australian Institute of Mechanical Engineering and also a Fellow of the Australian Academy of Sciences ATSE. He is currently a Director of the Commonwealth Science and Industry Research Organisation, deputy chair of the Economic Development Board of South Australia and chair of The Australasian Centre for Social Innovation.

Majid Shafiq, Non-Executive Director (aged 52)

Mr Majid Shafiq has 29 years of technical and investment banking experience focused on the global E&P sector. Prior to founding Argentil Capital Partners (UK) Limited as CEO in 2015, Majid spent twelve years in energy investment banking advising on asset level acquisitions and divestments, corporate M&A and equity financing for the private and public, small to mid-cap oil and gas sector. During that time he worked for Waterous and Co, Tristone Capital Ltd and latterly with FirstEnergy Capital LLP as Managing Director, Corporate Finance. Prior to his investment banking career, he worked for Mobil Oil Corporation for 13 years in various petroleum engineering and commercial roles in the UK and the Netherlands. Majid holds a Bachelors degree in Nuclear

Engineering from Manchester University, a Masters degree in Petroleum Engineering from Heriot-Watt University and an MBA from London Business School.

Richard Ames, Non-Executive Director (aged 61)

Mr Richard Ames brings to the Board 34 years of broad range experience in the oil and gas industry with senior executive roles in full-cycle oil and gas exploration and production, information technology and oil and gas services. He has held several Vice President positions in TNK-BP, Sidanco, and Amoco in Russia & Kazakhstan, where he was responsible for government liaison, the implementation of business strategies and the management of exploration and new venture projects. He has recently held Board and Advisory Board of Director positions in Iona, Accenture Russia, the Kiawah Conservancy, and DataSpace. Mr Ames graduated from Duke University with a Bachelor of Science degree in Geology, and from the University of Georgia with a Master of Science in Geology. He joined Amoco in 1981 and worked as a geologist responsible for reserve definition in several international petroleum basins including the North Sea.

Senior Employees

In addition to the executive and non-executive Directors of the Company, the following senior employees are considered relevant in establishing that i3 has appropriate expertise and experience for the management of its business.

The management expertise and experience of these employees is set out below.

John Woods, Chief Development Officer

Mr Woods has 35 years of experience in the UK oil industry, including 14 years as a Petroleum Engineer and 21 years in Operations Management. He holds a Bachelor of Science degree in Engineering Science from Leicester University from where in 1981 he joined BNOG (based in Glasgow and Aberdeen) as a graduate trainee, gaining experience in all aspects of reservoir engineering, process engineering, petrophysics and joint venture management as well as working offshore on fixed production platforms and mobile drilling rigs. In 1987, Mr Woods moved to London working as a petroleum engineer for Texas Eastern before joining Amerada Hess Ltd in 1989. John was Lead Petroleum Engineer for Hess' Scott development project taking the project through concept selection, development drilling and construction. In 1992, Mr Woods moved to Aberdeen with Hess to establish their Operations Petroleum Engineering department in advance of the Scott project becoming operational. Mr Woods then moved into Operations Management, initially as field superintendent for the Hudson and Fife producing fields and then as Asset Manager for the Ivanhoe / Rob Roy complex and finally as Asset Manager for the Scott facility (one of the UK's largest producing assets). On leaving Hess in 2002, Mr Woods worked for a leading petroleum consultancy in charge of their wells and chemistry teams before taking up a role as Production Services Director at Wood Group Engineering in Aberdeen in 2003. After establishing Wood Group's operational capability as a service company 'Duty Holder', Mr Woods joined Ithaca Energy in 2006, serving as Chief Development Officer and Chief Operations Officer through to 2015. Mr Woods saw the company through initial flotation on the London and Toronto Stock Exchanges and subsequent equity, debt and bond financings. Mr Woods developed several new North Sea oilfields as well as taking over operation of some very mature late life assets. Ultimately, oil production at Ithaca rose to over 15,000 bopd through organic project delivery, acquisition of shares in producing assets and acquisition of other companies. Whilst at Ithaca, his direct reports included the drilling, projects, production and safety departments. Mr Woods joined i3 in May 2016 to take up a similar role to that which he held at Ithaca.

Iain Campbell, Reservoir Manager

Mr Campbell has an M. Eng. in Petroleum Engineering from Heriot Watt University and 40 years of technical and managerial experience in the oil and gas industry. During his career, he has spent numerous years working a variety of well site roles in the Gulf of Mexico and onshore Texas. In the North Sea working for BP, Shell, Talisman, and CNR he has held roles as Subsurface Team Leader on Buchan, Thistle, and Beatrice fields, and took on the task of production forecasting and optimisation of 114 wells across the four platforms in the Brent field. He has worked in Siberia as a Consultant Petroleum Engineer to a Russian operator as part of the World Bank funded Russian Oil and Gas Rehabilitation Project where he advised on reservoir development strategies on a large onshore oil field and specified equipment and services to be purchased via the World Bank funding. Mr Campbell has served as a consultant on a World Bank funded project to attract investors to five Azeri fields in the Caspian Sea. Mr Campbell when working for joint Halliburton/

Sonatrach projects in Algeria identified and evaluated all well re-development opportunities and the establishment of a permanent production optimisation team. Mr Campbell joined Robertson Research as Reservoir Group Manager where he built a successful team and business to manage asset evaluations and reserves audits within Algeria, West Africa, Middle East, Central and South America. Mr Campbell served as Vice President Engineering for CSV Holdings where he was responsible for the operation and redevelopment of mature heavy oil producing leases onshore USA. For six years Mr Campbell ran his own consultancy advising on a carbon capture and storage project in Holland, and a number of multi-disciplinary subsurface teams in Italy. Mr Campbell was a Senior Technical Advisor on the joint Halliburton/KNOC KwIDF Project where he designed and implemented work flows in an industry leading, digital oil field, collaboration centre to optimise a large mature oil field. Mr Campbell then served as a Reservoir Engineering Advisor on the TNW Project for Staatsolie in Suriname. Mr Campbell also served as the technical advisor to Standard Bank providing guidance on the risks and uncertainty relating to all their oil and gas investments. He reviewed the operator's field development plans and production forecasts together with the independent competent person's report, and assessed the quality of each and determined the Bank's view on the risks associated with the proposed investment. Mr Campbell has also prepared and taught petroleum engineering courses.

Mihai Butuc, Manager New Ventures

Mr Butuc is a petroleum geoscientist with broad experience in oil and gas exploration and development, acquired in over 31 years of his international career. Specialising in interpretation and integration of data and disciplines, he is a generator of new and successful exploration ideas, a confirmed oil finder, mainly in highly explored basins. After graduating as a Diplomat Engineer, Geology and Geophysics from University of Bucharest in 1985, and after three years in the mining industry, Mr Butuc joined Prospectiuni S.A. as petroleum geologist where he specialised in seismic interpretation and basin modelling. Then, between 1993 and 1996 as Chief of Integrated Interpretation Service of Petrom, he led successful exploration and reservoir projects on and offshore Romania. Mr Butuc joined Halliburton in 1996, and spent eight years as a consultant for Total in Paris working in new ventures, exploration and development projects in North and South America, Africa, Europe, Middle East and Central Asia. In 2004 he moved to Halliburton Asset Performance Centre in Aberdeen where, besides leading and working on projects mainly in Europe, Kazakhstan and the Middle East, he built and managed E&P portfolios for new entrants in the UKCS. He then focused on the North Sea and joined Ithaca Energy in 2006 followed by Dana in 2013, where besides supporting organic growth through new exploration prospects, he identified high return acquisition targets with significant upside and quick payback.

Ian Little, Drilling & Operations Manager

Mr Little has over 33 years of experience in the oil and gas industry with BP as a Vice President and Wells Engineering and Operations Manager. After leading wells teams across the globe, he became the Vice President of BP's global wells organisation, responsible for Major Projects and Operated by Others. In this role he developed BP's strategy for delivering wells as part of an integrated organisation, from selecting the right concept through to delivering the detailed basis of design and cost estimates. The projects sanctioned under his leadership include the giant Shah Deniz phase 2 HPHT gas field in Azerbaijan, Oman's first onshore tight gas field and BP Trinidad's first subsea oil development. In this role he also developed BP's global strategy for wells decommissioning. Mr Little has led wells engineering and operations teams in established and emerging basins across North Africa, Gulf of Mexico, and the North Sea. In these roles he was seen as a leader who could build high performing multi-disciplinary teams and deliver technically challenging projects safely and competitively.

Martyn Eames, Commercial Manager

Mr Eames has over 35 years experience in the oil & gas industry, initially working for BP and then for Santos. Starting his career in various commercial roles in the UK North Sea and in the USA, he then took up positions as Commercial Manager in Norway, Australia and Papua New Guinea (PNG), Canada and Angola as well as various other management positions. At Santos, Mr Eames was on the executive leadership team for 10 years, initially as Vice President for Corporate & People and then as Vice President for Asia Pacific, which included accountability for all Santos' businesses in PNG and Central, South and South-East Asia. Mr Eames holds a BSc (Hons) from Bristol University.

Sheri Barton, Manager Finance and Admin, Corporate Secretary

Ms Barton has over 27 years of extensive finance and administration experience in various private and public companies. She has held senior management positions relating to finance, regulatory reporting, administration, controls and reporting procedures, strategic planning, acquisitions, due diligence and business development. Prior to joining i3, Ms Barton held the role of International Corporate Manager at Iona, working with its senior management team in the areas of finance and administration. Previously, Ms Barton owned a consulting firm working with numerous start-up and mid-size companies in all aspects of their business. She has additionally worked with numerous senior management teams to list companies on various Canadian exchanges, developing and executing their investor relations programs, and performing corporate secretarial duties.

i3's Operator capabilities

i3 has established a competent UK-based management team responsible for overseeing the development of, and to enable the meeting of all obligations during the life of, the LFC to maximise recovery of resources and value. The Company considers that the management team possess the technical qualifications and relevant experience within the oil and gas industry to ensure a safe and economically viable project over the life of the fields. i3's development delivery team has accumulated approximately 200 years of direct oil and gas development experience, and specifically has had direct management and operational responsibility for platforms, FPSOs, subsea tie backs, and drilling operations in the recent past.

The team's resources are regularly assessed for skills and competence and additional members recruited to develop i3's business on an as needed basis. The Company expects to retain additional personnel for the operations phase by mid-2017 as its development programme progresses. Specifically for the LFC development, the high level execution strategy entails maintaining project management and procurement control within the organisation with design, consultancy, installation and manpower services provided by industry leading and experienced enterprises. Where appropriate, risk is managed with turnkey and engineering, procurement, installation and commissioning style contracts.

Key certifications

i3 Energy is licenced as an Operator by the UK OGA for activities on the UKCS. i3's Management team has a strong track record of operating within the regulatory framework of the UKCS and the organisation is led by personnel with extensive safety and operational assurance backgrounds.

6 Employees, Employee Share Schemes and Pension Schemes

i3 employs 8 staff, excluding the two Executive Directors.

Employees are entitled to participate in an annual bonus scheme. Some employees participate in share option schemes and all current employees are entitled to participate in a Performance Share Plan, see paragraph 11 of Part XI of this Admission Document for details.

The Company does not currently operate a pension scheme and makes contributions to individual personal pension schemes. Pension legislation will make it necessary to introduce a Company pension scheme after mid 2017.

7 Corporate Governance and Board Practices

The Board recognises its responsibility for the proper management of the Company and is committed to maintaining a high standard of corporate governance. The Directors recognise the importance of sound corporate governance commensurate with the size and nature of the Company and the interests of its Shareholders. The Corporate Governance Code does not apply to companies quoted on AIM and there is no formal alternative for AIM companies. The Quoted Companies Alliance has published a set of corporate governance guidelines for AIM companies, which include a code of best practice comprising principles intended as a minimum standard, and recommendations for reporting corporate governance matters. The Directors intend to comply with the QCA Corporate Governance Guidelines for Smaller Quoted Companies so far as it is practicable having regard to the size and current stage of development of the Company. The Board currently comprises two executive Directors (being the Chief Executive Officer and the Chief Financial Officer) and three non-executive Directors (including the Chairman). Mr David Knox, Mr

Majid Shafiq and Mr Richard Ames (these being the three non-executive Directors) are, in the opinion of the Board, independent in character and judgment.

The Board's decision-making process is not dominated by any one individual or group of individuals. None of the Directors have any potential conflicts of interest between their duties to the Company and their private interests and/or duties owed to third parties.

The composition of the Board will be reviewed regularly and strengthened as appropriate in response to the Company's changing requirements. Appropriate training and an induction programme will be undertaken in respect of all Directors on appointment and subsequently as necessary, taking into account existing qualifications and experience.

The Board intends to have monthly Board meetings, including physical meetings at least four times a year, which also shall include an annual strategy day. At these meetings, the Board will review the Company's long-term strategic direction and financial plans. All necessary information will be supplied to the Directors on a timely basis to enable them to discharge their duties effectively. Certain matters are reserved for consideration by the Board whilst other matters are delegated to Board committees. The Board is responsible for leading and controlling the Company and, in particular, for formulating, reviewing and approving the Company's strategy and budget.

The Board has established the following committees:

(a) Audit Committee

The role of the audit committee is to assist the Board in discharging its responsibilities with regard to monitoring the integrity of the Company's financial reporting, to review the Company's internal control and risk management systems, to monitor the effectiveness of the Company's external and internal audit function and to oversee the relationship with the Company's external auditors. The audit committee focuses particularly on compliance with legal requirements, accounting standards and the AIM Rules and ensures that an effective system of internal financial control is maintained.

The audit committee is chaired by Mr Shafiq and the other member is Mr Knox. The audit committee will meet at least three times a year with further meetings as required. The Chief Executive Officer, the Chief Financial Officer, other Directors and representatives from the finance function may also attend and speak at meetings of the audit committee. No members of the audit committee have links with the Company's external auditors.

The terms of reference of the audit committee are available on the Company's website.

(b) The Corporate Governance Committee ("CG Committee")

The primary purposes of the CG Committee are to develop and recommend to the Board guidelines, policies and procedures relating to corporate governance; identify individuals qualified to become Board members; recommend to the Board director nominees for election to the Board; recommend to the Board committee composition and appointments; evaluate the performance and effectiveness of the Board and committees of the Board; and, review and make recommendations to the Board on non-employee director compensation.

The CG Committee will meet at least twice a year or as otherwise required. The CG Committee is chaired by Mr Knox and the other member is Mr Shafiq. The Chief Executive Officer, the Chief Financial Officer and other Directors may also attend and speak at meetings of the CG Committee.

The terms of reference of the CG Committee are available on the Company's website.

(c) Reserves Committee

The reserves committee assists the Board in monitoring and reviewing the appointment of an independent engineering firm retained by the Company to report on the quantity and the value of the Company's oil and gas reserves and resources. The reserves committee reviews the procedures by which the Company provides information to the independent engineering firm to be used as the basis of evaluation and audit, ensuring disclosure complies with applicable laws and regulations, and is also responsible for matters relating to the preparation and public disclosure of estimates of the Company's reserves and resources. In addition, the reserves committee would monitor any of the Company's future joint venture partners to ensure policies and procedures are in place to minimise environmental, occupational health and safety and other risks such that damage to or deterioration of asset value is mitigated.

The reserves committee will meet at least twice a year. The reserves committee is chaired by Mr Ames and the other member is Mr Shafiq. The Chief Executive Officer, the Chief Financial Officer and other Directors may also attend and speak at meetings of the reserves committee.

The terms of reference of the reserves committee are available on the Company's website.

(d) Remuneration Committee

The role of the remuneration committee is to determine and agree with the Board the broad policy for executive and senior employee remuneration, as well as for setting the specific remuneration packages (including pension rights and any compensation payments of all executive Directors and the Chairman) and recommending and monitoring the remuneration of the senior employees. In accordance with the remuneration committee's terms of reference, no Director shall participate in discussions relating to or vote on his own terms and conditions of remuneration. Non-executive Directors' and Chairman's fees will be determined by the Board.

The remuneration committee will meet at least twice a year and as otherwise required. The remuneration committee is chaired by Mr Ames and the other member is Mr Knox. The Chief Executive Officer, the Chief Financial Officer and other Directors may also attend and speak at meetings of the remuneration committee.

The terms of reference of the remuneration committee are available on the Company's website.

8 Financial Information

The historical financial information on the Company is set out in Part VII of this Admission Document.

9 Taxation

Your attention is drawn to the taxation section contained in Part V of this Admission Document. If you are in any doubt as to your own tax position, you should consult your own independent financial adviser without delay.

10 Hedging

The Company has a policy to hold cash balances in the most appropriate currency to mitigate foreign exchange price exposures. As a general rule cash will be held fifty per cent. in sterling and fifty per cent. in US dollars with adjustment taking into account specific future requirements.

11 Current Trading and Prospects

As at the Last Practicable Date, the Company has no history of, nor any current, revenue generating operations. The prospects of the Company are dependent on, amongst other things, the delivery of hydrocarbon production through the successful development of the LFC.

In February 2017 i3 Energy completed its pre-IPO fundraising, through the issue of i3 Energy Loan Notes. The Company raised approximately £6.0 million before expenses. Prior to Admission, the i3 Energy Loan Notes were purchased by the Company in exchange for PLC Loan Notes. Upon Admission approximately £3.5m of PLC Loan Notes will be converted into Ordinary Shares in accordance with their terms as further set out in Paragraph 4.5 of Part IX of this Admission Document. If not previously converted or redeemed, a further approximately £2.5m will be redeemed on or before the earlier of 31 August 2018 and 13 months following the date of Admission. The Company will need to raise sufficient finance by this date to enable redemption if all PLC Loan Notes have not been previously converted or redeemed.

12 Lock-in Arrangements and Orderly Marketing Undertakings

Pursuant to Rule 7 of the AIM Rules for Companies, the Directors and the Locked-up Employees (for themselves and persons associated with them) have undertaken to the Company and WH Ireland not to dispose of their respective interests in Ordinary Shares for a period of 12 months following Admission subject to the exceptions provided for in Rule 7 of the AIM Rules for Companies.

The Directors and the Locked-up Employees have further agreed with the Company and WH Ireland not to dispose of any of their interests in Ordinary Shares, for a further 12 months, except through WH Ireland (or the Company's Brokers from time to time), so as to maintain an orderly market in the Ordinary Shares. Further details of these arrangements are set out in paragraph 12.2 of Part IX of this Admission Document.

13 Admission

The market capitalisation of the Company on Admission at the Admission Price will be approximately £14.1 million.

Application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. Admission is expected to occur on or around 25 July 2017.

Further details of the Introduction Agreement can be found in paragraph 11.1 of Part IX of this Admission Document.

14 Settlement and CREST

CREST is a paperless settlement procedure which enables securities to be evidenced otherwise than by a share certificate and transferred otherwise than by a written instrument. It is expected that the Company's Enlarged Share Capital will be admitted to CREST and will be available for settlement in CREST on the day of Admission. Accordingly, settlement of transactions in Ordinary Shares following Admission may take place within CREST should any Shareholder so wish. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

15 Environmental Matters and Insurance

The operations of the Company are subject to a variety of laws and regulations governing the discharge of materials into the environment or otherwise relating to environment protection. Failure to comply with these laws and regulations can result in the imposition of substantial fines and penalties as well as potential orders suspending or terminating rights to operate. Some environmental laws to which the Company is subject provide for strict liability for pollution damage, rendering a person liable for environmental damage without regard to negligence or fault on the part of such person. In addition, the Company's operations are subject to particular hazards incidental to exploration, development and production of oil and gas, such as blowouts, cratering, explosions, uncontrollable flows of oil, gas or well fluids, fires and pollution and other risks. These hazards can cause personal injury or death, damage or destruction of property and equipment, pollution or environmental damage and suspension of operation. The Company will put in place and maintain insurance against the risks associated with its activities, in line with legislation and standard industry practice.

i3 intends to be a member of the Offshore Pollution Liability Association Ltd., the voluntary oil pollution compensation scheme which all offshore operators currently active in exploration and production on the UKCS are party to. The Company intends to put in place an Environmental Management System in line with the requirements of OSPAR Recommendation 2003/5 to Promote the Use and Implementation of Environmental Management Systems by the Offshore Industry, as implemented in the UK by OGA. The Company is committed to following good practice in respect of environmental matters and its environmental policy includes, amongst other things, compliance with applicable laws and regulations, implementation of systems to identify and manage risks associated with its activities and ensuring that its employees and contractors are adequately trained in the environmental aspects of their jobs.

The Board intends to establish an Environmental Management Committee which will be responsible for formulating and recommending policies on environmental issues relating to the Company's operations.

16 Dividend Policy

The Company does not currently intend to pay a dividend to its Shareholders for the foreseeable future (and has not previously paid any dividends). Instead, for the foreseeable future, it intends to invest any future earnings into the Company's business, including its on-going development and exploration projects. In general, any future dividend will be subject to determination by the Board based on the Company's results of operations and financial condition, its future business prospects,

any applicable legal or contractual restrictions and any other factors that the Board considers relevant, subject always to the requirements of the Act.

17 Share Dealing Code

The Directors intend to comply, and to procure compliance, with Rule 21 of the AIM Rules and the Market Abuse Regulation relating to dealings in the Company's securities by the Directors and other applicable employees. The Company has adopted a share dealing code for Directors' and applicable employees' dealings appropriate for a company whose shares are admitted to trading on AIM and will take all reasonable steps to ensure compliance by the Directors and any relevant employees.

18 Takeover Code

The Company is not aware of the existence of any takeover bid pursuant to the rules of the Takeover Code, or any circumstances which may give rise to any takeover bid, and the Company is not aware of any public takeover bid by third parties for the Ordinary Shares.

The Takeover Code applies to the Company. Under the Takeover Code, if an acquisition of Ordinary Shares were to increase the aggregate holding of an acquirer and its concert parties to Ordinary Shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on the circumstance, its concert parties, would be required (except with the consent of the Panel) to make a cash offer for the outstanding Ordinary Shares at a price not less than the highest price paid for Ordinary Shares in the Company by the acquirer or its concert parties during the previous 12 months. A similar obligation to make such a mandatory offer would also arise on the acquisition of Ordinary Shares by a person holding (together with its concert parties) Ordinary Shares carrying between 30 and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights in the Company. The Takeover Code further provides that where any person who, together with persons acting in concert with him, who holds over 50 per cent. of the voting rights of a company, will not generally be required to make a general offer to the other shareholders to acquire the balance of their shares in the event that he acquires any further interest in the voting rights of the Company, although individual members of the Concert Party would not be able to increase their percentage interest in the Company's Ordinary Shares through or between a Rule 9 threshold without the Panel's consent.

Immediately following Admission, the following current Shareholders will be deemed to be acting in concert under the provisions of the Takeover Code: Graham Heath, Neill Carson, Sheri Barton, Mihai Butuc, John Woods and Iain Campbell ("Concert Party"). Richard Ames, Non-Executive Director of the Company, does not currently hold any Ordinary Shares. To the extent that Richard Ames becomes interested in Ordinary Shares in the future, he would be deemed to be in the Concert Party. At Admission the Concert Party will hold 64.2 per cent. of the Company's Enlarged Share Capital. As the Concert Party will control in excess of 50 per cent. of the Enlarged Share Capital on Admission, for so long as this remains the case and they continue to be acting in concert, the Concert Party may increase its aggregate interest in the voting rights of the Company without incurring the obligation under Rule 9 of the Takeover Code to make a general offer, although individual members of the Concert Party would not be able to increase their percentage interest in the Company's Ordinary Shares through or between a Rule 9 threshold without the Panel's consent.

Under the Act, if an offeror were to make a takeover offer for the Ordinary Shares and were to acquire or unconditionally contract to acquire 90 per cent. of the shares to which the offer relates, and 90 per cent. of the voting rights attached to those shares, within three months of the last day on which its offer can be accepted, it could compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding Shareholders. The consideration offered to the Shareholders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.

The Act would also give minority Shareholders in the Company a right to be bought out in certain circumstances by an offeror who had made a takeover offer. If a takeover offer related to all the Ordinary Shares and, at any time before the end of the period within which the offer could be

accepted, the offeror held or had agreed to acquire not less than 90 per cent. of the Ordinary Shares to which the offer relates, any holder of Ordinary Shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those Ordinary Shares.

The offeror would be required to give any Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises his or her rights, the offeror is bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

19 Further Information

Your attention is drawn to Part III of this document which contains certain risk factors relating to any investment in the Company and to Part IX of this Admission Document which contains further additional information on the Group.

Part II

The Company's Assets In Detail

i3's management team has evaluated and produced a draft FDP for the LFC. The FDP has formed the basis of the work undertaken by GCA in producing the CPR. The following description of the Company's Assets is based on the FDP contemplated by management and is subject to final regulatory approval by the OGA.

LFC description

The LLA is located in UKCS Block 13/23d (UK Seaward Production Licence P.1987), that lies 120 km north-east of Aberdeen (Figure 2) in the South Halibut Basin of the Moray Firth Province. i3 Energy acquired a 100 per cent. operating and working interest in this block from Dana in 2016, at which time it became the operator.

In addition to the acreage under licence, the Liberator Main and Liberator NE structures may extend into an adjacent block currently owned by the Blake Partners, though this potential extension of an accumulation has not been proven through drilling by the adjacent Blake Partners. Additionally, Liberator NW lies to the northwest of Liberator Main and is located in acreage currently not licenced to any party.

Liberator Main is located 2.5 km west of the Blake Field which has been producing since 2001. The structure contains a Captain Sand reservoir interval of similar reservoir quality, oil type, and initial OWC as that of the Blake Field. As such, Liberator Main is considered by Management to have certain analogous features with the Blake Field and its historical production and recovery information.

Figure 8

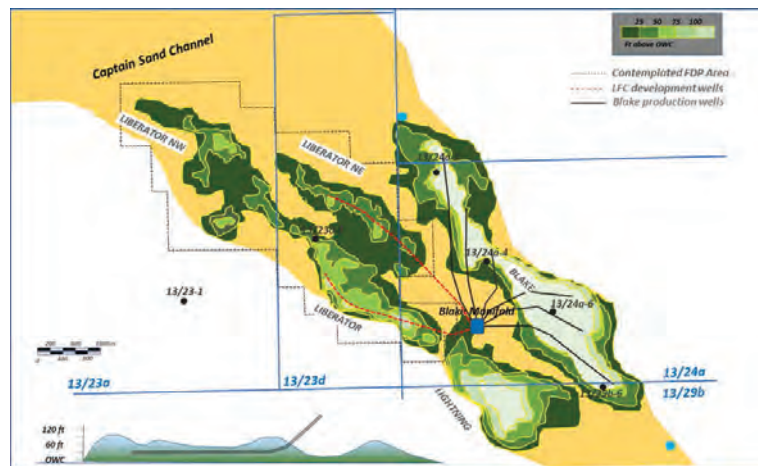


Figure 8. Liberator Field Cluster map and Planned Development Wells tied to Blake drill center (insert illustrates plane of sections along L1 and LNE1 wellbores) (Source: i3)

The Liberator Main discovery well 13/23d-8 drilled by Dana in 2013 proved oil in an elongated NW-SE structure situated at around 5,200 ft TVDSS and contains under-saturated 30.3° API oil. Management expects a maximum oil column of approximately 70 feet above the established oil water contact of 5,270 ft TVDSS (Figure 9).

Figure 9

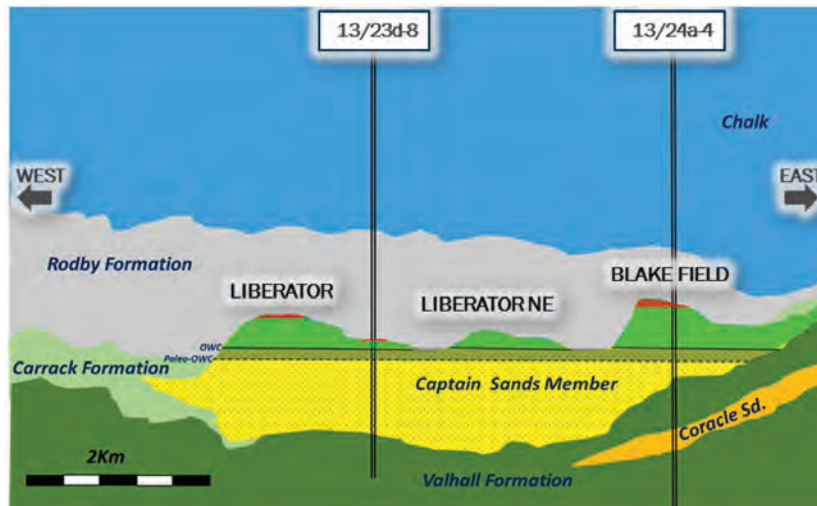


Figure 9. Liberator Main, Liberator NE, Blake Field cross-section (Source:i3)

The 13/23d-8 well found 316 ft of gross Captain Sandstone thickness in Liberator Main, akin to the gross thickness found at the Blake Field, which management believes will provide extensive aquifer support to the reservoir. The well was extensively sampled with Modular Formation Dynamics Testing (MDT) points and the recovered volumes of oil were, through Pressure Volume Temperature (PVT) analysis, shown to bear the same quality of oil as Blake with viscosity of 1.9 centipoise (cP). The Blake Field has produced nearly 100 MMbbls to date from six horizontal producers with support from two water injectors, located at each of the field extremities. The oil column in the Blake Field averages 80 feet and the OWC is at 5,270ft TVDSS. In the southern half of the Blake Field, an extensive gas cap is present while minor isolated gas cap accumulations are present in the remainder of the field, each having a different gas-oil contact (GOC). In order to avoid gas coning, Blake's horizontal wells were drilled at around 55 feet above the OWC in order to preserve a standoff of 40 feet below the GOC. The Liberator discovery well also encountered a short 3.5 ft gas leg considered by Management to be a minor isolated gas accumulation. An extension of Liberator Main, named Liberator NE, which lies just 1.5 km to the north of Liberator Main, within the same Captain Sand channel, and is mapped as an extended four-way dip closed structure that connects to the Liberator field. According to the CPR, the LFC is estimated to contain Best case STOIP of 49.3 MMbbl and GIIP of 12.8 Bscf,

Subsurface Summary

The current LFC subsurface interpretation was evaluated using the 3D pre-stack time migrated TGS-MF10 seismic survey dataset, considered by the Directors to be the best quality currently available over the LFC. Figure 10, shows the good match between the Liberator 13/23d-8 discovery well VSP, synthetic and the TGS-MF10 seismic data.

Figure 10

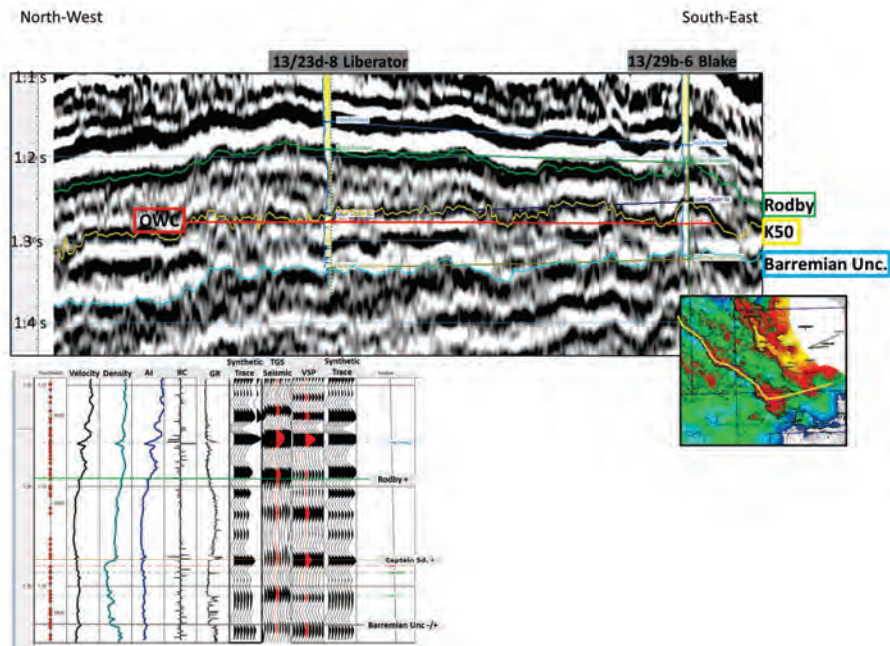


Figure 10. W-E Arbitrary seismic line (MF10-TGS) through Liberator Main and Blake Field (inset 13/23d-8 well correlation and synthetic seismograms and vertical seismic profile)(Source:i3)

Seven seismic horizons were extensively mapped by management on a Kingdom seismic workstation in order to generate detailed time and depth maps at intermediate and reservoir (top Captain Sandstone) levels. The mapping area included the Blake Field, the LFC and the undrilled Lightning structure that lies to the south east, and are clearly delimited on the time map presented in Figure 11.

Figure 11

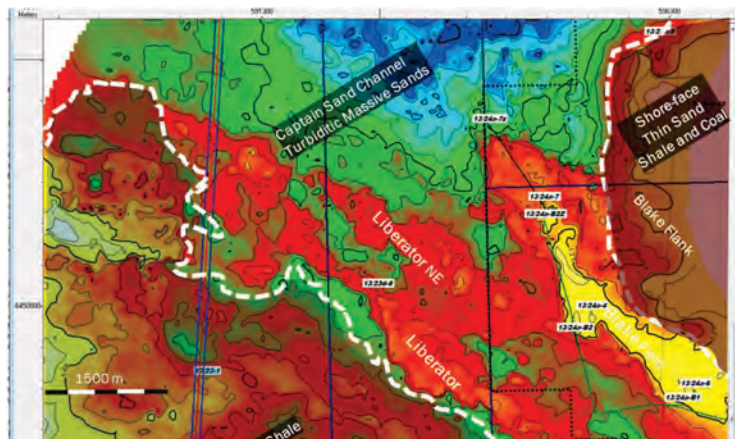


Figure 11. Top Captain Reservoir Seismic time map – two-way time, contour interval 10 milliseconds Captain Sand Fairway denoted (Source:i3)

Management believes that, as only a very small depth error existed between the 13/23d-8 discovery well pre-drill estimate and the actual drilled depth of the top of the Captain Sand reservoir, the use of average velocity mapping is an accurate depth conversion method, and it has been used for the FDP depth map (Figure 12). Use of average velocity mapping within the FDP minimised the errors in depth mapping such that no subjective error correction was required to force ties at the wells, therefore producing the most accurate noise-free depth map possible. With the addition of the data from the discovery well in the planning of development wells, the Directors expect even greater accuracy.

Figure 12

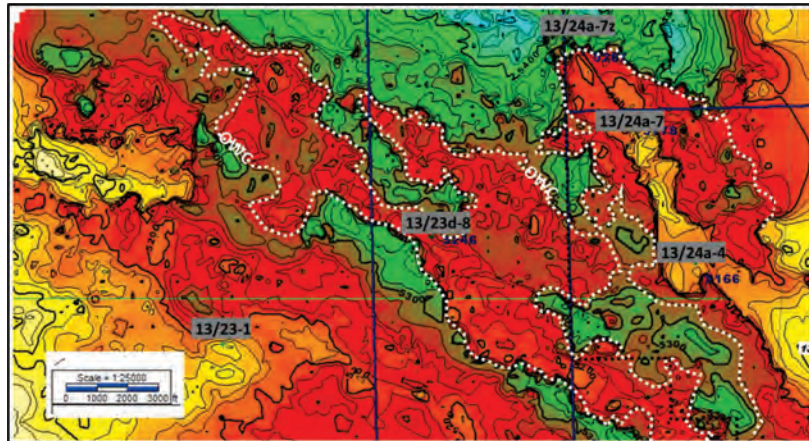


Figure 12. Top Captain Reservoir depth map (ci= 20 ft TVDSS) with OWC 5270 ft TVDSS (Source:i3)

Management has observed a common OWC and a separation of the LFC from the Blake Field as illustrated by using the mapped height of the Captain reservoir above the OWC of 5,270 ft TVDSS given in Figure 13.

Figure 13

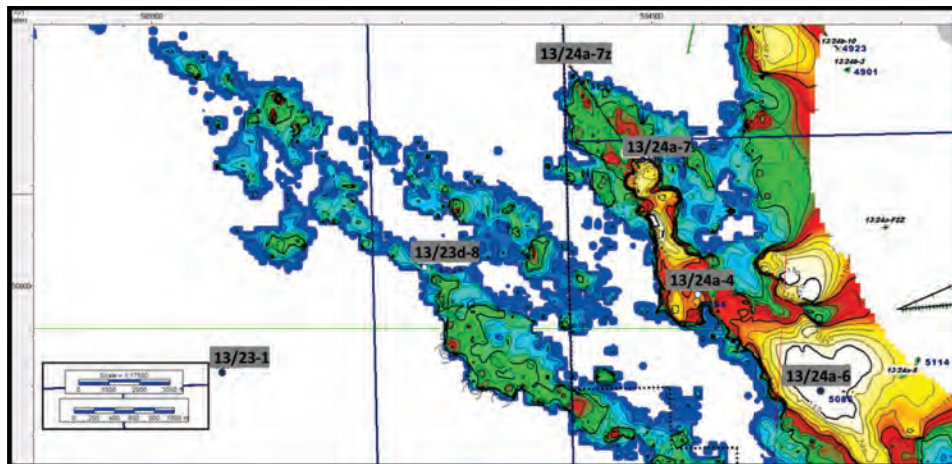


Figure 13. Isopach above OWC map (ci= 10 ft TVT) – based on depth (Source:i3)

The Lower Cretaceous Captain Sandstone reservoir is sourced from the East Shetland Platform to the north-west and by the erosion of the Halibut Horst to the north. The Captain sand has been deposited in a 120km by 5-10km wide fairway as sand rich, high density turbidite flows. The Captain Sandstones are sealed vertically by the laminated calcareous shale of the Lower Cretaceous Rodby formation on top, and Valhall formation at the base. Management has observed similar features between the LFC and the Blake Field as illustrated on the geological cross-section given in Figure 14.

Figure 14

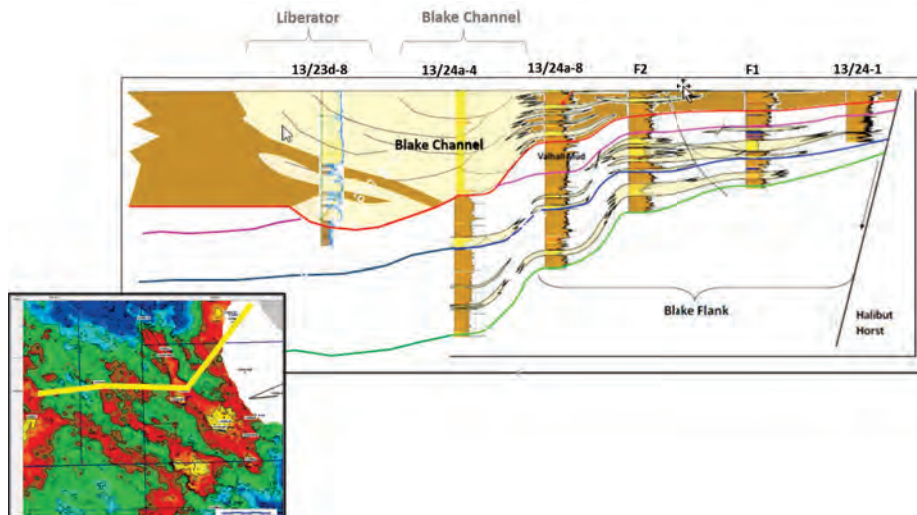


Figure 14. Liberator Main and Blake Field well correlation (inset illustrates plane of section west to east)(Source:i3)

The reservoir quality of the Captain Sandstone Reservoir in Management's experience is exceptional with net to gross reservoir thickness ratio higher than 95 per cent., average porosity of 30 per cent. and permeability in the 2,000 – 3,000 mD range as proven in the Blake Field and other oil and gas fields such as Captain, Atlantic, Goldeneye, Cromarty, and Hannay (Source: Millenium North Sea Atlas of the Central and Northern North Sea: The Geological Society of Great Britain).

Extensive log data was gathered in the 13/23d-8 discovery well that has enabled a thorough petrophysical data evaluation in combination with petrophysical data from the nearby Blake Field. In addition, 28 pressure tests were attempted (with 28 successful) and 8 fluid samples collected. The petrophysical interpretation was conducted by the previous owner Dana and i3 concludes that:

- the porosity, from density porosity equation, ranges between 28 per cent. and 31 per cent., with an average of 29 per cent. in the Upper Captain reservoir, slightly better than in the Blake Field; and
- the SW curve, calculated using the Archie formula, indicates a 36 per cent. water saturation within the pay zone.

The oil water contact is clearly established at 5,270 ft TVDSS, and is identical with the original Blake Field OWC. Furthermore, the petrophysical interpretation shows an expected 30 ft residual oil column below OWC, as also seen at the Blake Field, supporting the charge model of the Blake Field and LFC and indicating likely oil charge in Liberator NE. The mapping shows several other undrilled structural highs, all of which appear connected within the oil column but separated by saddles. The CPR states that the presence of hydrocarbons in Liberator NE and Liberator NW is not yet proved, and the volumes associated with these structures have consequently been omitted from the Low case. On the basis of the map presented, however, the CPR states that it is probable that the discovery made at Liberator Main extends into Liberator NE and Liberator NW, and volumes therein are included in the Best and High cases.

Despite the 3.5 feet of gas column encountered in 13/23d-8, the Low case scenario of an extensive gas cap with a single GOC over the Liberator Main structure is, in Management's view, unlikely for several reasons:

- the Liberator Main and Blake Fields bear under-saturated oil, with the Blake Field containing gas trapped in local, discontinuous culminations;
- the absence of a detectable seismic amplitude anomaly on Liberator Main, compared to the strong amplitude on the Blake Field due to higher gas volumes; and
- the gas presence in Blake Field causes a strong amplitude anomaly (Figure 15). Management believes the comparison of the Blake Field seismic response in combination with rock physics calculations indicates that a column of gas greater than 12 feet thick would produce a notable amplitude anomaly.

Figure 15

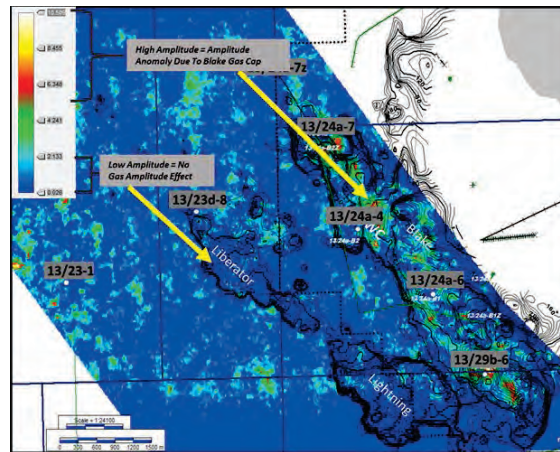


Figure 15. Absolute amplitude map, approximate Captain Reservoir Interval (Bright colours represent high seismic amplitudes associated with gas caps in Blake Field)(Source: i3)

Development Scheme, Resources, Production profiles

The neighbouring Blake Field, which the Directors considers to be analogous with the LFC, when first granted FDP approval, published initial hydrocarbon in place volumes of 130 MMBbls of oil and 20 Bcf of gas (Source: Paper “Optimising the development of Blake Field under tough economic and environmental conditions”, Author K.E. Du et al. SPE Paper no 64714). According to the OGA, the volume of oil that has been produced since start up from the Blake Field as of September 2016 is 104 MMBbl implying recovery factors of over 60 per cent. Table 8 below shows the oil recovery factor estimates assumed by GCA in the CPR, for reasons detailed therein. In the Low case, a gas recovery factor of approximately 70 per cent. is assumed; in other cases, where the gas is all solution gas, the same recovery factor is applied as for oil.

Table 8

Structure	Oil recovery factor (%)		
	Low	Best	High
Liberator Main	26	32	45
Liberator NE	0	31	39
Liberator NW	0	30	38

Table 8
Source: CPR, page 86

The FDP assumes one horizontal SE-NW well along the axis of the Liberator Main structure (the L1 well), 40 feet above the OWC, drilled from the Blake drill center and tied into the Blake Infrastructure. The well is expected to be equipped with an ‘Equaliser’ type of completion which will enhance the recovery factor and down-hole and subsea gauges. Produced fluids are expected by Management to be metered through the use of a subsea multiphase flow meter. A second horizontal production well LNE1 will develop the Liberator NE. LNE1 will also be drilled from Blake’s drill center and is expected to have a similar completion to L1. In the 2C case presented in the CPR, L1 and LNE1 are estimated to recover a total of 10.6 MMBoe by the end of 2024.⁽¹⁾

Derived by aggregating oil and gas production (page 109 of CPR) to the end of 2024.

Production profiles

The production profiles set out in Table 9 below show the annual production profiles for Liberator Main and Liberator NE (including hydrocarbons outside the LLA but excluding Liberator NW) as presented in the CPR. Volumes up to and including 2024 are classified as Development Pending, while those after 2024 are classified as Development Unclassified or On Hold.

Table 9

Year	Low			Best			High		
	Oil (MMbbl)*	Gas (Bscf)*	Total (MMboe)*	Oil (MMbbl)*	Gas (Bscf)*	Total (MMboe)*	Oil (MMbbl)*	Gas (Bscf)*	Total (MMboe)*
2018	1.26	1.88	1.57	2.19	0.57	2.29	2.86	0.74	2.98
2019	0.75	2.31	1.14	1.60	0.42	1.67	2.32	0.60	2.42
2020	0.46	1.94	0.78	2.61	0.68	2.72	3.78	0.98	3.94
2021	0.28	1.50	0.53	1.62	0.42	1.69	2.86	0.74	2.98
2022	0.17	1.09	0.35	1.04	0.27	1.09	2.19	0.57	2.29
2023	0.10	0.77	0.23	0.68	0.18	0.71	1.69	0.44	1.76
2024	0.06	0.53	0.15	0.46	0.12	0.48	1.31	0.34	1.37
2025	0.04	0.36	0.10	0.32	0.08	0.33	1.02	0.27	1.07
2026	0.02	0.24	0.06	0.22	0.06	0.23	0.80	0.21	0.84
2027	0.01	0.16	0.04	0.16	0.04	0.17	0.63	0.16	0.66
2028	0.00	0.10	0.02	0.11	0.03	0.12	0.50	0.13	0.52
2029	—	0.07	0.01	0.08	0.02	0.08	0.39	0.10	0.41
2030	—	—	—	0.06	0.02	0.06	0.31	0.08	0.32
2031	—	—	—	0.04	0.01	0.04	0.25	0.06	0.26
2032	—	—	—	0.03	0.01	0.03	0.20	0.05	0.21
2033	—	—	—	0.02	0.01	0.02	0.16	0.04	0.17
2034	—	—	—	0.02	0.00	0.02	0.13	0.03	0.14

Table 9. Production profiles for Liberator Main and Liberator NE, including volumes outside the LLA.

*Source: CPR, page 109

**Source: Calculated by aggregating oil and gas volumes from the CPR to Boe (conversion assumes 6Mscf per Boe)

Illustrated below in Figure 16 are the Low, Best, and High production profiles charted from the data in Table 9 above.

Figure 16

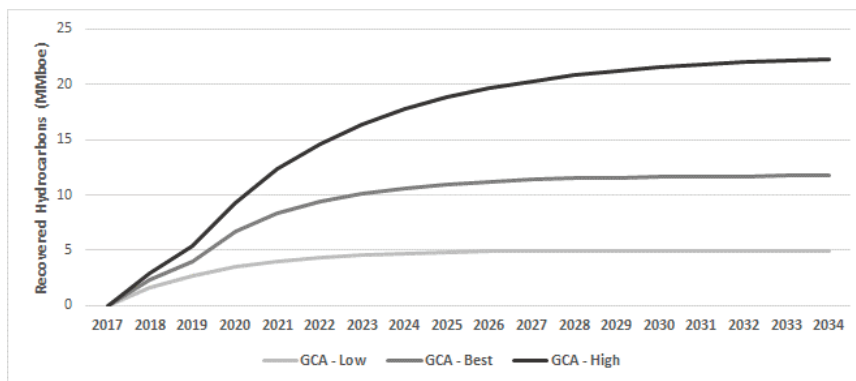


Figure 16.

Source: Derived from production profiles contained in Appendix IV of the CPR on Page 109. Gas figures have been converted into Boe at a conversion rate of 1 boe per 6 Mscf.

PART III

RISK FACTORS

Any investment in the Ordinary Shares is subject to a number of risks. Prospective investors should carefully consider the risk factors set out below as well as the other information contained in this Admission Document before making a decision whether to invest in the Ordinary Shares. The risks described below are not the only risks that the Group faces. Additional risks and uncertainties that the Directors are not aware of or that the Directors currently believe are immaterial may also impair the Group's operations. Any of these risks may have a material adverse effect on the Group's business, financial condition, results of operations and prospects. In that case, the price of the Ordinary Shares could decline and investors may lose all or part of their investment. Prospective investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in light of the information in this Admission Document and their personal circumstances.

Before making an investment decision, prospective investors are strongly advised to consult an investment adviser authorised under FSMA who specialises in investments of this kind. A prospective investor should consider carefully whether an investment in the Company is suitable in the light of his or her personal circumstances, the financial resources available to him or her and his or her ability to bear any loss which might result from such investment.

The following factors do not purport to be a complete list or explanation of all the risk factors involved in investing in the Company. In particular the Company's performance may be affected by changes in the market and/or economic conditions and in legal, regulatory and tax requirements.

1 Risks relating to the Group's business

1.1 The Group's strategy of developing the LFC is dependent on raising the necessary funds

Upon Admission the Company will continue to advance discussions with Repsol to agree suitable LFC offtake terms across the Blake Infrastructure while securing contracts with the supply chain for the provision of a rig, well services and well services project management for i3's LFC development.

In order to develop the LFC in accordance with a FDP, the Group will need to complete further fundraising and/or sell the LFC in part to an industry partner and/or complete further supply chain financing to provide it with necessary development capital. There is no guarantee that the Group will be able to raise sufficient funding in a timely fashion, or at all.

If the Group fails to demonstrate proof of funding to the OGA to drill any well on the LLA by January 2019, though the well may be drilled after January 2019 and prior to January 2021, there is a possibility that the OGA will force the Company to relinquish the P.1987 Licence either wholly or in part.

1.2 If not previously redeemed or converted to Ordinary Shares, the Group will need to raise future finance to redeem £2.5m PLC Loan Notes payable on or before the earlier of 31 August 2018 and 13 months following the date of Admission to remain a going concern.

1.3 The Group has a limited operating history and may not be able to develop commercially its contingent and prospective resources.

The Group has a limited operating history and has not achieved commercial production levels from any of its assets. All the Group's assets are currently classified as Contingent Resources.

Contingent Resources are further classified into the following categories reflecting project maturity:

- (A) Contingent Resources (development pending);
- (B) Contingent Resources (development unclarified or on hold); and
- (C) Contingent Resources (development not viable).

Under PRMS definitions of project maturity sub-classes, the Group's Contingent Resource volumes are classified as either "development pending" or "development unclarified or on hold".

The Company is an oil and gas exploration company focused on underfunded oil and gas projects in the UKCS which has not yet begun to generate revenues and is not yet trading profitably. None of the Group's assets have achieved commercial production to date and the commercial viability of each of the Group's assets is dependent on a range of factors.

The Group's assets currently comprise Contingent Resources. Contingent Resources are those quantities of hydrocarbon estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. The Group's success will depend upon converting its assets that are currently classified as contingent into reserves and commercial production. The resources may not be considered commercially recoverable by the Group for a variety of reasons, including the high costs involved in recovering the resources, the price of oil and gas at the time, the availability of the Group's operational resources and other development plans that the Group may have.

If the Group is not successful in achieving commercial production from its assets, or fails to meet its targeted production timelines, the Group's business, financial condition, results of operations and prospects would be materially adversely affected.

1.4 *The Group's business plan requires substantial capital expenditure and the future expansion and development of the Group's business will require additional capital. As such, the Group may not be able to generate sufficient cash flows or finance its activities in the longer term if it is unable to raise additional capital*

The Group's business plan to exploit and commercialise its assets will require significant capital expenditure. The Group currently has no assets producing positive cash flow. The Group will also be required to make substantial capital expenditure for the identification, acquisition, exploration, development and production of oil and gas resources and/or reserves in the future.

The time to develop the LFC may be materially longer than foreseen and the consequent costs greater and there is no assurance that the Group will be able to generate sufficient internal cash flow, or that the necessary debt or equity financing, will be available, or will be sufficient, to meet the Group's funding requirements in the longer term to pursue its future strategic decisions, or that, if additional debt or equity financing is available, it will be on terms acceptable to the Group given, for example in the context of debt financing, the limited amount of cash reserves the Group currently has.

The Group may not be able to generate sufficient and sustainable cash flows or finance its activities in the longer term if it is unable to raise additional capital. The Group's inability to access sufficient capital for its operations may have a material adverse effect on its business, financial condition, results of operations and prospects.

1.5 *The Group's operations are dependent on the availability of drilling and other equipment and independent contractors*

The Group's operations are dependent on the availability of rigs, other drilling equipment and offshore services, including third party services in the UKCS. The Group will contract or lease services and equipment from third party providers and suppliers. Such equipment and services may be scarce and may not be readily available at the times and places required and/or the specific service providers that the Group wishes to engage with may not be available at the relevant times.

Whilst the Group has based its funding requirements on quotes received from supply and services firms including Petrofac SPD, a risk remains that the actual cost of these services are materially higher than quoted or expected with a consequent adverse effect on the Group's financial performance and liquidity.

In addition, different types of fields require different types of rigs – the availability of which is, amongst other things, linked to the rig specifications. Even where the Group has secured rigs under a contract, the rigs will usually only be available for use after the current user has finished its drilling programme. If there are delays in the completion of the user's current

drilling programme, the Group could be delayed in procuring contracted rigs. Under the terms of its licences, the Group may have a commitment to drill within a certain time frame. The Group, therefore, risks losing licences if it is delayed in obtaining, or fails to obtain, rigs and thus fails to meet its drilling commitments.

The scarcity of third party services and equipment as well as any increases in their costs, together with the failure of a third party provider or supplier to perform its contractual obligations, or an inability to achieve a commercially viable contract with a third party provider or supplier could delay, restrict or lower the profitability and viability of the Group's activities. This could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.6 *The Group's strategy and financial performance is based on entering into an agreement with Repsol and Idemitsu.*

To date the Group has had discussions to utilise the existing Blake Infrastructure in the Blake Field including utilising the Bleo Holm FPSO Vessel. The risk remains that the Group will not be able to enter an economic agreement for the use of these facilities with a consequent risk that the Company will not be able to develop the LFC as described in this Admission Document.

1.7 *The Group's strategy is dependent on receiving certain approvals, specifically approval of the FDP, from the OGA*

The Group's Draft FDP covers the proposed development of the LFC by i3 Energy, and includes the proposal to develop hydrocarbon accumulations outside of Block 13/23d and for the Company to tie into the existing Blake Infrastructure. i3 Energy has been in consultation with the OGA regarding the FDP, although formal submission has yet to be made. The Directors expect to receive OGA approval in due course although there can be no certainty that such approval will be forthcoming. If the OGA does not approve the FDP it may have a material adverse impact on the Group's business, financial condition, results of operations and prospects.

1.8 *The Assets are located in areas subject to variable weather conditions which may restrict the periods in which the Group can implement its drilling programme*

Weather conditions could impede the Group's drilling and testing operations for its assets and otherwise have a material adverse effect on its business, financial condition, results of operations and prospects.

1.9 *Treatment of produced water and associated gas could result in significant financial and technical costs*

There may be unforeseen liabilities resulting from the associated gas produced from the oil wells of the Group. The production of such associated gas may result in the Group incurring significant financial and technical costs to meet its environmental liabilities. Any associated gas produced from the oil wells of the Group will need to be either exported, re-injected into a reservoir or flared. Accordingly, excess gas content could adversely impact project economics and profitability. Controls on the quantities of oil that can be discharged in process waters in the course of offshore operations have been implemented in the UK by the Offshore Petroleum Activities (Oil Pollution Prevention and Control) Regulations 2005. Pursuant to such regulations, and in line with OSPAR Recommendation 2001/1 (as amended by OSPAR Recommendations 2006/4 and 2011/8), associated water cannot be returned to the sea if its oil content exceeds a prescribed level – currently prescribed as 30 mg/l – and must either be used for an alternative purpose or treated at the surface. The Group is liable for the additional costs of including suitable treatment facilities on board its drilling rigs and/or any FPSO unit.

1.10 *The Group may be unable to acquire, retain, convert or renew the licences, permits and other regulatory approvals necessary for its operations*

The ability of the Group to develop and exploit oil and gas resources depends on the Group's continued compliance with the obligations of its current licences and the Group's ability to move into the production phase of each licence. The Group depends on licences whose grant and renewal is subject to the discretion of the relevant governmental authorities and cannot

be assured. There can also be no assurance that the Group will be able to identify suitable licensing acquisition opportunities or that the Group will be able to make such acquisitions on appropriate terms.

It is also possible that the Group may be unable or unwilling to comply with the terms or requirements of the licences it holds, including the meeting of specified deadlines for prescribed tasks and other obligations set out in the work programmes attached to the licences. Non-compliance with these obligations may lead to revocation of the licence. Whilst in certain circumstances the relevant authority may agree to an extension of time to enable the licensee to agree to the obligation in question there is no guarantee that an extension will be given.

The Group, therefore, risks losing licences if it is delayed in obtaining, or fails to obtain, rigs and thus fails to meet its drilling commitments.

On the expiry of the first term of Licence P.1987 through consultation with the OGA by the then licence holder, Dana, relating to the continuance of the licence into the second term, no relinquishment of any part of this licence was required by the OGA. On the approval of the assignment of the licence from Dana to i3 Energy, no relinquishment of any part of the licence was required by the OGA save for in the circumstances outlined in the section headed "Overview of Licence" in paragraph 4 of Part I of this Admission Document. The OGA could in the future require i3 Energy to relinquish up to 50 per cent. of the area covered by the licence in connection with the expiry of the first term of the licence. Whilst the Directors consider this to be an unlikely scenario, the Directors are of the view that the minimum proportion of the licenced area that would be retained by i3 Energy (50 per cent.) following any such relinquishment would be sufficient to facilitate the Group's strategy and objectives pursuant to the FDP currently under discussion between i3 Energy and the OGA.

1.11 The Group's success is dependent upon its ability to attract and retain key personnel

The Group's success depends, to a large extent, on certain of its key personnel having expertise in the areas of exploration and development, operations, engineering, business development, oil and gas marketing, finance and accounting. The Group was founded by Neill Carson and Graham Heath. A number of key people have been retained by the Group and these people are influential to the development and continued operation of the Group's business. The loss of the services of any key personnel (in particular Neill Carson and Graham Heath) could have a material adverse effect on the Group.

In addition, the competition for qualified personnel in the oil and gas industry is intense. 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.

1.12 The Group may be unable to manage the growth in its operations

The Group has experienced significant growth and development in a relatively short period of time. Management of that growth requires, among other things: implementation and continued development of financial, management and other controls, including financial and reporting procedures, and information technology systems; and hiring, training, motivating and retaining quality personnel. Failure to successfully manage the Group's business and expected growth and development could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. Further, no assurance can be given that the Group's investment strategies can be implemented in the future.

1.13 Fluctuations in currency exchange rates may materially and adversely affect the Group's financial condition and results of operation

The drilling rig contracts that the Group proposes to enter into will most likely be denominated in US dollars. In addition, the Group's cash and cash equivalents are predominately held in sterling although the Group will hold cash balances in US dollars to meet actual or expected commitments in that currency. As a result, the Group is potentially exposed to adverse fluctuations in the exchange rates between sterling and US dollars.

1.14 Future litigation could adversely affect the Group's business, results of operations or financial condition

Damages and/or other remedies claimed under any litigation are difficult to predict, and may be material. The outcome of such litigation may materially impact the Group's business, financial condition, results of operations and prospects. While the Group will assess the merits of each lawsuit and defend itself accordingly, it may be required to incur significant expenses or devote significant resources to defending itself against such litigation. In addition, adverse publicity surrounding such claims may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.15 The Group cannot accurately predict its future decommissioning liabilities

The Group, through its licence interests, expects to assume certain obligations in respect of the decommissioning of its wells, fields and related infrastructure. These liabilities are derived from legislative and regulatory 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 accurately forecast the costs that the Group will incur in satisfying its decommissioning obligations. When its decommissioning liabilities crystallise, the Group will be liable either on its own or jointly and severally liable for them with any other former or current partners in the field. In the event that it is jointly and severally liable with other partners and such 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.

1.16 The Group may farm down part of its licence interests and may rely on third parties to operate such licence interests

Although the Group intends to act as licence operator and to retain a high working interest in all of its exploration assets during the exploration and early appraisal stage where there is known oil on structure, in due course the Group may, subject to OGA consent, farm down part of its licence interests to third parties, some of which may act as operator. Operating agreements with third party operators typically provide for a right of consultation or consent in relation to significant matters and generally impose standards and requirements in relation to the operator's activities. However, in the event that the Group does not act as operator in respect of certain of its licence interests, the Group will generally have limited control over the day-to-day management or operations of those assets and will therefore be dependent upon the third party operator. A third party operator's mismanagement of an asset may result in significant delays or materially increased costs to the Group. The Group's return on assets operated by others will therefore depend upon a number of factors that may be outside the Group's control, including the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

Generally, failure by any licence partner (whether the operator or otherwise) to fulfil its financial obligations may increase the Group's exposure related to the licence in question. Any significant increase in costs as a consequence of joint and several liabilities may materially adversely affect the financial condition of the Group.

1.17 Reliance on third party infrastructure

The Group's activities and business model of field development are dependent upon the availability of third party infrastructure which, if it fails, or is not, or ceases to be, available on reasonable commercial terms, or at all, may result in delays to field development and production or impossibility of field development and production which would result in delayed, lower than expected or no cash generation by the Group. This would have a material adverse effect on the Group's business, prospects, financial condition and operations.

1.18 Market perception

Market perception of junior exploration and extraction companies, as well as oil and gas companies in general, may change which could impact on the value of the investors' holdings and the ability of the Group to raise further funds through the issue of further Ordinary Shares or otherwise.

2 Risks related to the oil and gas industry

2.1 *A material decline in oil and gas prices may adversely affect the Group's results of operations and financial condition*

Both oil and gas prices can be volatile and subject to fluctuation in response to relatively minor changes in the supply of, and demand for, oil and gas, market uncertainty and a variety of additional factors that are beyond the control of the Group. Historically, oil and gas prices have fluctuated widely for many reasons, including global and regional supply and demand; political, economic and military developments in oil and gas producing regions, particularly the Middle East; domestic and foreign governmental regulations and actions; global and regional economic conditions and weather conditions and natural disasters. It is impossible to predict accurately future oil and gas price movements. Accordingly, oil and gas prices may not remain at their current levels. Although the Group is not yet an active producer of oil and gas, declines in oil and gas prices may adversely affect market sentiment and as a consequence the market price of the Ordinary Shares, and furthermore may affect the Group's cash flow, liquidity and profitability, and limit the amount of oil and gas that the Group could potentially market in the future.

2.2 *The oil and gas resource data in this Admission Document are only estimates, and the Group's production, revenue and expenditure with respect to its resources may be materially different from such estimates*

There are numerous uncertainties inherent in estimating quantities of proved, probable and possible reserves and contingent and prospective resources and associated future production and cash flows, including many factors beyond the control of the Group. The resources and associated production opex, capex and abandonment profiles set forth in the CPR and this Admission Document represent estimates only. In general, any estimate of the quantity of economically recoverable oil and gas resources and associated production, opex, capex and abandonment profiles will be based upon a number of variable factors and assumptions made as at the date on which the resources estimates were determined, such as historic production rates, ultimate reserves recovery, interpretation of geological and geophysical data, timing and amount of capital expenditures, marketability of oil and gas, royalty rates, continuity of current fiscal policies and regulatory regimes, future oil and gas prices, operating costs, development and production costs and workover and remedial costs, all of which may vary from actual results. Estimates are also to some degree speculative, and classifications of resources are only attempts to define the degree of speculation involved. For these reasons, estimates of the economically recoverable oil and gas resources attributable to a particular group of properties, the classification of such resources based on risk of recovery and estimates of expected future net revenues prepared by different engineers, or by the same engineers at different times, may vary. As a result, the estimates of the Group's resources may require substantial upward or downward revisions if subsequent drilling and testing reveal differences. Any downward adjustment could indicate lower future production and thus adversely affect the Group's business, financial condition, results of operations and prospects. Furthermore, a decline in the Group's resources may affect its ability to raise or access sufficient capital in the longer term for its future operations. Estimates of proved, probable and possible reserves and resources that may be developed and produced in the future are often not based on actual production history but on volumetric calculations and analogies to similar types of reserves and resources. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves and resources based on production history and production practices may result in variations in the estimated reserves and resources and these variations could be material. The resource data set forth in the CPR and this Admission Document has been prepared in accordance with the standards established by the 2007 SPE/AAPG/WPC/SPEE Petroleum Resource Management System. Prospective investors are cautioned not to assume that all or any part of "contingent" or "prospective" resources will ever be converted into "proved, probable" or "possible" reserves.

2.3 The Group's success depends on its ability to explore, appraise and develop oil and gas resources that are economically recoverable

The Group's long-term commercial success depends on its ability to explore, appraise, develop and commercially produce oil and gas resources. Exploration and development activities are inherently risky and there can be no assurance that any material resources will be established from any of its assets, any of the Group's contingent resources or prospective resources will be converted into commercial production, or that the Group will meet its targeted production timelines. Future increases in the Group's resources or conversion of any of them into reserves will depend not only on its ability to explore, appraise and develop its existing assets but also on its ability to select and acquire suitable additional assets either through awards at licensing rounds or through acquisitions. From time to time the Group may submit applications for further licences in the UKCS. However, there can be no assurance that the Group will be awarded such licences, that the Group will accept such licences (if so awarded) or that the Group will be able to commercially develop the assets which are the subject of such licences. There are many reasons why the Group may not be able to find or acquire oil and gas reserves or resources or develop them for commercially viable production. For example, the Group may be unable to negotiate commercially reasonable terms for its acquisition, appraisal, development or production activities. Factors such as adverse weather conditions, natural disasters, equipment or services shortages, procurement delays or difficulties arising from the political, environmental and other conditions in the areas where the reserves or resources are located or through which the Group's products are transported may increase costs and make it uneconomical to develop potential reserves or resources. The costs of drilling, completing and operating wells is often uncertain. As a result, the Group may incur cost overruns or may be required to curtail, delay or cancel drilling operations because of many factors, including unexpected drilling conditions, irregularities in geological formations, equipment failures or accidents, adverse weather conditions, compliance with environmental regulations, governmental requirements and shortages and delays in the availability of drilling rigs and the delivery of equipment. Without successful acquisition or exploration activities, the Group's resources, production and revenues (if achieved) will decline. There is no assurance that the Group will discover, acquire or develop further commercial quantities of hydrocarbons.

2.4 The Group may miss out on operational opportunities if it is unable to successfully co-ordinate its exploration projects

The Group's operational projects require key asset delivery personnel to be resourced and the co-ordination of a number of activities including obtaining seismic data, carrying out subsea surveys and securing rig capacity for the necessary drilling. There are long lead times to arrange these activities and if the Group fails to successfully obtain the necessary personnel in time or to co-ordinate the timely delivery or completion, as the case may be, of any of these activities, it may miss out on operational opportunities or may be required to incur additional expenditure. The Group's exploration projects also require the procurement of long lead items such as rig contracts, well heads, well test equipment and specialist logging tools. A failure to procure these items in a timely manner may delay operations and increase expenditure.

2.5 Exploration and appraisal projects do not necessarily result in a profit on the investment or the recovery of costs

Exploration and appraisal activities are capital intensive and inherently uncertain in their outcome. The Group's oil and gas exploration and appraisal projects may involve unprofitable efforts, either from dry wells or from wells that are productive but do not produce sufficient net revenues to return a profit after development, operating and other costs. Completion of a well does not guarantee a profit on the investment or recovery of the costs associated with that well. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity, adverse geological conditions and technical and operational difficulties as a result of the water depth and strata depth of the drilling environment (including operational difficulties in avoiding drilling fluid losses and preventing substantial formation damage during drilling) and other factors. While diligent well supervision and effective

maintenance operations can contribute to maximising production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and may adversely affect the Group's business, financial condition, results of operations and prospects.

2.6 *The Group's operations are subject to a number of risks and hazards that may result in material losses in excess of insurance proceeds*

Oil and gas exploration, development and production operations are inherently risky and hazardous. Risks typically associated with these operations include unexpected formations or pressures, premature decline of reservoirs, drilling damage (which can lead to reduced productivity), early water encroachment and the intrusion of water into producing formations. Losses resulting from the occurrence of any of these risks could have a material adverse effect on the Group's business, financial position, results of operations and prospects. Hazards typically associated with offshore oil and gas exploration, development and production operations include fires, explosions, blowouts, marine perils (including severe storms and other adverse weather conditions which may restrict the periods in which the Group can implement its drilling programme), vessel collisions, gas leaks and oil spills, each of which could result in substantial damage to oil and gas wells, production facilities, other property and the environment or in personal injury or could result in government intervention which could in turn negatively impact on the Group's operations. Oil and gas installations are also known to be likely objects, and even targets, of military operations and terrorism. Although the Group will exercise due care in the conduct of its business and obtain insurance prior to drilling in accordance with industry standards to cover certain of these risks and hazards, insurance is subject to limitations on liability and, as a result, may not be sufficient to cover all of the Group's losses. In addition, the risks or hazards associated with the Group's operations may not in all circumstances be insurable or, in certain circumstances, the Group may elect not to obtain insurance to deal with specific events due to the high premiums associated with such insurance or for other reasons. The occurrence of a significant event against which the Group is not fully insured, or the insolvency of the insurer of such event, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The payment by the Group's insurers of any insurance claims may result in increases in premiums payable by the Group for its insurance cover and adversely affect the Group's financial performance. In the future, some or all of the Group's insurance coverage may become unavailable or prohibitively expensive.

2.7 *Force Majeure*

The Group's operations, now or in the future, may be adversely affected by risks outside the control of the Group, including but not limited to: labour unrest, civil disorder, war, subversive activities or sabotage, fire, floods, explosions or other catastrophes, epidemic or quarantine restrictions.

2.8 *The Group's business is subject to government regulation with which it may be difficult to comply and which may change*

The Group's oil and gas operations are principally subject to the laws and regulations of England (and in certain instances Scotland), including those relating to health and safety, the environment and the production, pricing and marketing of oil and gas. In addition, the Group will be subject to laws affecting taxation, royalties and duties. In order to conduct its operations in compliance with these laws and regulations, the Group must obtain licences and permits from various government authorities. The grant, continuity and renewal of the necessary approvals, permits, licences and contracts, including the timing of obtaining such licences and the terms on which they are granted, are subject to the discretion of the relevant governmental and local authorities in the United Kingdom and cannot be assured. In addition, the Group may incur substantial costs in order to maintain compliance with these existing laws and regulations and additional costs if these laws are revised or if new laws affecting the Group's operations are passed. On 23 June 2016, the UK referendum on whether to remain in or leave the EU resulted in a majority voting in favour of leaving the EU. The UK will continue to be a member of the EU until the expiry of a two year notice period following the UK's formal notification to the European Council under Article 50 of the Treaty of the EU which occurred on 29 March 2017, or such other date as is agreed by all 28 Member States. It is anticipated that, during such time, the UK Government will negotiate new arrangements

with the EU and the rest of the world, and, at the same time, restructure UK domestic law and regulation to take account of this. Accordingly, the current laws and regulations to which the Group is subject could change significantly in these circumstances, which could potentially have a material adverse effect on the Group's business, financial condition and prospects.

2.9 The Group's operations expose it to significant compliance costs and liabilities in respect of EHS matters

The Group's operations and assets are affected by numerous laws and regulations concerning EHS matters including, but not limited to, those relating to discharges of hazardous substances into the environment, the handling and disposal of waste and the health and safety of employees. The technical requirements of these laws and regulations are becoming increasingly complex, stringently enforced and expensive to comply with and this trend is likely to continue. Any failure to comply with EHS laws and regulations may result in regulatory action (which can include statutory orders requiring steps to be taken or prohibiting certain operations), the imposition of fines or the payment of compensation to third parties. All of these liabilities and any other regulatory actions could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Certain EHS laws provide for strict, joint and several liability, without regard to negligence or fault, for natural resource damages, health and safety, remediation and clean-up costs of spills and other releases of hazardous substances, and such laws may impose liability for personal injury or property damage as a result of exposure to hazardous substances. Further, such EHS laws and regulations may expose the Group to liability for the conduct of others or for acts that complied with all applicable EHS laws when they were performed. In addition, the enactment of new EHS laws or regulations or stricter enforcement or new interpretations of existing EHS laws or regulations could have a significant impact on the Group's operating or capital costs and require further expenditure to modify operations, upgrade employee and contractor accommodation and other infrastructure, install pollution control equipment, perform clean-up operations, curtail or cease certain operations, or pay fines or make other payments for pollution, discharges or other breaches of EHS requirements. There can be no assurances that the Group will be able to comply with such EHS laws in the future. The failure to comply with such EHS laws or regulations could result in substantial costs and/or liabilities to third parties or government entities which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

2.10 A violation of EHS requirements and the occurrence of any accidents could disrupt the Group's operations and increase operating costs

EHS authorities such as OGC and the Health and Safety Executive have extensive enforcement powers under EHS laws. These powers extend to statutory notices to require operational steps and to prohibit certain activities or operations until compliance is achieved. A violation of EHS laws or failure to comply with the instructions of the relevant EHS authorities could therefore lead to, among other things, a temporary shut down of all, or a portion of, the Group's facilities and the imposition of costly compliance procedures. If EHS authorities shut down all, or a portion of, the Group's facilities or impose costly compliance measures, the Group's business, financial condition, results of operations and prospects would be materially and adversely affected.

The nature of the Group's operations creates a risk of accidents and fatalities among its workforce, and the Group may be required to pay compensation or suspend operations as a result of such accidents or fatalities, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

2.11 The Group operates in a competitive industry

The Group competes with numerous other participants, including major international oil and gas companies, in the search for and the acquisition of oil and gas assets, and in the marketing of oil and gas. The Group's ability to increase resources and create reserves in the future will depend not only on its ability to exploit and develop its present assets but also on its ability to select and acquire suitable producing assets or prospects for exploratory or appraisal drilling. A number of the Group's competitors have substantially greater financial and

personnel resources. Larger and better capitalised competitors may be in a position to outbid the Group for particular licences and such competitors may be able to secure rigs for drilling operations preferentially to the Group.

These competitors may also be better able to withstand sustained periods of unsuccessful drilling. Larger competitors may be able to absorb the burden of any changes in law and regulations more easily than the Group, which would adversely affect its competitive position. In addition, many of the Group's competitors have been operating for a much longer time and have demonstrated the ability to operate through industry cycles.

The Group's competitors have strong market power as a result of several factors, including the diversification and reduction of risk, including geological, price and currency risks; greater financial strength facilitating major capital expenditures; greater integration and the exploitation of economies of scale in technology and organisation; strong technical experience; increased infrastructure and reserves and strong brand recognition. In addition, there is an increased risk of competition should these companies decide to expand their operations. Due to this competitive environment, the Group may be unable to acquire attractive, suitable assets, licences or prospects on terms that it considers acceptable. As a result, the Group's revenues may be adversely affected, thereby materially and adversely affecting its business, financial condition, results of operations and prospects.

2.12 The Group's tax liability could increase substantially as a result of changes in, or new interpretations of, tax laws in the United Kingdom

The Group is subject to taxation in the United Kingdom where it is faced with increasingly complex tax laws. The amount of tax the Group pays could increase substantially as a result of changes in, or new interpretations of, these laws, which could have a material adverse effect on its liquidity and results of operations. During periods of high profitability in the oil and gas industry, there are often calls for increased or windfall taxes on oil and gas revenue. Taxes have increased or been imposed in the past and may increase or be imposed again in the future. Levels of taxation relief may also decrease or be no longer available to the Group due to changes in, or new interpretations of, tax laws. In addition, taxing authorities could review and question the Group's tax returns leading to additional taxes and penalties which could be material. The tax treatment of decommissioning expenditure (where relevant) could also have a material impact on the economics of the Group's assets.

It is possible, following a motion passed by the Scottish Government to hold a Scottish Independence Referendum, that Scotland may vote to become independent from the remainder of the United Kingdom. To the extent Scotland became an independent country, the details of any changes are impossible to predict with certainty at present and will depend on post-referendum negotiations and agreements between the Scottish Government and other organisations at UK and international level. Scottish independence could result in changes, *inter alia*, in the monetary system, currency, taxation, regulatory and legal framework. Some possible outcomes of independence could have an adverse effect on the Group's business, financial condition and results of operations in the future.

2.13 Macroeconomic risks could result in an adverse impact on the Group's financial condition

The extent to which the global economic slowdown currently being experienced may adversely affect the Group's major operations and the timing of that impact is uncertain. The links between economic activities in different markets and sectors are complex and depend not only on direct drivers such as the balance of trade and investment between countries, but also on domestic monetary, fiscal and other policy responses to address macroeconomic conditions.

2.14 Speculative nature of oil and gas exploration

Oil and gas exploration operations are inherently speculative with no assurance that any exploration operations will result in any kind of commercial production. The techniques presently available to engineers and geologists to identify the existence and location of hydrocarbons are not infallible. Personal subjective judgment of engineers and/or geologists is involved in the selection of any prospect for drilling. In addition, even when drilling successfully identifies commercial volumes of hydrocarbons, unforeseeable operating problems may render it uneconomic for the Group to produce oil from a particular well.

2.15 Risk of crime and corruption

Oil and gas companies have been known to experience high levels of criminal activity and governmental and business corruption. They may be particular targets of criminal or terrorist actions. Criminal, corrupt or terrorist action against the Group and its directly or indirectly held assets or facilities could have a material adverse impact on the Group's business, results of operations or financial condition. In addition, the fear of criminal or terrorist actions against the Group could have an adverse effect on the ability of the Group to adequately staff and/or manage its operations or could substantially increase the costs of doing so.

The Company is not aware of any current or threatened investigations relating to or any adverse findings against the Group or any of its directors, employees, officers or joint venture partners. If any such investigations are made and substantiated in future against the Group, its directors, officers, employees or potentially its joint venture partners, or such persons are found to be involved in corruption or other illegal activity, this could result in criminal or civil penalties, including substantial monetary fines, against the Group, its directors, officers or employees. Any such findings in the future could damage the Group's reputation and its ability to do business and could adversely affect its financial condition and results of operations. Furthermore, alleged or actual involvement in corrupt practises or other illegal activities by any joint venture partners of the Group, or others with whom the Group directly or indirectly conducts business, could also damage the Group's reputation and business and adversely affect the Group's financial condition, results of operations and prospects.

3 Risks relating to investment in the Ordinary Shares

3.1 Risk attaching to the market in Ordinary Shares

As the Ordinary Shares have not previously traded, their market value is uncertain. There can be no assurance following Admission the market will value the Ordinary Shares at the Admission Price.

Following Admission, the market price of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore be unable to recover their original investment. The Group's operating results and prospects from time to time may be below the expectations of market analysts and investors. At the same time, stock market conditions may affect the Ordinary Shares regardless of the operating performance of the Group. Stock market conditions are affected by many factors, such as general economic outlook or interest rates, currency fluctuations, commodity prices, changes in investor sentiment towards particular market sectors and the demand and supply of capital. Accordingly, the market price of the Ordinary Shares may not reflect the underlying value of the Group's net assets, and the price at which investors may dispose of their Ordinary Shares at any point in time may be influenced by a number of factors, only some of which pertain to the Group while others of which may be outside the Group's control.

3.2 AIM

Application has been made for the Ordinary Shares to be admitted to AIM, a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. An investment in shares quoted on AIM may carry a higher risk than an investment in shares quoted on the Official List. AIM has been in existence since June 1995 but its future success, and liquidity in the market for the Company's securities, cannot be guaranteed.

3.3 Lack of liquidity in Ordinary Shares

Although the Company has applied for the Ordinary Shares to be admitted to trading on AIM, no assurance can be given that at any time after Admission a liquid market for the Ordinary Shares will develop. In the future, Shareholders who need to dispose of their Ordinary Shares may be forced to do so at prices that do not fully reflect the net asset value per Ordinary Share.

3.4 *The market price of Ordinary Shares could decline as a result of future sales of Ordinary Shares by Directors and others*

In connection with Admission, the Directors and the Locked-up Employees have each agreed not to dispose of Ordinary Shares (or enter into certain other transactions with a substantially similar effect) for a period commencing on the date of Admission and ending 12 months later in accordance with (and subject to the exceptions contemplated in) Rule 7 of the AIM Rules for Companies. Certain significant Shareholders are not subject to any lock-up arrangements. Any Shareholder not subject to the lock-up arrangements and the Shareholders, Directors or employees who are otherwise subject to lock-up, following the expiry of the applicable lock-up period may sell Ordinary Shares in the public or private market.

The Company cannot predict what effect, if any, future sales of Ordinary Shares will have on the market price of the Ordinary Shares. If the existing Shareholders were to sell, or the Company were to issue and sell, a substantial number of Ordinary Shares in the public market, the market price of the Ordinary Shares could be adversely affected. Sales by the existing Shareholders could also make it more difficult for the Company to sell equity securities in the future at a time and price that it deems appropriate. There can be no assurance that any of the Directors or Locked-up Employees will not effect transactions upon the expiry of the applicable lock-up period or any earlier waiver of the provisions of the lock-up. The sale of a significant amount of Ordinary Shares in the public market, or the perception that such sales may occur, could materially affect the market price of the Ordinary Shares and could also impede the Company's ability to raise capital through the issue of equity securities in the future.

3.5 *The Company does not plan on making dividend payments in the foreseeable future*

There can be no assurance as to the level of future dividends. The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Directors and will depend on, among other things, the Group's results of operations and financial condition, its future business prospects, any applicable legal or contractual restrictions and availability of profits.

A dividend may never be paid and, at present, there is no intention to pay a dividend.

3.6 *Pre-emption rights may be unavailable to non-UK holders of Ordinary Shares*

If new Ordinary Shares are issued for cash, existing holders of Ordinary Shares are entitled to pre-emption rights in respect of those Ordinary Shares unless such rights are waived by a Shareholders' resolution. If the Company allots Ordinary Shares for cash in the future, even in circumstances where pre-emption rights are not waived, holders of the Ordinary Shares outside the UK may not be able to exercise their pre-emption rights for Ordinary Shares unless the Company decides to comply with applicable local laws and regulations. The Company intends to evaluate at the time of any offering the costs and potential liabilities associated with any such compliance. At such time, the Company also intends to evaluate the benefits of enabling the exercise by non-UK holders of Ordinary Shares of the pre-emption rights for their Ordinary Shares and any other factors the Company considers appropriate at the time. On the basis of this evaluation, the Company will make a decision as to how to proceed and whether it should take any steps necessary to extend the offering into the other jurisdictions, including complying with local law requirements. No assurance can be given that any steps will be taken in any jurisdiction to enable the exercise of such pre-emption rights.

3.7 *Dilution*

Shareholders not participating in future offerings may be diluted and pre-emptive rights may not be available to Shareholders, including, but not limited to Shareholders resident in jurisdictions with restrictions having the effect that they will not be granted subscription rights in connection with, or be able to subscribe for new shares in, such offerings. Statutory pre-emptive rights have been waived up to certain stated amounts as detailed in paragraph 5.10 of Part IX of this Admission Document and the Group has issued various share options, as detailed in paragraph 10 of Part IX of this Admission Document. It may in the future issue warrants and/or further options to subscribe for Ordinary Shares, including (without limitation) to certain advisers, employees, directors, senior management and consultants. The exercise of such warrants and/or options would result in dilution of the shareholdings of other investors.

3.8 Forward Looking Statements

Certain statements within this Admission Document constitute forward looking statements. Such forward looking statements involve risks and other factors which may cause the actual results, achievements or performance of the Group to be materially different from any future results, achievements or performance expressed or implied by such forward looking statements. Such risks and factors include, without limitation, general economic and business conditions, changes in government regulation, competition, changes in development plans and other risks described in this Part III. There can be no assurance that the results and events contemplated by the forward looking statements in this document will, in fact, occur. The Company will not undertake any obligation to release publicly any revisions to these forward looking statements to reflect events, circumstances or unanticipated events occurring after the date of this document, except as required by law or by regulatory authority.

The risks noted above do not necessarily comprise all of the risks potentially faced by the Group and are not intended to be presented in any assumed order of priority. In common with other companies operating in the oil and gas industry sector, the Group's activities involve a high degree of risk. An investment in the Company is only suitable for investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which may result. A prospective investor should consider with care whether an investment in the Company is suitable for him in the light of his personal circumstances and the financial resources available to him. Investment in the Company should not be regarded as short-term in nature. There can be no guarantee that any appreciation in the value of the Company's investments will occur or that the investment objectives of the Company will be achieved. Investors may not get back the full or any amount initially invested.

Although the Directors will seek to minimise the impact of the foregoing risk factors, investment in the Group should only be made by investors able to sustain a total loss of their investment.

PART IV

REGULATORY ENVIRONMENT

1 Licensing regime for oil and gas operations in the UK

1.1 Overview

The Petroleum Act 1998 vests all rights to the UK's petroleum resources in the Crown and, alongside the Infrastructure Act 2015 and the Energy Act 2016, provides the OGA with the power to grant licences that confer exclusive rights to 'search and bore for and get' petroleum.

Each of these licences confers such rights over a limited area and for a limited period. Licences are usually awarded through competitive licensing rounds held annually and conducted by the OGA, although in exceptional circumstances licences may be granted by the OGA outside of the ordinary licensing rounds.

The licensing system covers oil and gas within Great Britain, its territorial sea and on the UKCS, including offshore Northern Ireland. The designated area of the UKCS has been refined over the years by a series of designations under the Continental Shelf Act 1964 following the conclusion of boundary agreements with neighbouring states.

Licences can be held by a single company or by several working together. All the companies holding a licence are jointly and severally liable for the licence obligations.

A company which wishes to explore and does not need exclusive rights to drill or produce can apply for an offshore exploration licence only. Production licences generally run for three successive periods or terms.

Before the 29th Licensing Round, there were three types of offshore production licences awarded: (i) the traditional licence; (ii) the promote licence; and (iii) the frontier licence. Except in special circumstances, such licences run for three successive periods or terms:

- Initial term: The licence will expire at the end of its initial term unless the licensee has completed an agreed work programme and surrendered a fixed amount of acreage (usually 50 per cent.). The initial term is four years for both traditional and promote licences and either six or nine years for frontier licences. Traditional and promote licences have a mandatory relinquishment of 50 per cent. of the licence area at the end of the initial term. Frontier licences have a special mandatory relinquishment of 75 per cent. after three years with a mandatory relinquishment at the end of the initial term of 50 per cent. of the remainder (making seven-eighths in total).
- Second term: There is no agreed work programme; instead the licence will expire at the end of its second term unless the OGA has approved a development plan. The second term is four years for traditional and promote licences and six years for frontier licences.
- Third term: The third term is intended for production and is for 18 years.

The promote licence was designed to grant small and start-up companies a production licence first and to attract the necessary operating and financial capacity later. The licence required financial, technical and environmental capacity to be in place, and a firm drilling (or agreed equivalent of an equally substantive activity) commitment to have been made by the end of the second year or the licence would expire at that time.

The frontier licence was designed to allow companies to evaluate larger areas with greater materiality for a period, so they could look for a wider range of prospects, or for the particularly harsh West of Shetland environment.

From the 29th Licensing Round, which closed for application on 26 October 2016 and for which the offer of awards was made on 23 March 2017, all new offshore production licences will now be 'Innovate Licences', offering greater flexibility for each applicant to design a work programme around particular circumstances. The innovate licence will have a variable initial term (with a maximum of nine years), a second term of four years and a third term of 18 years. The initial term can be subdivided into up to three phases, with the work for each phase being addressed separately in the work programme: (i) Phase A is a period for carrying out geotechnical studies and geophysical data reprocessing; (ii) Phase B is a period for undertaking seismic surveys and acquiring other geophysical data; and (iii) Phase C is for drilling.

The existing model clauses enable the OGA to offer many of the features of an Innovate licence but not all of the features that the OGA plans to introduce. The OGA is working on a new set of model clauses for the 30th and subsequent rounds, which subject to consultation and Parliamentary approval, will offer the full Innovate Licence. Existing pre-29th Round licences remain unchanged by the introduction of Innovate licences.

The model clauses give the OGA the power to approve the appointment of a Licence operator and to direct or restrict certain of the licensee's activities, including prohibiting a licensee from carrying out development or production activities other than with the consent of the OGA, or in accordance with a government-approved development plan. A licence may be revoked by the OGA for a number of reasons set out in the model clauses, which include if the licensee fails to comply with the requirements of the licence.

Licence assignments are prohibited unless they have the prior consent of the OGA. There are a number of issues that OGA will take into account when deciding whether or not to give its approval including the technical and financial capacity of an assignee to discharge licence obligations.

There is no requirement for approval of a change of control of a Licensee, but the OGA does have the power to require a further change of control, and failing that a power of revocation. This may mean the complete revocation of the licence, or partial revocation in respect of the company concerned, which in practical terms amounts to the removal of the company from the licence, while the licence continues in the hands of its former partners. The existence of this power can result in a request for comfort that the OGA is not minded to exercise it. The OGA is generally willing to consider such requests.

The OGA has just launched the Asset Stewardship process, to which all assets are subject.

A pipeline works authorisation or variation should be in place before any pipeline or pipeline system construction or modification works of begins.

1.2 MER UK

The Infrastructure Act 2015 put into statute the principal objective of maximising the economic recovery of the UK's offshore oil and gas resources. The Act also provides the legislative basis for the MER UK Strategy and the requirement for the OGA and industry to act in accordance with the Strategy, which sets out how, in practice, the principle objective should be achieved by the OGA and industry.

The MER UK Strategy came into force on 18 March 2016. Its Central Obligation states that "relevant persons must take the steps necessary to secure that the maximum value of economically recoverable petroleum is recovered from the strata beneath UK waters." The Central Obligation is binding on relevant persons and the OGA, and to assist with its effective delivery the Strategy also sets out a number of Supporting Obligations, Required Actions and Behaviours. These expand on how the Central Obligation applies in particular circumstances and specify the actions and behaviours to be adopted by relevant persons when carrying out activities in the UKCS.

The Strategy also contains a number of Safeguards; the Central and Supporting Obligations, Required Actions and Behaviours should be read subject to those safeguards. The supporting obligations cover: exploration, development, asset stewardship, technology and decommissioning. The Strategy also sets out required actions and behaviours included in the obligations. These cover: timing, collaboration, cost reduction and actions where relevant parties decide not to ensure maximum economic recovery.

The safeguards set out protections for industry and the OGA and include clarification that:

- No obligation under the Strategy will require a relevant person to breach any legislation, including competition law;
- The OGA is bound by its duties under common law, including that it must at all times act reasonably;
- The Strategy sets no obligations where a proposed investment or funded activity fails to deliver a satisfactory expected commercial return; and
- No obligation under the Strategy requires any conduct where the benefits to the UK deriving from it are outweighed by the damage to the confidence of investors in UK oil and gas.

The Strategy also enables the OGA to produce plans, which set out its view of how any of the obligations may be met.

The Energy Act 2016 also provides the OGA with new regulatory powers, including the ability to participate in meetings with operators, to have access to data, provide dispute resolution and introduce a range of sanctions such as enforcement notices and fines of up to £1 million.

1.3 Third party access to infrastructure

The OGA can consider disputes between persons where 'third party access' to upstream petroleum infrastructure is being sought (for conveyance through a pipeline or processing by an oil or gas processing facility owned by another person) under Part 2 Chapter 3 of the Energy Act 2011. The procedure can lead to a binding solution being imposed by the OGA on the persons in dispute.

Companies seeking access for their hydrocarbons to such infrastructure must apply in the first instance to the relevant owner of the infrastructure in question. The Infrastructure Code of Practice describes good practice for negotiating third party access.

The OGA has published guidance setting out the requirements and obligations on all parties, the approach the OGA would take in handling applications and the principles the OGA would expect to be guided by in determining terms of access.

1.4 Decommissioning

The Petroleum Act governs the decommissioning of offshore installations and pipelines. The Secretary of State may serve a notice (a "**Section 29 Notice**") on a wide range of persons requiring them to submit a decommissioning programme. Once a decommissioning programme is approved by the Secretary of State, the recipients of the Section 29 Notice have an obligation to carry it out.

The Secretary of State will usually serve a section 29 Notice on the operator, the licencees and the parties to the joint operating agreement and, in the case of a pipeline, the owner of the pipeline. However, the Secretary of State may also serve a Section 29 Notice on their parent companies or other associates.

If a company disposes of its interest in an offshore installation or pipeline, the Secretary of State may exercise his discretion to withdraw the notice. However, if he does so, the Secretary of State can re-impose a decommissioning liability on a party that has previously been released from such an obligation.

The obligation to carry out the approved decommissioning programme is joint and several.

The decommissioning regime under the Petroleum Act applies to offshore installations and pipelines. Onshore petroleum installations and pipelines will also be subject to decommissioning obligations and site re-instatement obligations under planning and environmental permitting regimes.

2 United Kingdom Environmental Regulations

2.1 Offshore regime

Offshore operations on the UKCS are subject to numerous international, European Union and national laws and regulations relating to environmental and/or health and safety (EHS) matters. These EHS laws and regulations apply at various stages, including before oil and gas production activities commence, during exploration and production activities and during and after decommissioning. They give rise to operational rules and regulations, generally through planning and permitting regimes. They also give rise to operational liabilities, and rules governing those liabilities, in the event of incidents, accidental spillages or discharges.

Before a UK licensing round begins, OGA will consult with various public bodies that have responsibility for the environment. Applicants for production licences must demonstrate adequate environmental competence and the application will generally include an environmental assessment of the licence block's environmental sensitivities. Where the applicant is not an established operator, the application must also include other environmental submission such as a statement of the general environmental policy of the operator in respect

of the contemplated licence activities, a summary of the operator's management systems to implement the environmental policy and confirmation as to how those systems will be applied to the proposed work programme.

Additionally, the Offshore Petroleum Production and Pipelines (Assessment of Environmental Effects) Regulations 1999 (as amended) require OGA to exercise its licensing powers under the Petroleum Act in such a way to ensure that an environmental assessment is undertaken and an environmental statement is submitted to and considered by OGA before consent is given to certain projects.

A range of other specific statutory regimes apply to impose operational rules and conditions on particular aspects, environmental impacts and health and safety risks associated with offshore exploration and production activities. The following legislation and regulations also apply (this list is non-exhaustive):

- (a) Offshore Installations (Safety Case) Regulations 2005 as amended;
- (b) Offshore Installations and Wells (Design and Construction etc) Regulations 1996 as amended;
- (c) Offshore Petroleum Activities (Oil Pollution Prevention and Control) Regulations 2005 as amended;
- (d) Offshore Chemicals Regulations 2002, as amended by the Offshore Chemicals (Amendment) Regulations 2011;
- (e) Merchant Shipping (Oil Pollution Preparedness, Response & Co-operation Convention) Regulations 1998 as amended;
- (f) Offshore Installations (Emergency Pollution Control) Regulations 2002;
- (g) Offshore Combustion Installations (Pollution, Prevention and Control) Regulations 2013;
- (h) Offshore Petroleum Activities (Conservation of Habitats) Regulations 2001 as amended;
- (i) The Ozone Depleting Substances Regulations 2015;
- (j) Energy Act 1976 and 2008 and various subsequent Regulations;
- (k) Fluorinated Greenhouse Gases Regulations 2015;
- (l) Greenhouse Gas Emissions Trading Scheme Regulations 2012 (as amended); and
- (m) Marine and Coastal Access Act 2009.

Under these statutes and regulations, an offshore operator may require a permit, consent, licence or registration with respect to discharges into the marine environment and emissions to air, subject to a number of exemptions. These may be subject to conditions that must be met for operations to continue.

An operator is also required to have in place oil pollution emergency plans in the event of a offshore oil pollution incident from oil and gas installations.

Non-compliance with the requirements of the legislation and/or conditions of a permit, consent or licence may give rise to criminal offences, criminal fines and/or civil monetary penalties. Other enforcement action that can be taken include statutory notices requiring steps to be taken or prohibiting operations.

2.2 Offshore regulatory review

Following the Deepwater Horizon incident in April 2010 in the Gulf of Mexico, the UK House of Commons Energy and Climate Change Committee conducted a parliamentary inquiry into the UK offshore regulatory regime (launched on 20 July 2010). Following this, OGA (formerly DECC) launched a full review of the UK's oil & gas offshore regulatory regime, which was published on 18 December 2012. The key statements of regulatory significance included that an independent annual review of selected Environmental Statements and Oil Pollution Emergency Plans will take place, and that there is an increased requirement for operators to carry out offshore oil and gas emergency response exercises involving the Secretary of State's Representative (now every three instead of every five years).

The EU also consulted on a number of proposals for new legislation in this area at EU level in 2011. After a lengthy consultation, the EU published a new directive, the Offshore Safety Directive 2013/30/EU (OSD), on 28 June 2013. The OSD introduces for the first time an EU-

wide framework law relating to the environmental and safety management of offshore oil and gas operations in EU waters. It sets common standards and requirements for EU governments to apply in relation to offshore safety and environmental management, and the regulation of offshore activities.

Although the Directive is broadly based on the UK's current offshore safety regime The Offshore Installations (Offshore Safety Directive) (Safety Case etc.) Regulations 2015 were introduced in the UK to fully implement the OSD. The OSDR came in to force on 19 July 2015 and replace the Offshore Installations (Safety Case) Regulations 2005 in external waters subject to transitional arrangements. Significant changes for operators include extensive requirements in relation to reporting of incidents and dangerous occurrences; and requirements to produce a corporate major accident policy including environmental as well as safety matters.

PART V

TAXATION

The following paragraphs, which are intended as a general guide only and not a substitute for detailed tax advice, are based on current UK law and HMRC practice (which may not be binding on HMRC) as at the date of this Admission Document. UK tax legislation and published practice of HMRC are both subject to change, possibly with retrospective effect. The following paragraphs summarise certain limited aspects of the tax position of holders of the Ordinary Shares who (unless the position of non-resident holders of the Ordinary Shares is expressly referred to) are resident (and for individuals, resident and domiciled) in (and only in) the United Kingdom for tax purposes, who are the absolute beneficial owners of their Ordinary Shares and any dividends paid on them and who hold their Ordinary Shares as an investment (other than in an Individual Savings Account or a self-invested pension). Certain holders of the Ordinary Shares, such as dealers in securities, insurance companies, shareholders who are exempt from tax, shareholders who have acquired their ordinary shares by virtue of an office or employment including employees and directors of the Company, persons holding Ordinary Shares as part of hedging or conversion transactions, Shareholders who are not domiciled or not resident in the UK, trusts, those who hold 5 per cent. or more of the Ordinary Shares and collective investment schemes, may be taxed differently and are not considered. The following statements do not consider the tax position of any person holding investments in any HMRC approved arrangements or schemes, including the enterprise investment scheme, venture capital scheme or business expansion scheme, able to claim any inheritance tax relief or holding Ordinary Shares in connection with a trade, profession or vocation carried on in the UK (whether through branch or agency or, in the case of a corporate Shareholder, a permanent establishment or otherwise).

Furthermore the following statements do not include a consideration of the potential UK inheritance tax consequences of holding Ordinary Shares. Prospective subscribers for or purchasers of Ordinary Shares should consult their own professional advisers in relation to the potential UK inheritance tax consequences of holding them.

If you are in any doubt as to your tax position or you are subject to tax in a jurisdiction outside the United Kingdom, you should consult an appropriate professional adviser before taking any action.

1 Chargeable gains of UK resident individuals

A disposal of the Ordinary Shares by a holder of the Ordinary Shares who is resident for tax purposes in the UK, may, depending on the Shareholder's circumstances and subject to any available exemption or relief, give rise to a chargeable gain or an allowable loss for the purposes of the UK taxation of chargeable gains. An individual Shareholder who has ceased to be resident in the UK for tax purposes, or who is treated as resident outside the UK for the purposes of a double tax treaty for a period of five complete years or fewer and who disposes of Ordinary Shares during that period may also be liable to UK taxation on any capital gain realised (subject to any available exemptions or reliefs) on their return to the UK. Relief may be available under certain double taxation treaties to prevent such an individual from being subject to UK capital gains tax in those circumstances. Special rules also apply to individual Shareholders who are subject to UK tax on a "split-year" basis and such individual Shareholders should seek specific professional advice if they are in any doubt as to their position.

For individual Shareholders, the principal factors that will determine the UK capital gains tax charge on a disposal or a deemed disposal of Ordinary Shares are: the extent to which the Shareholder realises any other capital gains in the UK tax year in which the disposal of Ordinary Shares is made; the extent to which the individual Shareholder has incurred capital losses in that or earlier UK tax years; the marginal income tax band to which the individual Shareholder belongs; and the level of the annual allowance of tax-free gains in that UK tax year (the "Annual Exemption").

An individual Shareholder is entitled to an Annual Exemption without being liable to capital gains tax. For the year ended 5 April 2018 it is £11,300. Thereafter, the rate of capital gains tax is 10 per cent. for individual Shareholders within the basic rate tax band, and 20 per cent. for individual Shareholders within the additional or higher rate tax band.

2 UK resident companies

A disposal or deemed disposal of the Ordinary Shares by a company within the charge to UK corporation tax will give rise to a chargeable gain or an allowable loss for the purposes of corporation tax, depending upon the Shareholder's circumstances and subject to any available exemption or relief (such as indexation, which applies to reduce capital gains but not to create or increase an allowable loss). UK corporation tax is charged on chargeable gains at the rate applicable to that company (currently 19 per cent., reducing to 17 per cent. from 1 April 2020).

It should be noted that non-UK residents may also be subject to UK tax on capital gains arising from the disposal of Ordinary Shares on the basis that these derive the majority of their value from UKCS assets. This is subject to the non-residents own particular circumstances and may be overridden by tax treaties or exemptions.

3 Stamp duty and stamp duty reserve tax

No stamp duty or stamp duty reserve tax ("SDRT") should be payable on the issue of new Ordinary Shares, whether the issue is of definitive share certificates or in uncertificated form.

3.1 Transfer of Ordinary Shares prior to AIM admission

Dealings in the Ordinary Shares after issue will be subject to stamp duty and/or SDRT. A written transfer on sale of the Ordinary Shares will generally be liable to stamp duty at the rate of 0.5 per cent. of the amount or value of the consideration given in the form of cash, shares or debt (rounded up to the nearest £5.00). An exemption from stamp duty will be available on an instrument transferring the shares where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000. Stamp duty is normally the liability of the purchaser or the transferee of the Ordinary Shares. An unconditional agreement to transfer the Ordinary Shares will also generally give rise to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration given in the form of money or money's worth. However, this SDRT liability will be cancelled, and any SDRT already paid will be refunded, if the agreement is completed by a duly stamped (or exempt) transfer within six years of date on which the agreement to transfer the Ordinary Shares was made or became unconditional. Like stamp duty, SDRT is normally the liability of the purchaser or the transferee of the Ordinary Shares.

For completeness where Ordinary Shares have originally been issued in certificated form, no stamp duty or SDRT should arise on the subsequent transfer of those shares into CREST, provided the transfer is not for consideration.

Transfers of uncertificated shares within CREST are generally liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the system.

3.2 Transfer of Ordinary Shares following AIM admission

AIM qualifies as a recognised growth market for the purpose of stamp duty and SDRT legislation. Therefore, for so long as the Ordinary Shares are admitted to trading on AIM and are not listed on any market (and being admitted to trading on AIM will not constitute a listing for these purposes) no charge to stamp duty or SDRT will arise on their subsequent transfer. If the shares do not qualify for this exemption their transfer on sale will be subject to stamp duty or SDRT as described above.

The above statements are intended as a general guide. Certain categories of persons are not liable to stamp duty or SDRT, and others may be liable at a higher rate or may although not primarily liable for the tax be required to notify and account for it.

4 Taxation of dividends

Under current UK tax law, no UK tax will be required to be withheld at source by the Company when it pays a dividend.

4.1 UK resident individuals

A UK tax resident individual Shareholder who receives a dividend from the Company will pay no tax on the first £5,000 of dividend income received in a tax year (the “Dividend Allowance”). It was announced in the UK Spring Budget 2017 that the Dividend Allowance would be reduced to £2,000 from 6 April 2018. This measure was not enacted into UK law as part of the Finance Act 2017 but on 13 July 2017 the Government announced that it would legislate all policies that were included in the pre-election Finance Bill as soon as possible after the 2017 summer recess. Shareholders should note that as this measure has not been enacted it may therefore be subject to change. For these purposes “dividend income” includes UK and non UK source dividends and certain other distributions in respect of shares. The current rates of tax on dividend income above the Dividend Allowance are 7.5 per cent. on dividend income received by individual Shareholders within the basic rate tax band, 32.5 per cent. on dividend income received by individuals within the higher rate tax band, and 38.1 per cent. on dividend income received by individual Shareholders within the additional rate tax band for the tax year to 5 April 2018. Dividend income that is within the Dividend Allowance counts towards determining an individual Shareholder’s basic, higher or additional rate limits, and will therefore affect the level of savings allowance to which they are entitled and the rate of tax which is due on dividend income in excess of the Dividend Allowance. In calculating which tax band any dividend income over the Dividend Allowance is to be attributed, dividend income is treated as the top slice of an individual Shareholder’s income.

4.2 UK resident companies

Subject to certain exceptions for traders in securities and insurance companies, a corporate Shareholder resident in the UK for tax purposes will not be subject to UK corporation tax on dividends received from the Company so long as the dividends fall within an exempt class and certain conditions are met.

For example, (i) dividends paid on Ordinary Shares that are “ordinary shares” and are not “redeemable” (as those terms are used in Chapter 3 of Part 9A CTA 2009) and which do not carry any present or future preferential rights to dividends or to the Company’s assets on its winding-up, and (ii) dividends paid to a person holding less than a 10 per cent. interest in the Company, should generally fall within an exempt class. However, the exemptions are not comprehensive and are subject to anti-avoidance rules. If the conditions for exemption are not met or cease to be satisfied, or such a shareholder elects for an otherwise exempt dividend to be taxable, the Shareholder will be subject to UK corporation tax on dividends received from the Company, at the rate of corporation tax applicable to that Shareholder (currently 19 per cent., reducing to 17 per cent. from 1 April 2020).

PART VI
COMPETENT PERSON'S REPORT

**Competent Person's Report
on the Oil and Gas Assets of i3 Energy
as at 31st January, 2017**

Prepared for

i3 Energy North Sea Limited

19th July, 2017

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Appendices

- I. Glossary
- II. Abbreviated form of SPE PRMS
- III. Contingent Resources Summary Table
- IV. Production Profiles

19th July, 2017

The Directors,
i3 Energy North Sea Limited
New Kings Court, Tollgate,
Chandlers Ford,
Eastleigh,
Hampshire,
SO53 3LG.

The Directors
W H Ireland Limited
24 Martin Lane,
London,
EC4R 0DR.

Dear Sirs,

Introduction

At the request of i3 Energy North Sea Ltd (i3 Energy), Gaffney, Cline & Associates (GCA) has prepared a Competent Person's Report (CPR) on the oil and gas assets of i3 Energy, as at an Effective Date of 31st January, 2017. i3 Energy has recently acquired a 100% Operated Interest in UK Licence P.1987 from Dana Petroleum (E&P) Limited (Dana). This Licence covers Block 13/23d in the UK North Sea and contains the Liberator discovery (Figure 1), which i3 Energy intends to develop.

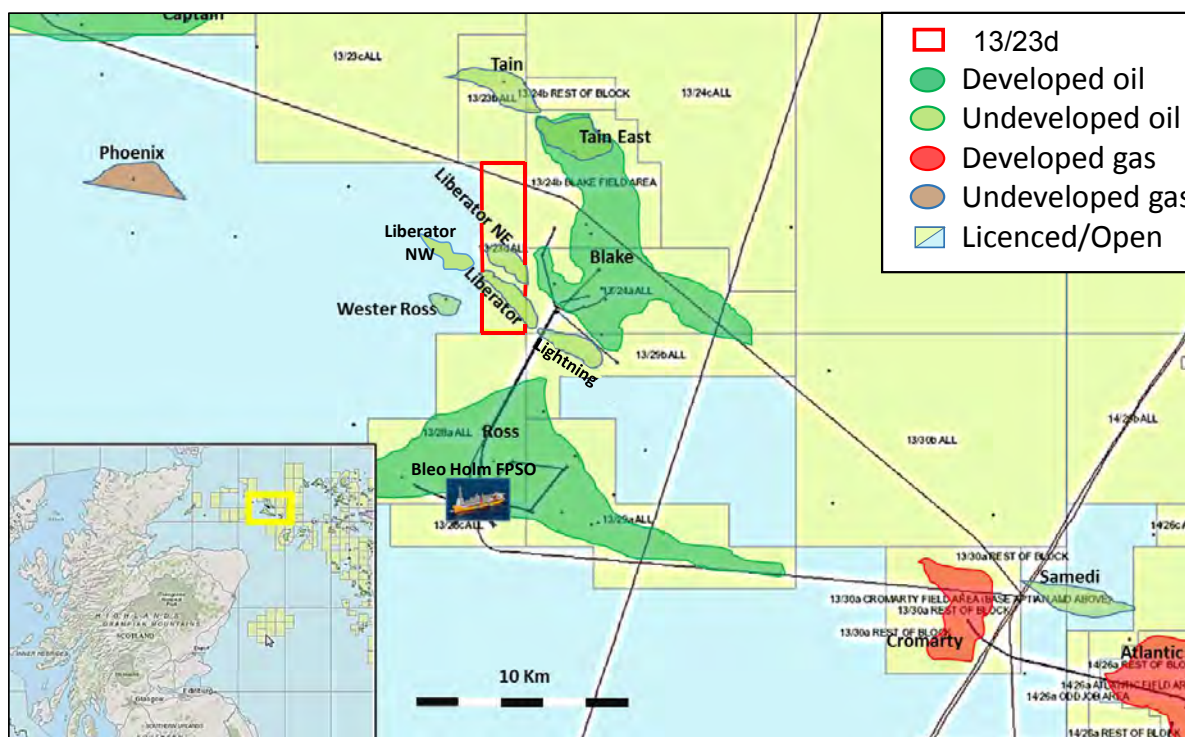
This CPR is in support of a listing on the AIM (formerly the Alternative Investment Market) of the London Stock Exchange, and it has been prepared for that purpose.

In the preparation of this report, GCA has used definitions contained within the Petroleum Resources Management System (PRMS), which was approved by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists and the Society of Petroleum Evaluation Engineers in March 2007 (see Appendix I). GCA has also followed the requirements of the "AIM Rules – Guidance for Mining and Oil & Gas Companies" dated June, 2009.

This report relates specifically and solely to the subject matter as defined in the scope of work, as set out herein, and is conditional upon the specified assumptions. The report must be considered in its entirety and must only be used for the purpose for which it is intended.

A glossary of abbreviations used in this report is contained in Appendix II.

Figure 1: Liberator Location Map



Source: modified from i3 Energy

Summary and Conclusions

Licence Summary

i3 Energy has recently acquired a 100% Operated Interest in UK licence P.1987 from Dana (Table 1). This licence covers Block 13/23d in which the Liberator discovery and the adjacent Liberator NE structure are located.

Table 1: Summary of Assets as at 31st January, 2017

Asset	Operator	Interest (%)	Status	Licence Expiry	Licence Area (km ²)
Licence P.1987 (Block 13/23d)	i3 Energy	100	Exploration	31 st December, 2020 ¹	15

Notes:

1. On approval of a field development plan, a 20-year production licence would be issued.

GCA understands that i3 Energy is also in discussion with the Oil and Gas Authority (OGA) prior to submitting a Field Development Plan (FDP) that would include possible extensions of Liberator to the NW into Block 13/23a (Liberator NW), which is open, and to the SE into Block 13/24a, operated by Repsol Sinopec Resources UK Ltd (Repsol). i3 Energy expects that on approval of the FDP by the OGA, i3 Energy, as the developing party, will be awarded a field development area covering these extensions. This expectation is based on i3 Energy's interpretation, following consultation with the OGA, of the recently published guidelines for Maximising Economic Recovery (MER) in the UK, which seek to ensure hydrocarbon

resources are not left stranded and undeveloped. According to i3 Energy, Repsol has stated that it does not wish to be a party in the development of Liberator, and GCA has seen evidence that i3 Energy has engaged with Repsol in order to obtain access to infra-structure and off-take services that will provide the means to develop the Liberator cluster. Nonetheless, whether the OGA will require Repsol to relinquish the part of Block 13/24a that i3 Energy seeks to obtain, or whether some form of unitization or other commercial arrangement will be required, is not yet clear to GCA. GCA considers there is a risk that this could delay the development, although it understands that i3 Management, following discussions with the OGA, is of the opinion that delays are unlikely.

Volumes are reported herein both within i3 Energy's current acreage and for the larger field development area that i3 Energy expects to be awarded.

Overview

The data provided to GCA were primarily obtained by i3 Energy from a data room set up by Dana Petroleum specifically for i3 Energy; these data consist of presentation material, screen shots of selected seismic sections and well sections taken from a Kingdom seismic interpretation project. Some limited digital data was made available in the form of top reservoir depth structure grids derived by i3 Energy from the seismic data available in the data room, and well logs from the discovery well 13/23d-8. However, GCA has had no access to the seismic data and therefore has been able to make only very limited checks on the maps provided by i3 Energy and on the interpretations and assumptions made in generating them.

GCA has been able to confirm that the best estimates of STOIP presented by i3 Energy are consistent with the maps provided and the well log data, on the assumption that there is no significant gas cap present. This assumption is supported by the slightly under-saturated nature of the oil, the fact that the Blake field is reported to have only small, local gas caps, each with a different gas-oil contact (GOC), and the absence of any amplitude anomaly over Liberator in the seismic data (which GCA has been unable to check in detail).

GCA has made low and high estimates of STOIP based on plausible assumptions on uncertainty in the top surface maps and, in the low case, assuming that the GOC encountered in the well extends across the entire Liberator structure.

A two-well FDP is currently envisaged by i3 Energy and consists of one horizontal well in the main Liberator structure and a second in the Liberator NE structure. These production wells are proposed to be tied into the subsea Blake production manifold, where the produced fluids would be co-mingled with Blake production and flowed to the Bleo Holm floating production, storage and offloading vessel (FPSO) for processing. The Bleo Holm is a purpose built, double hulled FPSO currently used for processing fluids from the Blake and Ross fields. Oil is stored on board and exported to market via an established fleet of shuttle tankers. Gas not used for fuel or flared is exported via a 6" pipeline to the Frigg system and on to the St Fergus gas terminal. GCA understands that there is adequate ullage at present to handle Liberator production. However, i3 Energy will need to reach an agreement with the partners in the Blake and Ross fields to enable the development to proceed. GCA understands that i3 Energy are in discussions with Repsol, the Operator of the Blake and Ross fields, and communications received by i3 Energy from Repsol indicate that Repsol is receptive to the concept.

GCA understands that the Bleo Holm will need to be "maintained in class" for insurance purposes in 2019, which GCA understands to be in hand, and again in 2024. In GCA's view, there is uncertainty as to whether the FPSO facilities would be available after 2024, although Repsol has indicated its intent to work towards maintaining the vessel in class for as long as is economically justified. Other solutions for production beyond 2024 could be also envisaged.

Contingent Resources Summary

Contingent Resources are attributed to the two-well FDP of Liberator and Liberator NE outlined by i3 Energy, as shown in Table 2. Volumes are shown gross and are separated into those lying within Block 13/23d and those lying outside of the Block but within the larger Field Area that i3 Energy expects to be granted consent to produce. Volumes within the Block are 100% attributable to i3 Energy, but i3 Energy currently has no entitlement to volumes outside the Block.

The Contingent Resources estimates are based on production from the first well starting at the beginning of 2018, production from the second well at the beginning of 2020, and the Bleo Holm FPSO being available until the end of 2024. The development plan includes two wells to be drilled, however, GCA has assumed that for the 1C case, the second well (Liberator NE) would not be drilled.

**Table 2: Liberator Development Contingent Resources (Development Pending)
as at 31st January, 2017**

(a) Within Block 13/23d (i3 Energy Operator with 100% Interest)

Structure	Oil (MMBbl)			Gas (Bscf)		
	1C	2C	3C	1C	2C	3C
Liberator	2.5	5.8	9.5	8.0	1.5	2.5
Liberator NE	-	2.3	4.2	-	0.6	1.1
Total	2.5	8.1	13.6	8.0	2.1	3.5

(b) Outside Block 13/23d²

Structure	Oil (MMBbl)			Gas (Bscf)		
	1C	2C	3C	1C	2C	3C
Liberator	0.6	1.5	2.4	2.0	0.4	0.6
Liberator NE	-	0.6	1.0	-	0.1	0.3
Total	0.6	2.1	3.4	2.0	0.5	0.9

Notes:

1. Contingent Resources shown here are 100% of the volumes estimated to be recoverable from the project, in the event that it goes ahead.
2. i3 Energy currently has no entitlement to Contingent Resources outside Block 13/23d; those shown in this table lie in acreage currently operated by Repsol.
3. Gas Contingent Resources are higher in the 1C case than in the 2C and 3C cases because the 1C case assumes a large gas cap is present in Liberator, whereas the 2C and 3C cases assume that the Liberator structure is almost completely oil-filled.
4. The volumes reported here are “unrisked” in the sense that no adjustment has been made for the risk that the project may not go ahead in the form envisaged or may not go ahead at all (i.e. no “Chance of Development” factor has been applied).
5. GCA has not estimated any “Chance of Development” or “Risk Factor”: these depend largely on non-technical matters, such as reaching agreement with other parties; GCA does not have all the information that would be required to make a quantitative estimate and therefore considers it would be inappropriate to do so.
6. Contingent Resources should not be aggregated with Reserves because of the different levels of risk involved.
7. Totals may not exactly equal the sum of individual entries due to rounding.

GCA considers the Contingent Resources shown in Table 2 to be in the “Development Pending” sub-class defined by the SPE PRMS. On the assumption that the finance necessary for the development will be raised, the steps that remain before the development can go ahead include:

- Approval of the FDP by the OGA;
- Award of the extended development area to i3 Energy or reaching a form of agreement to proceed on another basis; and
- Reaching agreement with Repsol and the other Ross and Blake partners (of which there are several) for use of the Blake field production facilities.

Once there is reasonable certainty that all of these will be forthcoming, the volumes shown in Table 2 could be reclassified as Reserves, subject to:

- There still being a firm intention to proceed with the project in the form and according to the timing outlined herein;
- Project economics remaining favourable; and
- No new technical or commercial data having become available that would lead to a revision of the estimated volumes.

Contingent Resources are additionally attributed to possible further development of the Liberator area, including production beyond 2024 and a third well, located in Liberator NW. GCA considers these Contingent Resources to be in the “Development Unclassified or On Hold” sub-class defined by the SPE PRMS, as are shown in Table 3.

**Table 3: Contingent Resources (Development Unclarified or On Hold)
as at 31st January, 2017**

(a) Within Block 13/23d (i3 Energy Operator with 100% Interest)

Structure	Oil (MMBbl)			Gas (Bscf)		
	1C	2C	3C	1C	2C	3C
Liberator	0.1	0.8	3.0	0.8	0.2	0.8
Liberator NE	-	0.1	0.9	-	0.0	0.2
Total	0.1	0.9	3.9	0.8	0.2	1.0

(b) Outside Block 13/23d²

Structure	Oil (MMBbl)			Gas (Bscf)		
	1C	2C	3C	1C	2C	3C
Liberator	0.0	0.2	0.8	0.2	0.0	0.2
Liberator NE	-	0.0	0.2	-	0.0	0.1
Liberator NW	-	4.1	8.3	-	1.1	2.2
Total	0.0	4.3	9.3	0.2	1.2	2.5

Notes:

1. Contingent Resources shown here are 100% of the volumes estimated to be recoverable from the project, in the event that it goes ahead.
2. i3 Energy currently has no entitlement to Contingent Resources outside Block 13/23d; those shown in this table lie in acreage currently operated by Repsol, apart from Liberator NW, which is in open acreage.
3. The volumes reported here are “unrisked” in the sense that no adjustment has been made for the risk that the project may not go ahead in the form envisaged or may not go ahead at all (i.e. no “Chance of Development” factor has been applied).
4. GCA has not estimated any “Chance of Development” or “Risk Factor”: these depend largely on non-technical matters, such as reaching agreement with other parties; GCA does not have all the information that would be required to make a quantitative estimate and therefore considers it would be inappropriate to do so.
5. Contingent Resources should not be aggregated with Reserves because of the different levels of risk involved.
6. Totals may not exactly equal the sum of individual entries due to rounding

A summary table of all Contingent Resources is presented in Appendix III.

Economic Summary

GCA has performed an economic assessment of the FDP outlined by i3 Energy as described herein, i.e. of the Contingent Resources in the Development Pending sub-class as shown in Table 2. This assessment is based upon estimates of costs provided by i3 Energy, including tariff payments that have yet to be agreed, and upon GCA’s understanding of the fiscal terms governing the assets. Further details are given in Section 5 of this report.

GCA’s Brent Crude oil price scenario for the first quarter of 2017, shown in Table 4, has been used as the reference oil price.

Table 4: Brent Crude Oil Price Scenario

Year	Price (US\$/Bbl)
2017	58.35
2018	58.36
2019	65.00
2020	70.00
2021 Onwards	+2% p.a.

Reference Pre- and Post-Tax Net Present Values (NPVs) have been attributed to the Contingent Resources (Development Pending) cases, at a discount rate of 10% (NPV10) and are shown in Table 5. NPVs are quoted both at the gross project level and net to i3 Energy's current acreage, and are presented as unrisks.

Table 5: Unrisks NPV10 (US\$ MM) of Potential Future Revenue from Contingent Resources (Development Pending) as at 31st January, 2017

(a) Gross Project

	1C	2C	3C
Pre-Tax	73	311	576
Post Tax	48	190	349

(b) Net to i3 Energy's Current Acreage (Block 13/23d)

	1C	2C	3C
Pre-Tax	58	249	461
Post Tax	38	152	279

Notes:

1. The NPVs are calculated from discounted cash flows incorporating the fiscal terms governing the asset.
2. Gross Project NPVs reported here are based on 100% of the revenues estimated to be derived from the development project, in the event that it goes ahead, and relate to the extended development area, covering Liberator and Liberator NE, including the parts outside of Block 13/23d.
3. The NPVs reported here are "unrisks" in the sense that no adjustment has been made for the risk that the project may not go ahead in the form envisaged or may not go ahead at all (i.e. no "Chance of Development" factor has been applied).
4. The reference NPVs reported here do not represent an opinion as to the market value of a property or any interest therein

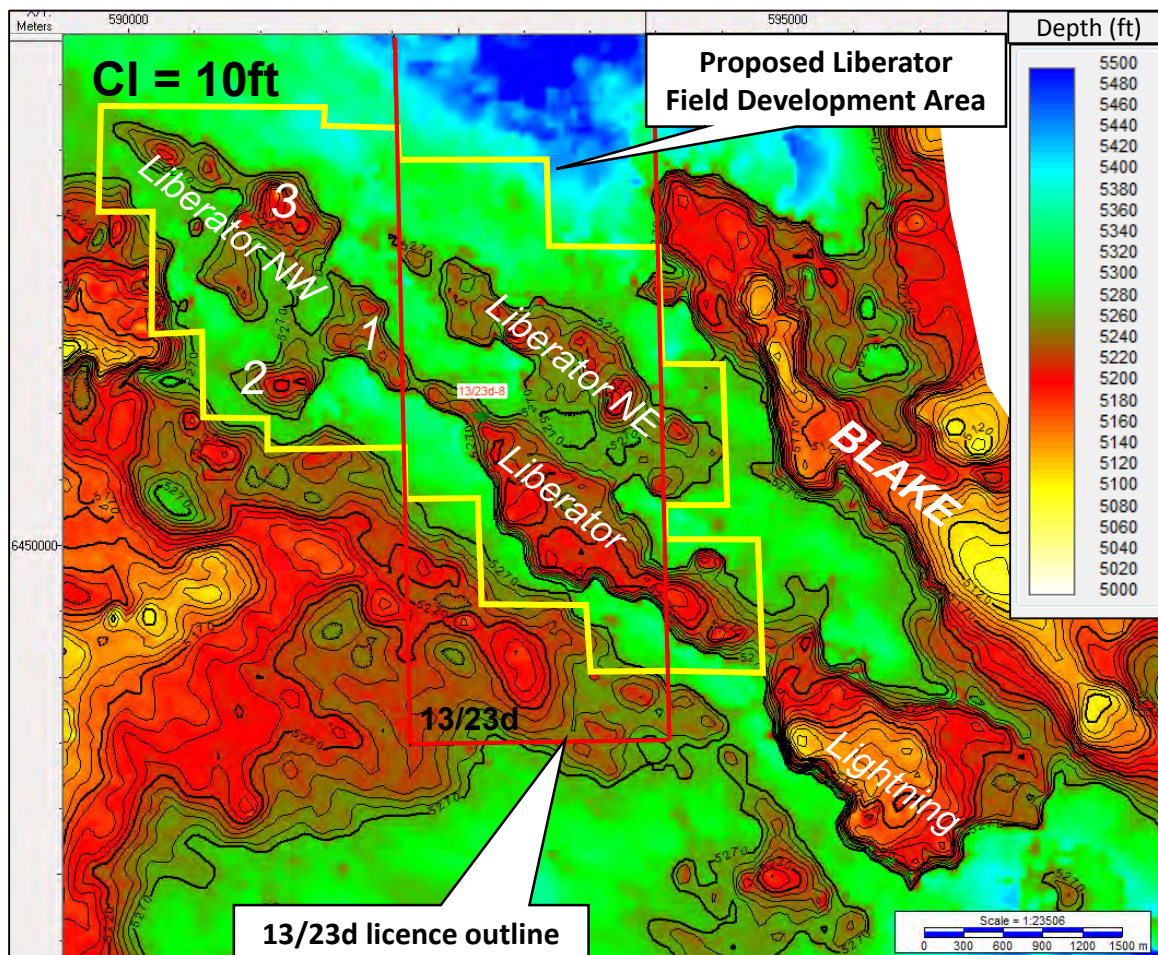
Discussion

1 Background

The Liberator oil discovery is located in the South Halibut Basin of the Moray Firth Province, 120 km north-east of Aberdeen (Figure 1), adjacent to the Blake and Ross fields. Liberator was discovered in 2013 by the 13/23d-8 exploration well, which was drilled by Dana and targeted a four-way dip closed structure located 2.5 km west of the Blake field. The well encountered 19.5 ft of under-saturated, 30°API oil underneath 3.5 ft of gas in the high quality (typically 1 Darcy or more) Captain Sandstone of Albo-Aptian age at a depth of approximately 5,250 ft ss. Liberator appears to have the same original oil-water contact (OWC) as the Blake field, which has been producing from the Captain Sandstone reservoir since 2001.

The top reservoir map provided by i3 Energy (Figure 2) shows Liberator to be a NW-SE oriented, elongated structure, with the discovery well located on the flank near its north-western extremity. The map shows several other structural highs, all of which appear connected within the oil column but separated by saddles where the oil column would be very thin (less than 10 ft). These other highs are Liberator NE, Liberator NW (itself comprising three separate structural culminations), Lightning and Blake.

Figure 2: Top Reservoir Depth Structure Map (contoured down to OWC at 5,270 ft TVDss)



Source: i3 Energy

Figure 2 also indicates that the majority of the Liberator and Liberator NE structures lie within Block 13/23d (blue line), but extend to some degree into the Repsol-operated Block 13/24a to the east, while Liberator NW lies almost entirely to the west of Block 13/23d, in open acreage. The Field Development Area that i3 Energy expects to be granted approval to produce from (shown by the yellow outline) encompasses all three structures.

GCA is not aware of any director of i3 Energy having held any previous interest in the asset.

1.1 Data Base

The data provided to GCA were primarily obtained by i3 Energy from a data room set up by Dana specifically for i3 Energy; these data were derived from a Kingdom project and consist of presentation material, screen shots of selected seismic sections and well sections. Some limited digital data was made available in the form of top reservoir depth structure grids and well logs from the discovery well 13/23d-8. There were no seismic data or subsurface models available. GCA understands that i3 Energy has subsequently purchased the seismic data to support implementation of the field development.

i3 Energy has provided a draft Field Development Plan (FDP) in which a two-well conceptual development plan with a tie-back to the Blake field subsea production module and FPSO (Bleo Holm) is outlined.

2 Subsurface Evaluation

2.1 Petrophysics

GCA has reviewed the wireline logs (Figure 3), End of Well Report and other petrophysical data and confirms that the well found an oil-water-contact (OWC) at -5,270 ft ss and 19.5 ft of oil below 3.5 ft of gas within an overall sand package of more than 300 ft. There is a residual oil column of some 30 ft interpreted below the OWC, consistent with that seen in Blake and thought to be caused by tilting of the structure after the hydrocarbons became trapped. This residual oil would not be mobile and is not included in the STOIIIP estimates.

Net-to-gross ratio (NTG) and porosity estimates reported by i3 Energy and used for its volumetric calculations appear reasonable, based on the wireline data from the 13/23d-8 well. However, Blake is reported to have slightly poorer porosity than Liberator, which is reflected in the range of values used. The oil saturation used assumes the development well will be drilled within the transition zone of a larger oil column. i3 Energy's reservoir averages for Liberator are shown in Table 6 below.

Figure 3: CPI of 13/23d-8 Well from the End of Well Report

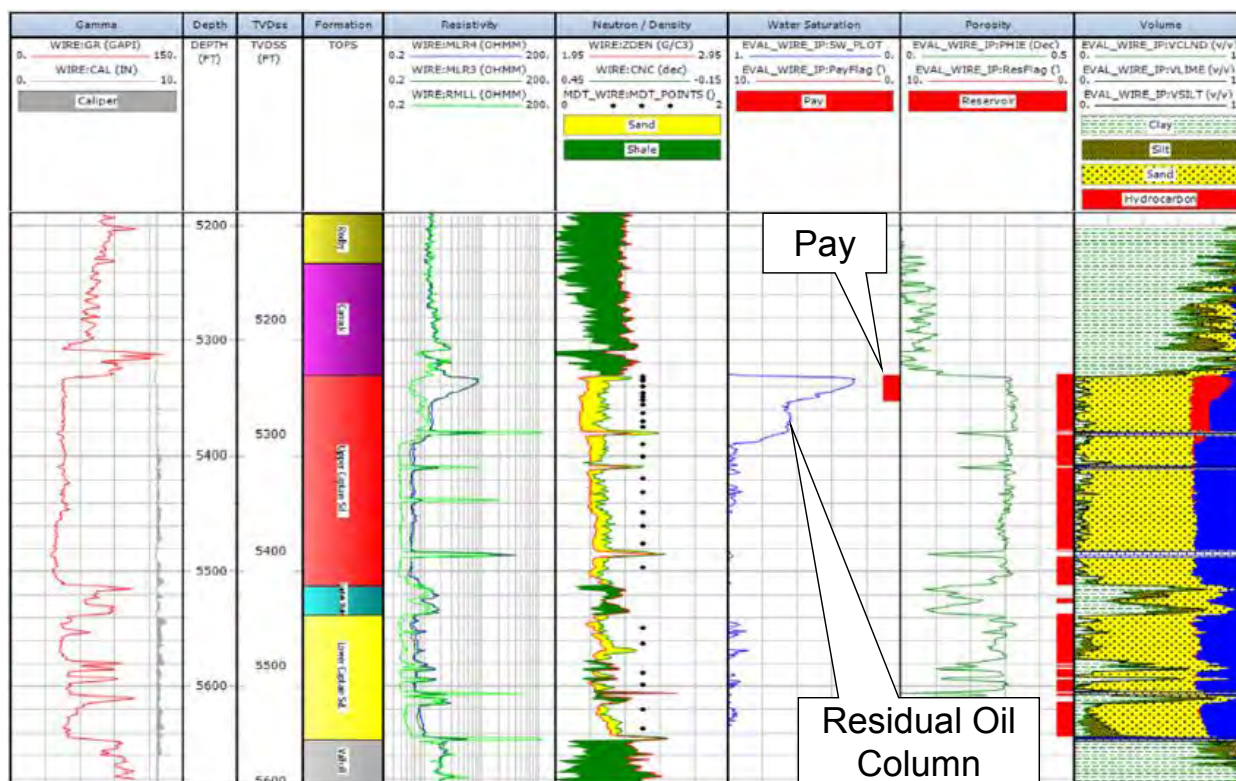


Table 6: Average Reservoir Properties used for STOIP Estimates

Property	Low	Best	High
NTG	0.94	0.96	0.98
Porosity	0.28	0.30	0.31
Oil Saturation	0.74	0.78	0.80

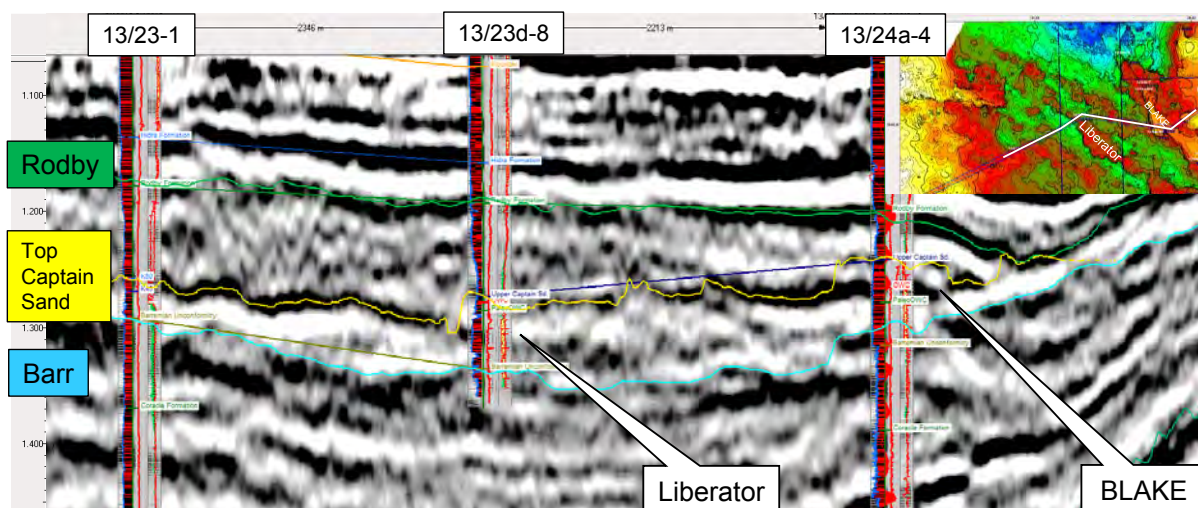
2.2 Structure

The structure of the Liberator discovery is much less tightly constrained than its reservoir properties.

The digital maps, comprising a top Captain Sandstone depth structure (K50) grid and a derived height-above-OWC grid were made available to GCA for this audit. These were generated in a data room by the i3 Energy geoscientist, who was already familiar with the asset. Images of several interpreted seismic sections crossing the discovery were made available, along with presentations on the synthetic well-ties to offset wells, an image of the original TWT grid, and a description of the depth conversion process used.

The seismic section in Figure 4 illustrates the correlation with the Blake field.

Figure 4: Seismic TWT section showing the Liberator Discovery Well and the Blake field.



Source: i3 Energy

2.3 Subsurface Risks

GCA sees two subsurface risks; firstly demonstration of hydrocarbons in place in the undrilled areas of the structures, which is subject to seismic depth uncertainty and secondly distribution of free gas across Liberator.

2.3.1 Depth Conversion.

A good correlation is observed between the well data, synthetics and seismic data. The pre-drill prognosis for the top Captain Sandstone (K50) was 105 ft shallower than actually found, mostly due to the pre-2012 seismic interpretation failing to distinguish between the Carrack and Captain Formations.

Depth conversion is a recognised uncertainty in any structural mapping. The depth conversion used by i3 Energy in the data room was a two-layer approach (average velocity to Top Rodby, followed by an isopach generated from the seismic isochron and the interval velocity of Rodby itself). The Top Rodby surface was tied to the wells in depth then the isochron to K50 was depth converted using interval velocity and hung from below. This was a reasonable approach to take given the time constraints of a data room, and demonstrates clearly the presence of structures.

This workflow ensures good residuals at the wells, but retains uncertainty between wells, depending on how the residual corrections were applied. For example, using the velocity function generated during the data room, there was a mistie of only 7 ft at 13/23d-8 at Top Rodby, which is good but is comparable to the height of connection invoked between the various Liberator structures. The final depth structure map (Figure 2) would vary depending on how the residual corrections were applied.

Further, GCA notes that the structure called Lightning is more closely connected to both Liberator and Blake than Liberator is to any of the adjacent structures, yet Lightning is not considered as contributing resources to the Liberator development.

2.3.2 Hydrocarbon Resources

From the data presented, GCA is confident that several structural highs exist and that they are likely to be hydrocarbon bearing, but the connections between them are tenuous and not confidently known, being below reasonable levels of seismic resolution. According to the map presented by i3 Energy (Figure 2), the saddles between Liberator and Liberator NE and between Liberator and each of the extensions in the NW (1, 2 or 3), are less than 10 ft above the OWC.

While Liberator and Blake appear to have a common OWC, and therefore to be part of the same accumulation, the map in Figure 2 suggests that the communication between Liberator and Blake is via Lightning, rather than Liberator NE.

GCA therefore considers that the presence of hydrocarbons in Liberator NE and Liberator NW is not yet proved, and GCA has omitted these structures from the Low case. On the basis of the map presented, however, GCA accepts that it is probable that the discovery made at Liberator extends into Liberator NE and Liberator NW, so volumes therein are included in the Best and High cases.

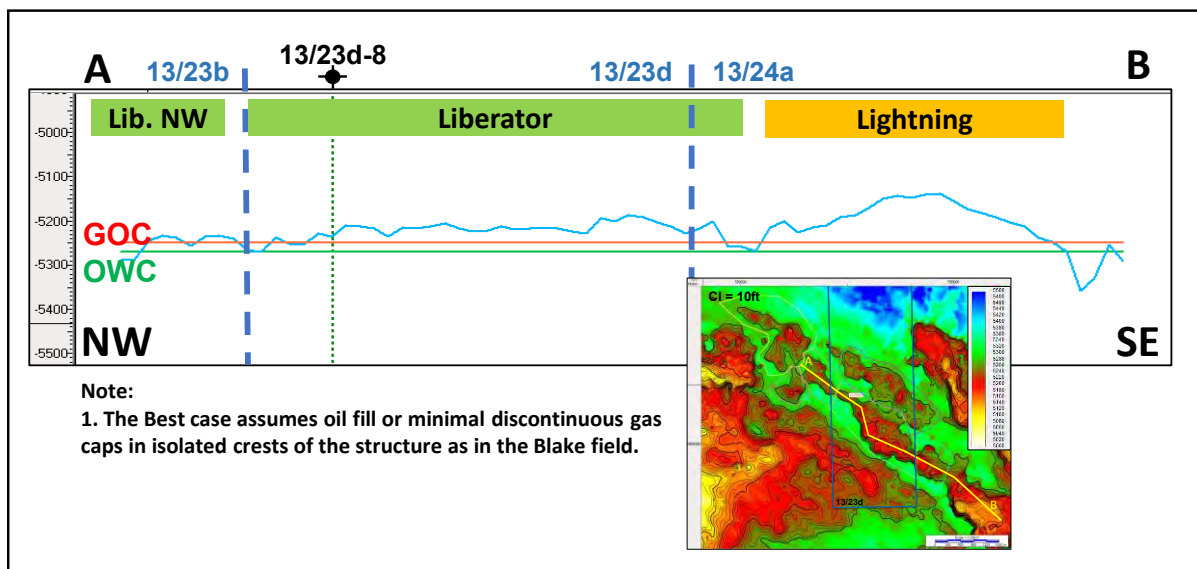
2.3.3 Fluid Fill

There is a confirmed 3.5 ft gas leg in the Liberator well. Discontinuous pockets of free gas are reported across the Blake field, even though it does not have a large gas cap or a common shared GOC.

The pressure, volume and temperature (PVT) analysis of the fluid samples obtained indicates that the Liberator oil is slightly under-saturated, which would support that the gas cap is not large. Wireline (MDT) pressure data also indicate a depletion of approximately 70 psi compared to the initial pressure at Blake, which is 12 psi above the measured bubble point. It is possible that the gas is a small isolated gas cap in an inferred closure below the seismic resolution. However, the available structure maps do not show any local closure at the discovery well location (Figure 5), so if the gas in the vicinity of the well 13/23d-8 at Liberator is an isolated pocket, the structure must be more segmented or have more numerous culminations than mapped. Until further wells are drilled, the possibility that gas extends across the whole structure cannot be ruled out.

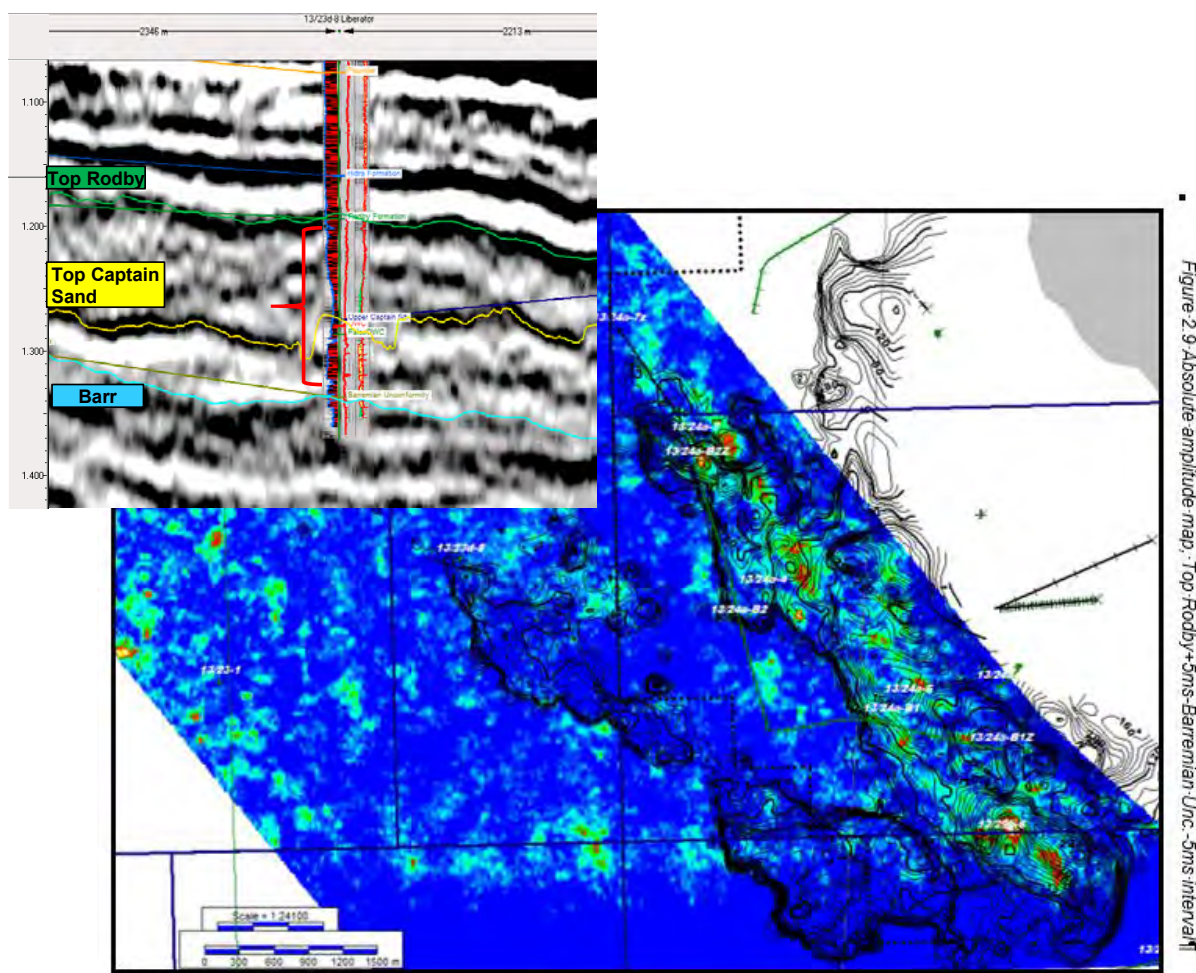
The presence of a large gas cap would significantly reduce the volume of oil present in the Liberator structure (as indicated by the cross-section in Figure 5), although it would mean that a significant volume of gas would be available for monetisation.

Figure 5: Top Reservoir Structural Cross-Section NW to SE with OWC and Low Case GOC



Additional evidence to support the absence of a large gas cap was provided by i3 Energy in the form of a seismic amplitude map, covering both the Liberator discovery and the Blake field, which shows the absolute seismic amplitude extracted across a vertical window including the Captain sandstone (Figure 6). GCA notes, however, that the window used is over 200 ms thick and includes signal from most of the Lower Cretaceous and may not be an unequivocal indicator of the top Captain Sandstone reservoir response. The seismic insert in Figure 6 hints at an amplitude dimming over Liberator, but this is not reflected in the map or in the logs. Further, the amplitude anomalies identified at Blake and interpreted to support the presence of gas, are not directly coincident with the mapped structural culminations nor are they clearly due to a response at top reservoir.

Figure 6: Amplitude Extraction and Associated Extraction Window in Red



Source: i3 Energy

3 Hydrocarbon Volumes Initially in Place

GCA has confirmed that the Gross Rock Volumes (GRVs) estimated for Liberator and Liberator NE by i3 Energy are consistent with the grids supplied. Only one case was provided by i3 Energy, and has been taken as the Best (mid) case. GCA has made High and Low GRV estimates to account for the uncertainties discussed above.

In this assessment, the basis for estimating GRV in the Low, Best and High cases for Liberator, Liberator NE and the Liberator NW extensions is:

- **Low Case:** 19.5 ft oil leg across the structure with a GOC at 5,250 ft ss, the depth at which it was measured in the 13/23d-8 well, supporting a large gas column; no hydrocarbons present in Liberator NE and Liberator NW as there is sufficient structural uncertainty that these could be isolated closures;
- **Best Case:** no significant gas cap, all structures fully oil-filled down to the OWC at 5,270 ft ss;

- **High Case:** same as the Best case but assuming that the top reservoir is 10 ft shallower across all three areas.

Low, Best and High STOIP and GIIP estimates were then made by GCA by combining the GRV estimates with the average reservoir petrophysical parameters shown in Table 6, using a deterministic approach. These STOIP and GIIP volumes are tabulated below in Table 7.

Table 7: Estimates of STOIP and GIIP in the Liberator Accumulations

Structure	STOIP (MMBbl)			GIIP (Bscf)		
	Low	Best	High	Low	Best	High
Liberator	12.1	25.8	35.2	16.2	6.7	9.2
Liberator NE	-	9.8	16.3	-	2.5	4.2
Liberator NW	-	13.7	21.8	-	3.6	5.7
Total	12.1	49.3	73.3	16.2	12.8	19.1

Notes:

1. Volumes shown here include volumes outside of Block 13/23d.
2. The GIIP in the Low case assumes a large gas cap with a GOC at 5,250 ft ss exists.
3. All GIIP estimates included solution gas.

4 Development Plan

i3 Energy has proposed a development plan involving the drilling of two horizontal wells, one in Liberator and one in Liberator NE, as shown schematically in Figure 7. Both wells are proposed to be tied back to the Blake sub-sea manifold, where the produced fluids would be co-mingled with Blake production and flowed to the Bleo Holm FPSO for processing.

The Bleo Holm is a purpose built, double hulled FPSO currently used for processing fluids from the Blake and Ross fields. Oil is stored on board (the storage capacity is 117,200 tonnes) and exported to market via an established fleet of shuttle tankers. Gas not used for fuel or flared is exported via a 6" pipeline to the Frigg system and on to the St Fergus gas terminal. Produced water is treated and discharged overboard. GCA has seen communications suggesting that there is adequate ullage at present to handle Liberator production.

GCA understands that the Bleo Holm will need to be "maintained in class" for insurance purposes in 2019, which GCA understands to be in hand, and again in 2024, which has yet to be planned. The increasing age of the vessel makes each re-classification potentially more challenging and a view on the economic justification for re-classification in 2024 may have to be taken nearer the time. Hence, in GCA's view, there remains an uncertainty as to whether the FPSO facilities would be available after 2024, although Repsol has indicated its intent to work towards maintaining the vessel in class for as long as is economically justified. This should not be read as implying that production will necessarily cease at end 2024: even if the Bleo Holm is retired at that date, other solutions for continuing production could be considered, including a replacement FPSO of a smaller size. However, it is only in the High case that production from the initial two-well Liberator development on its own would support the cost of an FPSO, so the economic viability of continued production for a significant period beyond 2024 would depend on continued production from Blake and/or from other potential developments in the area that may have been developed by that date.

The horizontal section of the Liberator well would be placed 40 ft above the OWC; that of the Liberator NE well slightly closer to the OWC as there is less structural relief. A pilot-hole would be drilled to optimize the placement of each horizontal section, and GCA understands that i3 Energy has purchased the seismic data, which will be an additional help in placing the wells and reduce the risk of missing the target. It is planned to complete the wells with “Equalizer” type screens and inflow-control (ICD) to provide equal flow distribution along the horizontal sections of low drawdown wells; giving the potential to defer water and gas coning and optimise production.

Figure 7: Schematic Illustration of Proposed Two-Well Development



Source: i3 Energy

4.1 Recoverable Volumes

i3 Energy believes that the Liberator accumulations are connected to a large and active aquifer, and consequently that a high recovery factor, approaching the 62.5% reported for the Blake field, can be achieved with no water injection. I3 Energy have assumed a 43% recovery factor for the most likely case; in GCA’s opinion there are sufficient uncertainties related to reservoir, fluid fill and aquifer support that this represents a high case value.

GCA accepts that the high permeability (typically 1 Darcy or more) Captain Sands are widespread in the area. However, the degree to which this volume will actively contribute to pressure support at Liberator is unknown. Additionally, as already mentioned, wireline (MDT) pressure data acquired in the Liberator discovery well indicated a depletion of approximately 70 psi in reservoir pressure compared to the initial pressure at Blake, almost certainly due to production from Blake. Although this has occurred following a period of reduced or no water injection in Blake, it indicates that the aquifer may not be as large and active as expected.

GCA also accepts that the Blake field is a good analogue for Liberator in many respects. However, Blake is a larger reservoir with multiple offtake points and a thicker oil column (averaging some 80 ft with a maximum of about 120 ft compared to an average of 40-50 ft with a maximum of 70 ft in Liberator). Therefore, even with water injection, it would be prudent to expect a lower recovery factor at Liberator than at Blake, as also recognised by i3 Energy.

Without water injection, there is a risk of an even lower recovery factor if the aquifer is not as active as expected.

GCA has, therefore, applied the recovery factors shown in Table 8 for the Liberator accumulations.

Table 8: Recovery Factor Estimates for the Liberator Accumulations

Structure	Oil Recovery Factor (%)		
	Low	Best	High
Liberator	26	32	45
Liberator NE	-	31	39
Liberator NW	-	30	38

These recovery factors have been applied deterministically to the Low, Best and High estimates of STOIP shown in Table 7 to obtain the estimates of ultimate recovery from the Liberator accumulations under natural depletion shown in Table 9. In the Low case, a gas recovery factor of approximately 70% is assumed; in the other cases, where the gas is all solution gas, the same recovery factor is applied as for oil.

Table 9: Estimated Ultimate Recovery (EUR) under Natural Depletion as at 31st January, 2017

Structure	Oil (MMBbl)			Gas (Bscf)		
	Low	Best	High	Low	Best	High
Liberator	3.2	8.3	15.7	11.1	2.2	4.1
Liberator NE	-	3.0	6.3	-	0.8	1.6
Liberator NW	-	4.1	8.3	-	1.1	2.2
Total	3.2	15.4	30.3	11.1	4.0	7.9

Notes:

1. EUR is 100% of the volume estimated to be recoverable from the structure, in the event that it is developed under natural depletion, including volumes outside of Block 13/23d.
2. The volumes reported here have not been subject to any economic limit test, and may include volumes that would be uneconomic to produce or will not be developed.

4.2 Production Profiles

For the purpose of estimating recoverable volumes from the specific development plan proposed by i3 Energy, and corresponding NPVs, GCA has generated Low, Best and High case production profiles (shown in Appendix IV) matching the EURs shown in Table 9, under the following assumptions:

- Liberator well drilled in 2017, with first production at the beginning of 2018;
- Liberator NE well drilled in 2019, with first production at the beginning of 2020;
- No production from Liberator NW (it is assumed that a third well would be needed to effectively drain the Liberator NW area);
- Initial oil production rates similar to those proposed by i3 Energy (slightly lower for Liberator NE); and

- Decline rate adjusted to match the EUR in each case.

Uptime of 86% is reported for the Bleo Holm FPSO and i3 Energy has assumed 85% uptime in the future; GCA accepts this as a reasonable estimate.

Note that not all of the EUR for Liberator and Liberator NE will be achieved by the end of 2024, when the FPSO will require insurance re-certification, though a substantial portion of it would be recovered by that date, with 1.1 MMBbl remaining beyond that date in the Best case.

Best and High case gas profiles have been generated by applying a constant GOR of 260 scf/stb. In the Low case, where it is assumed that a significant gas cap exists, a gas production profile corresponding to blow-down of the gas cap has been generated. No deduction has been made for fuel and flare although it is unclear for how long the Blake and Ross gas will be sufficient to satisfy the fuel requirements of the FPSO.

4.3 Costs

i3 Energy has provided estimates of the capital and operating expenditure (CAPEX and OPEX) associated with the proposed development. Key items include:

- US\$33 MM to drill each of the horizontal wells (including 24% contingency);
- US\$8 MM to tie-in flowlines and umbilical and insurance and management costs (including 24% contingency);
- US\$2 MM annual Fixed OPEX; and
- US\$6.6/Bbl processing, transportation and sales tariffs.

GCA has reviewed the CAPEX estimates presented and accepts them to be reasonable. GCA understands that i3 Energy is in negotiation with various service providers, and is close to entering into agreements for drilling and completion services at more favourable rates than those assumed herein, which would provide additional contingency. On the other hand, until agreements are in place with the operator of Blake to provide access to the Blake field facilities, there is still a high degree of uncertainty with the OPEX, which may take the form of a tariff and/or a share of operating costs. This OPEX uncertainty is reflected through an additional 50% contingency assumed in the economic evaluation and NPV determination. However, GCA considers that the figures proposed are in line with current industry expectations.

4.4 Contingent Resources

Production from the Liberator and Liberator NE wells up to the earlier of the economic limit (see Section 5) or end 2024 in the Low, Best and High cases gives the 1C, 2C and 3C Contingent Resources associated with i3 Energy's proposed two-well development shown in Table 2. Production from these two wells after end 2024, and production from Liberator NW, which would probably require an additional well, are also considered as Contingent Resources, but in the Development Unclassified or On Hold sub-class as shown in Table 3.

5 Economic Assessment

GCA has carried out an economic assessment of the FDP outlined by i3 Energy as described above. This assessment included an Economic Limit Test (ELT) and an evaluation of the potential project Net Present Value (NPV) using the Low, Best and High Estimate production profiles and costs described above.

The economic limit is defined as the production rate beyond which the net operating cash flows are negative; this is the point in time that defines the end of the project's economic life.

Reference Post-Tax NPVs have been calculated from projected cash flows at a discount rate of 10% (NPV10). No adjustments have been made for cash balances, inventories, indebtedness or other balance sheet effects, other than those stated herein. NPVs are quoted both at the gross project level (i.e. 100% interest in the project) and net to i3 Energy, and are presented unrisks, i.e. under the assumption that the development plan will go ahead in the form envisaged.

It should be clearly understood that the NPV of future revenue potential of a petroleum property, such as those discussed in this report, does not represent a GCA opinion as to the market value of that property, nor any interest therein. In assessing a likely market value, it may be necessary to take into account a number of additional factors including: reserves risk (i.e. that reserves and resources may not be realised within the anticipated timeframe for their exploitation); operational risk (e.g. costs may exceed those assumed); perceptions of economic and sovereign risk; other benefits, encumbrances or charges that may pertain to a particular interest and the competitive state of the market at the time. GCA has explicitly not taken such factors into account in deriving the NPVs presented herein.

GCA's assessment is based upon GCA's understanding of the fiscal and contractual terms governing this asset, and the various economic and commercial assumptions described herein.

5.1 Contract and Fiscal Terms

This assessment has been based upon GCA's understanding of the UK taxation that will govern this asset as included in the model provided by the client and indicated by recent announcements from the UK Oil and Gas Authority (Table 10).

Table 10: UKCS Taxation Terms

Description	Value
Corporate Income Tax	30%
Supplementary Charge	10%
Investment Allowance (Deducted for Supplementary Charge)	62.5% of CAPEX

5.2 Costs

Estimates of CAPEX and OPEX have been provided by i3 Energy. These include estimates made by i3 Energy and/or by outside contractors for well costs and assumptions related to tariffs for use of the Blake field facilities. GCA has seen evidence that i3 Energy has begun discussions with Respol, the Blake field operator.

The Low Case development has assumed a one well development of the Liberator main accumulation only.

Costs have been escalated at 2% p.a. from 2018 onwards.

5.3 Oil and Gas Prices

GCA's Brent Crude oil price scenario for the first quarter of 2017, shown in Table 4, has been used as the reference oil price.

The gas price used is based on Brent and follows the historic average ratio of the Brent price in US\$/Bbl to the UK National Balancing Point (NBP) gas price in US\$/Mscf of approximately 10:1.

5.4 Results

In all three cases (Low/1C, Best/2C and High/3C), production was found to remain economic until at least the end of 2024, when the FPSO will require re-certification once the insurance expires. For the purpose of this economic evaluation, production is assumed to stop at that date. While the economic limits for the three cases were found to occur at the end of 2026, 2031 and 2037 respectively, it should be noted that the assumed tariff arrangement for OPEX may not continue indefinitely, as production from Blake and Ross declines, although other sources of production in the area could potentially become available to replace it.

The resulting Reference Pre- and Post-Tax NPVs at a discount rate of 10% (NPV10) and are shown in Table 5.

5.5 Economic Sensitivities

The sensitivity of the unrisked NPVs to different discount rates (7.5% and 12.5%) is shown in Table 11. The sensitivity of the unrisked NPVs at 10% discount rate for the 2C case to variation in oil and gas prices (\pm US\$10/Bbl) and variation in CAPEX and OPEX (\pm 20%) is presented in Table 12.

Table 11: Sensitivity to Discount Rate of Unrisked NPV (US\$ MM) of Potential Future Revenue from Contingent Resources (Development Pending) as at 31st January, 2017

(a) Gross Project

Case	1C			2C			3C		
	7.5%	10.0%	12.5%	7.5%	10.0%	12.5%	7.5%	10.0%	12.5%
Pre-Tax	80	73	67	339	311	286	633	576	525
Post-Tax	52	48	43	208	190	175	384	349	318

(b) Net to i3 Energy's Current Acreage (Block 13/23d)

Case	1C			2C			3C		
	7.5%	10.0%	12.5%	7.5%	10.0%	12.5%	7.5%	10.0%	12.5%
Pre-Tax	64	58	54	271	249	229	506	461	420
Post-Tax	42	38	35	167	152	140	307	279	255

Notes:

1. The NPVs are calculated from discounted cash flows incorporating the fiscal terms governing the asset.
2. Gross Project NPVs reported here are based on 100% of the revenues estimated to be derived from the development project, in the event that it goes ahead, and relate to the extended development area, covering Liberator and Liberator NE, including the parts outside of Block 13/23d.
3. The NPVs reported here are "unrisked" in the sense that no adjustment has been made for the risk that the project may not go ahead in the form envisaged or may not go ahead at all (i.e. no "Chance of Development" factor has been applied).
4. The reference NPVs reported here do not represent an opinion as to the market value of a property or any interest therein

Table 12: Sensitivity to Costs and Commodity Prices of Unrisked NPV10 (US\$ MM) of Potential Future Revenue from 2C Contingent Resources (Development Pending) as at 31st January, 2017

(a) Gross Project

	Base	Oil Price		CAPEX		OPEX	
		-US\$10/Bbl	+US\$10/Bbl	-20%	+20%	-20%	+20%
Pre-Tax	311	238	384	329	293	331	291
Post-Tax	190	147	234	200	181	202	178

(b) Net to i3 Energy's Current Acreage (Block 13/23d)

	Base	Oil Price		CAPEX		OPEX	
		-US\$10/Bbl	+US\$10/Bbl	-20%	+20%	-20%	+20%
Pre-Tax	249	191	307	263	235	265	233
Post-Tax	152	117	187	160	144	162	143

Notes:

1. The NPVs are calculated from discounted cash flows incorporating the fiscal terms governing the asset.
2. Gross Project NPVs reported here are based on 100% of the revenues estimated to be derived from the development project, in the event that it goes ahead, and relate to the extended development area, covering Liberator and Liberator NE, including the parts outside of Block 13/23d.
3. The NPVs reported here are "unrisked" in the sense that no adjustment has been made for the risk that the project may not go ahead in the form envisaged or may not go ahead at all (i.e. no "Chance of Development" factor has been applied).
4. The reference NPVs reported here do not represent an opinion as to the market value of a property or any interest therein

Basis of Opinion

This document reflects GCA's informed professional judgment based on accepted standards of professional investigation and, as applicable, the data and information provided by the Client and where relevant, available public domain sources, the limited scope of engagement, and the time permitted to conduct the evaluation.

In line with those accepted standards, this document does not in any way constitute or make a guarantee or prediction of results, and no warranty is implied or expressed that actual outcome will conform to the outcomes presented herein. GCA has not independently verified any information provided by, or at the direction of, the Client, and has accepted the accuracy and completeness of this data. GCA has no reason to believe that any material facts have been withheld, but does not warrant that its inquiries have revealed all of the matters that a more extensive examination might otherwise disclose.

The opinions expressed herein are subject to and fully qualified by the generally accepted uncertainties associated with the interpretation of the data room sourced data and do not reflect the totality of circumstances, scenarios and information that could potentially affect decisions made by the report's recipients and/or actual results. The opinions and statements contained in this report are made in good faith and in the belief that such opinions and statements are representative of prevailing physical and economic circumstances.

There are numerous uncertainties inherent in estimating reserves and resources, and in projecting future production, development expenditures, operating expenses and cash flows. Oil and gas resources assessments must be recognized as a subjective process of estimating subsurface accumulations of oil and gas that cannot be measured in an exact way. Estimates of oil and gas resources prepared by other parties may differ, perhaps materially, from those contained within this report.

The accuracy of any resource estimate is a function of the quality of the available data and of engineering and geological interpretation. Results of drilling, testing and production that post-date the preparation of the estimates may justify revisions, some or all of which may be material. Accordingly, resource estimates are often different from the quantities of oil and gas that are ultimately recovered, and the timing and cost of those volumes that are recovered may vary from that assumed.

Oil volumes are reported in millions (10^6) of barrels at stock tank conditions (MMstb). Natural gas volumes have been quoted in billions (10^9) of standard cubic feet (Bscf) and are volumes of sales gas, after an allocation has been made for fuel and process shrinkage losses. Standard conditions are defined as 14.7 psia and 60°F.

GCA prepared an independent assessment of the reserves and resources based on data and interpretations provided by i3 Energy.

Definition of Reserves and Resources

Reserves are those quantities of petroleum that are anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria, based on the development project(s) applied: discovered, recoverable, commercial and remaining (as of the evaluation date).

Reserves are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by development and production status. All categories of reserves volumes quoted herein have

been derived within the context of an economic limit test (ELT) assessment (pre-tax and exclusive of accumulated depreciation amounts).

Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development because of one or more contingencies. Contingent Resources may include, for example, projects for which there are currently no evident viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status.

It must be appreciated that the Contingent Resources reported herein are unrisks in terms of economic uncertainty and commerciality. There is no certainty that it will be commercially viable to produce any portion of the Contingent Resources.

GCA has not undertaken a site visit and inspection because there are no assets to visit. As such, GCA is not in a position to comment on the operations or facilities in place, their appropriateness and condition, or whether they are in compliance with the regulations pertaining to such operations. Further, GCA is not in a position to comment on any aspect of health, safety, or environment of such operation.

This report has been prepared based on GCA's understanding of the effects of petroleum legislation and other regulations that currently apply to these properties. However, GCA is not in a position to attest to property title or rights, conditions of these rights (including environmental and abandonment obligations), or any necessary licenses and consents (including planning permission, financial interest relationships, or encumbrances thereon for any part of the appraised properties).

Use of Net Present Values

It should be clearly understood that the NPVs contained herein do not represent a GCA opinion as to the market value of the subject property, nor any interest in it.

In assessing a likely market value, it would be necessary to take into account a number of additional factors including reserves risk (i.e., that Reserves or Resources may not be realised within the anticipated timeframe for their exploitation); perceptions of economic and sovereign risk, including potential change in regulations; potential upside; other benefits, encumbrances or charges that may pertain to a particular interest; and, the competitive state of the market at the time. GCA has explicitly not taken such factors into account in deriving the NPVs presented herein.

Qualifications

GCA is an independent international energy advisory group of more than 50 years' standing, whose expertise includes petroleum reservoir evaluation and economic analysis.

In performing this study, GCA is not aware that any conflict of interest has existed. As an independent consultancy, GCA is providing impartial technical, commercial, and strategic advice within the energy sector. GCA's remuneration was not in any way contingent on the contents of this report.

In the preparation of this document, GCA has maintained, and continues to maintain, a strict independent consultant-client relationship with i3 Energy Ltd. Furthermore, the management, directors and employees of GCA have no interest in any of the assets evaluated or related with the analysis performed as part of this report.

Staff members who prepared this report hold appropriate professional and educational qualifications and have the necessary levels of experience and expertise to perform the work.

The team was led by Mr. Jonathan Westbury, Senior Commercial Business Advisor, who has 40 years of industry experience. He holds a B.Sc. (Hons) in Applied Geology (Dundee University, UK, 1976). He is a Fellow of the Geological Society, a member of the Society of Petroleum Engineers, the Society of Petroleum Evaluation Engineers, and of the American Association of Petroleum Geologists.

The ultimate signatory of the report is Dr John Barker, Technical Director, Reservoir Engineering, who has 32 years' industry experience. He holds an M.A. in Mathematics from the University of Cambridge and a Ph.D. in Applied Mathematics from the California Institute of Technology. He is a member of the Society of Petroleum Engineers and of the Society of Petroleum Evaluation Engineers.

GCA confirms that, to the best of its knowledge and belief, there has been no material change in circumstances to those stated in this CPR since the effective date of 31st January, 2017.

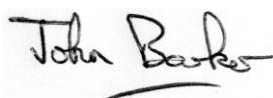
Yours sincerely,

Gaffney, Cline & Associates



Project Manager

Jonathan Westbury, Senior Commercial Business Advisor



Reviewed by

John Barker, Technical Director – Reservoir Engineering

Appendix I Glossary

GLOSSARY

Standard Oil Industry Terms and Abbreviations

API	American Petroleum Institute
°API	Degrees API (a measure of oil density)
B	Billion (10 ⁹)
Bbl	Barrels
/Bbl	Per barrel
Bscf	Billion standard cubic feet
CAPEX	Capital expenditure
ELT	Economic limit test
EUR	Estimated ultimate recovery
°F	Degrees Fahrenheit
FDP	Field development plan
FPSO	Floating production, storage and offloading vessel
ft	Foot/feet
GBP	Pounds Sterling
GIIP	Gas initially in place
GOC	Gas oil contact
GOR	Gas oil ratio
GRV	Gross rock volume
km	Kilometres
m	Metres
M	Thousand
MBbl	Thousands of barrels
Mscf	Thousand standard cubic feet
MDT	Modular dynamic tester (a wireline logging tool)
MM	Million
MMBbl	Millions of barrels
MMscf	Million standard cubic feet
ms	Milliseconds
NPV	Net Present Value
NPV10	Net Present Value at 10% annual discount rate
NTG	Net to gross ratio
OPEX	Operating expenditure
OWC	Oil water contact
p.a.	Per annum
psi	Pounds per square inch
PVT	Pressure volume temperature
RF	Recovery factor
scf	Standard cubic feet
ss	Subsea
stb	Stock tank barrel
STOIP	Stock tank oil initially in place
TVD	True vertical depth

TVDss	True vertical depth subsea
TWT	Two-way time
UKCS	United Kingdom Continental Shelf
US\$	United States Dollar
WI	Working interest
1C	Low estimate of Contingent Resources
2C	Best estimate of Contingent Resource
3C	High estimate of Contingent Resources
2D	Two dimensional
3D	Three dimensional
1Q	First quarter (of year)

Appendix II

Abbreviated form of SPE PRMS

Petroleum Resources Management System

Definitions and Guidelines ⁽¹⁾

March 2007

Preamble

Petroleum resources are the estimated quantities of hydrocarbons naturally occurring on or within the Earth's crust. Resource assessments estimate total quantities in known and yet-to-be-discovered accumulations; resources evaluations are focused on those quantities that can potentially be recovered and marketed by commercial projects. A petroleum resources management system provides a consistent approach to estimating petroleum quantities, evaluating development projects, and presenting results within a comprehensive classification framework.

International efforts to standardize the definition of petroleum resources and how they are estimated began in the 1930s. Early guidance focused on Proved Reserves. Building on work initiated by the Society of Petroleum Evaluation Engineers (SPEE), SPE published definitions for all Reserves categories in 1987. In the same year, the World Petroleum Council (WPC, then known as the World Petroleum Congress), working independently, published Reserves definitions that were strikingly similar. In 1997, the two organizations jointly released a single set of definitions for Reserves that could be used worldwide. In 2000, the American Association of Petroleum Geologists (AAPG), SPE and WPC jointly developed a classification system for all petroleum resources. This was followed by additional supporting documents: supplemental application evaluation guidelines (2001) and a glossary of terms utilized in Resources definitions (2005). SPE also published standards for estimating and auditing reserves information (revised 2007).

These definitions and the related classification system are now in common use internationally within the petroleum industry. They provide a measure of comparability and reduce the subjective nature of resources estimation. However, the technologies employed in petroleum exploration, development, production and processing continue to evolve and improve. The SPE Oil and Gas Reserves Committee works closely with other organizations to maintain the definitions and issues periodic revisions to keep current with evolving technologies and changing commercial opportunities.

The SPE PRMS document consolidates, builds on, and replaces guidance previously contained in the 1997 Petroleum Reserves Definitions, the 2000 Petroleum Resources Classification and Definitions publications, and the 2001 "Guidelines for the Evaluation of Petroleum Reserves and Resources"; the latter document remains a valuable source of more detailed background information.

These definitions and guidelines are designed to provide a common reference for the international petroleum industry, including national reporting and regulatory disclosure agencies, and to support petroleum project and portfolio management requirements. They are intended to improve clarity in global communications regarding petroleum resources. It is expected that SPE PRMS will be supplemented with industry education programs and application guides addressing their implementation in a wide spectrum of technical and/or commercial settings.

It is understood that these definitions and guidelines allow flexibility for users and agencies to tailor application for their particular needs; however, any modifications to the guidance contained herein should be clearly identified. The definitions and guidelines contained in this document must not be construed as modifying the interpretation or application of any existing regulatory reporting requirements.

The full text of the SPE PRMS Definitions and Guidelines can be viewed at:
www.spe.org/specma/binary/files/6859916Petroleum_Resources_Management_System_2007.pdf

¹ These Definitions and Guidelines are extracted from the Society of Petroleum Engineers / World Petroleum Council / American Association of Petroleum Geologists / Society of Petroleum Evaluation Engineers (SPE/WPC/AAPG/SPEE) Petroleum Resources Management System document ("SPE PRMS"), approved in March 2007.

RESERVES

Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions.

Reserves must satisfy four criteria: they must be discovered, recoverable, commercial, and remaining based on the development project(s) applied. Reserves are further subdivided in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their development and production status. To be included in the Reserves class, a project must be sufficiently defined to establish its commercial viability. There must be a reasonable expectation that all required internal and external approvals will be forthcoming, and there is evidence of firm intention to proceed with development within a reasonable time frame. A reasonable time frame for the initiation of development depends on the specific circumstances and varies according to the scope of the project. While 5 years is recommended as a benchmark, a longer time frame could be applied where, for example, development of economic projects are deferred at the option of the producer for, among other things, market-related reasons, or to meet contractual or strategic objectives. In all cases, the justification for classification as Reserves should be clearly documented. To be included in the Reserves class, there must be a high confidence in the commercial producibility of the reservoir as supported by actual production or formation tests. In certain cases, Reserves may be assigned on the basis of well logs and/or core analysis that indicate that the subject reservoir is hydrocarbon-bearing and is analogous to reservoirs in the same area that are producing or have demonstrated the ability to produce on formation tests.

On Production

The development project is currently producing and selling petroleum to market.

The key criterion is that the project is receiving income from sales, rather than the approved development project necessarily being complete. This is the point at which the project “chance of commerciality” can be said to be 100%. The project “decision gate” is the decision to initiate commercial production from the project.

Approved for Development

All necessary approvals have been obtained, capital funds have been committed, and implementation of the development project is under way.

At this point, it must be certain that the development project is going ahead. The project must not be subject to any contingencies such as outstanding regulatory approvals or sales contracts. Forecast capital expenditures should be included in the reporting entity’s current or following year’s approved budget. The project “decision gate” is the decision to start investing capital in the construction of production facilities and/or drilling development wells.

Justified for Development

Implementation of the development project is justified on the basis of reasonable forecast commercial conditions at the time of reporting, and there are reasonable expectations that all necessary approvals/contracts will be obtained.

In order to move to this level of project maturity, and hence have reserves associated with it, the development project must be commercially viable at the time of reporting, based on the reporting entity’s assumptions of future prices, costs, etc. (“forecast case”) and the specific circumstances of the project. Evidence of a firm intention to proceed with development within a reasonable time frame will be sufficient to demonstrate commerciality. There should be a development plan in sufficient detail to support the assessment of commerciality and a reasonable expectation that any regulatory approvals or sales contracts required prior to project implementation will be forthcoming. Other than such approvals/contracts, there should be no known contingencies that could preclude the development from proceeding within a reasonable timeframe (see Reserves class). The project “decision gate” is the decision by the reporting entity and its partners, if any, that the project has reached a level of technical and commercial maturity sufficient to justify proceeding with development at that point in time.

Proved Reserves

Proved Reserves are those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations.

If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. The area of the reservoir considered as Proved includes:

- (1) the area delineated by drilling and defined by fluid contacts, if any, and
- (2) adjacent undrilled portions of the reservoir that can reasonably be judged as continuous with it and commercially productive on the basis of available geoscience and engineering data.

In the absence of data on fluid contacts, Proved quantities in a reservoir are limited by the lowest known hydrocarbon (LKH) as seen in a well penetration unless otherwise indicated by definitive geoscience, engineering, or performance data. Such definitive information may include pressure gradient analysis and seismic indicators. Seismic data alone may not be sufficient to define fluid contacts for Proved reserves (see "2001 Supplemental Guidelines," Chapter 8). Reserves in undeveloped locations may be classified as Proved provided that the locations are in undrilled areas of the reservoir that can be judged with reasonable certainty to be commercially productive. Interpretations of available geoscience and engineering data indicate with reasonable certainty that the objective formation is laterally continuous with drilled Proved locations. For Proved Reserves, the recovery efficiency applied to these reservoirs should be defined based on a range of possibilities supported by analogs and sound engineering judgment considering the characteristics of the Proved area and the applied development program.

Probable Reserves

Probable Reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves.

It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate. Probable Reserves may be assigned to areas of a reservoir adjacent to Proved where data control or interpretations of available data are less certain. The interpreted reservoir continuity may not meet the reasonable certainty criteria. Probable estimates also include incremental recoveries associated with project recovery efficiencies beyond that assumed for Proved.

Possible Reserves

Possible Reserves are those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recoverable than Probable Reserves

The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P), which is equivalent to the high estimate scenario. When probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate. Possible Reserves may be assigned to areas of a reservoir adjacent to Probable where data control and interpretations of available data are progressively less certain. Frequently, this may be in areas where geoscience and engineering data are unable to clearly define the area and vertical reservoir limits of commercial production from the reservoir by a defined project. Possible estimates also include incremental quantities associated with project recovery efficiencies beyond that assumed for Probable.

Probable and Possible Reserves

(See above for separate criteria for Probable Reserves and Possible Reserves.)

The 2P and 3P estimates may be based on reasonable alternative technical and commercial interpretations within the reservoir and/or subject project that are clearly documented, including comparisons to results in successful similar projects. In conventional accumulations, Probable and/or Possible Reserves may be assigned where geoscience and engineering data identify directly adjacent portions of a reservoir within the same accumulation that may be separated from Proved areas by minor faulting or other geological discontinuities and have not been penetrated by a wellbore but are interpreted to be in communication with the known (Proved) reservoir. Probable or Possible Reserves may be assigned to areas that are structurally

higher than the Proved area. Possible (and in some cases, Probable) Reserves may be assigned to areas that are structurally lower than the adjacent Proved or 2P area. Caution should be exercised in assigning Reserves to adjacent reservoirs isolated by major, potentially sealing, faults until this reservoir is penetrated and evaluated as commercially productive. Justification for assigning Reserves in such cases should be clearly documented. Reserves should not be assigned to areas that are clearly separated from a known accumulation by non-productive reservoir (i.e., absence of reservoir, structurally low reservoir, or negative test results); such areas may contain Prospective Resources. In conventional accumulations, where drilling has defined a highest known oil (HKO) elevation and there exists the potential for an associated gas cap, Proved oil Reserves should only be assigned in the structurally higher portions of the reservoir if there is reasonable certainty that such portions are initially above bubble point pressure based on documented engineering analyses. Reservoir portions that do not meet this certainty may be assigned as Probable and Possible oil and/or gas based on reservoir fluid properties and pressure gradient interpretations.

Developed Reserves

Developed Reserves are expected quantities to be recovered from existing wells and facilities.

Reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor compared to the cost of a well. Where required facilities become unavailable, it may be necessary to reclassify Developed Reserves as Undeveloped. Developed Reserves may be further sub-classified as Producing or Non-Producing.

Developed Producing Reserves

Developed Producing Reserves are expected to be recovered from completion intervals that are open and producing at the time of the estimate.

Improved recovery reserves are considered producing only after the improved recovery project is in operation.

Developed Non-Producing Reserves

Developed Non-Producing Reserves include shut-in and behind-pipe Reserves

Shut-in Reserves are expected to be recovered from:

- (1) completion intervals which are open at the time of the estimate but which have not yet started producing,
- (2) wells which were shut-in for market conditions or pipeline connections, or
- (3) wells not capable of production for mechanical reasons.

Behind-pipe Reserves are expected to be recovered from zones in existing wells which will require additional completion work or future re-completion prior to start of production. In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.

Undeveloped Reserves

Undeveloped Reserves are quantities expected to be recovered through future investments:

- (1) from new wells on undrilled acreage in known accumulations,
- (2) from deepening existing wells to a different (but known) reservoir,
- (3) from infill wells that will increase recovery, or
- (4) where a relatively large expenditure (e.g. when compared to the cost of drilling a new well) is required to
 - (a) recomplete an existing well or
 - (b) install production or transportation facilities for primary or improved recovery projects.

CONTINGENT RESOURCES

Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies.

Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status.

Development Pending

A discovered accumulation where project activities are ongoing to justify commercial development in the foreseeable future.

The project is seen to have reasonable potential for eventual commercial development, to the extent that further data acquisition (e.g. drilling, seismic data) and/or evaluations are currently ongoing with a view to confirming that the project is commercially viable and providing the basis for selection of an appropriate development plan. The critical contingencies have been identified and are reasonably expected to be resolved within a reasonable time frame. Note that disappointing appraisal/evaluation results could lead to a re-classification of the project to “On Hold” or “Not Viable” status. The project “decision gate” is the decision to undertake further data acquisition and/or studies designed to move the project to a level of technical and commercial maturity at which a decision can be made to proceed with development and production.

Development Unclassified or on Hold

A discovered accumulation where project activities are on hold and/or where justification as a commercial development may be subject to significant delay.

The project is seen to have potential for eventual commercial development, but further appraisal/evaluation activities are on hold pending the removal of significant contingencies external to the project, or substantial further appraisal/evaluation activities are required to clarify the potential for eventual commercial development. Development may be subject to a significant time delay. Note that a change in circumstances, such that there is no longer a reasonable expectation that a critical contingency can be removed in the foreseeable future, for example, could lead to a reclassification of the project to “Not Viable” status. The project “decision gate” is the decision to either proceed with additional evaluation designed to clarify the potential for eventual commercial development or to temporarily suspend or delay further activities pending resolution of external contingencies.

Development Not Viable

A discovered accumulation for which there are no current plans to develop or to acquire additional data at the time due to limited production potential.

The project is not seen to have potential for eventual commercial development at the time of reporting, but the theoretically recoverable quantities are recorded so that the potential opportunity will be recognized in the event of a major change in technology or commercial conditions. The project “decision gate” is the decision not to undertake any further data acquisition or studies on the project for the foreseeable future.

PROSPECTIVE RESOURCES

Those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.

Potential accumulations are evaluated according to their chance of discovery and, assuming a discovery, the estimated quantities that would be recoverable under defined development projects. It is recognized that the development programs will be of significantly less detail and depend more heavily on analog developments in the earlier phases of exploration.

Prospect

A project associated with a potential accumulation that is sufficiently well defined to represent a viable drilling target.

Project activities are focused on assessing the chance of discovery and, assuming discovery, the range of potential recoverable quantities under a commercial development program.

Lead

A project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and/or evaluation in order to be classified as a prospect.

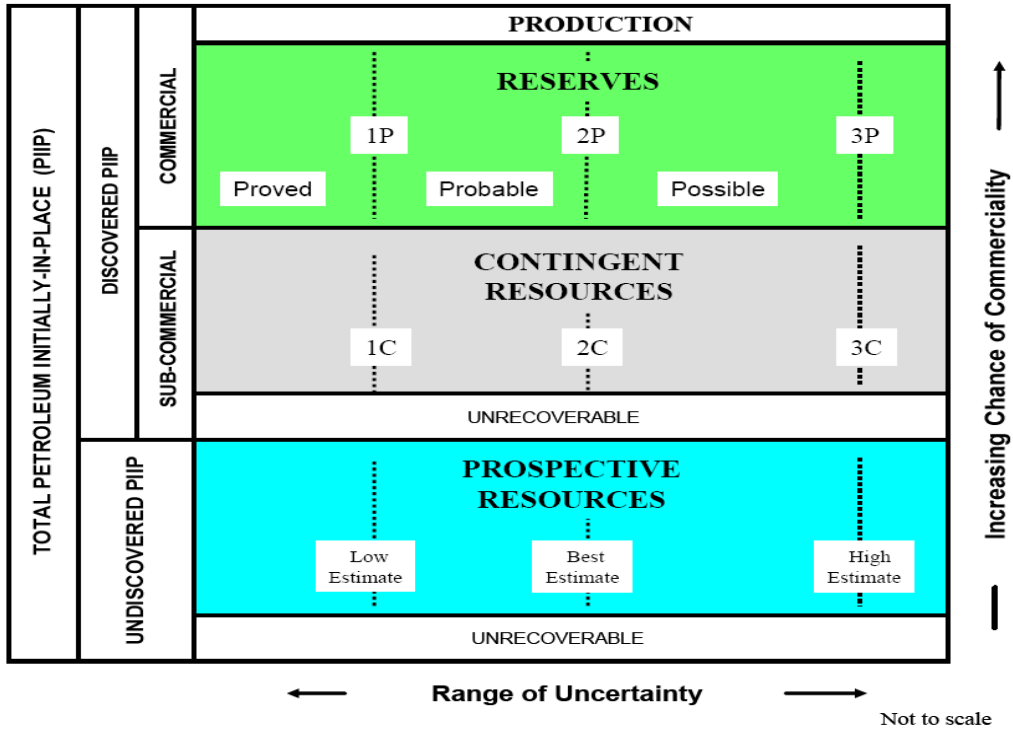
Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to confirm whether or not the lead can be matured into a prospect. Such evaluation includes the assessment of the chance of discovery and, assuming discovery, the range of potential recovery under feasible development scenarios.

Play

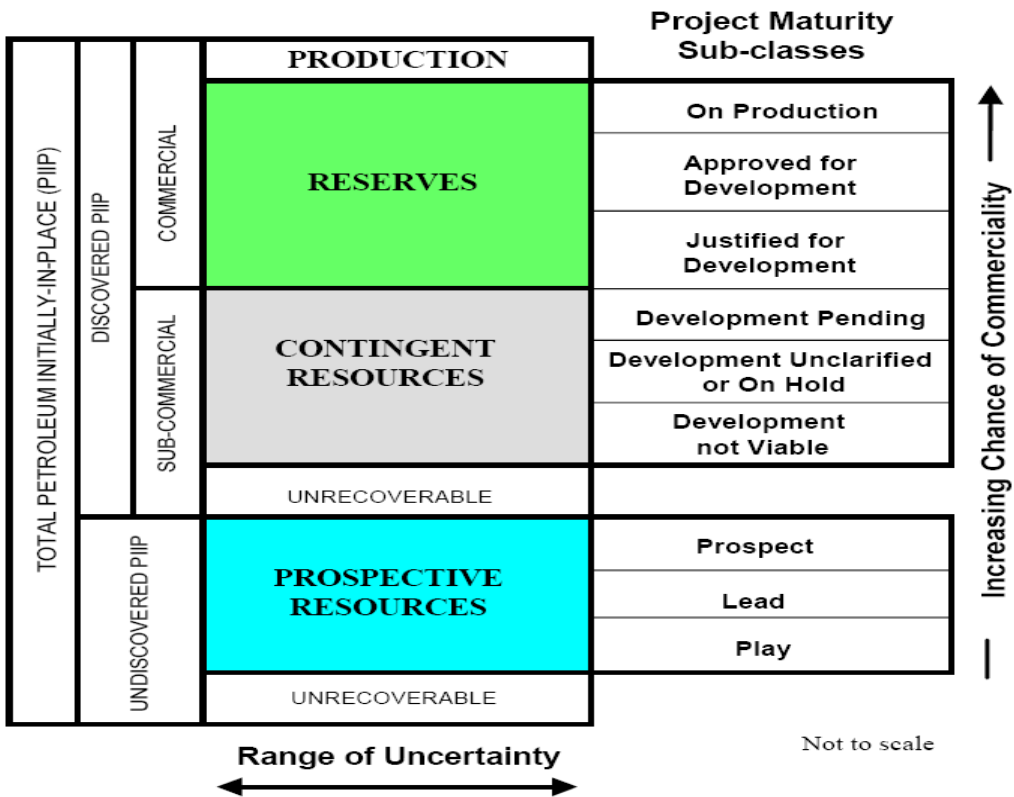
A project associated with a prospective trend of potential prospects, but which requires more data acquisition and/or evaluation in order to define specific leads or prospects.

Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to define specific leads or prospects for more detailed analysis of their chance of discovery and, assuming discovery, the range of potential recovery under hypothetical development scenarios.

RESOURCES CLASSIFICATION



PROJECT MATURITY



Appendix III Contingent Resources Summary Table

Table AIII.1: Contingent Resources Summary Table

Licence Block	Development Status	Structure Oil (MMBbl)	Gross			Net to i3 Energy			Operator
			1C	2C	3C	1C	2C	3C	
13/23d	Pending	Liberator	2.5	5.8	9.5	2.5	5.8	9.5	i3 Energy
		Liberator NE	-	2.3	4.2	-	2.3	4.2	
	Liberator	0.1	0.8	3.1	0.1	0.8	3.1		
	Liberator NE	-	0.1	0.9	-	0.1	0.9		
13/24a	Pending	Liberator	0.6	1.5	2.4	-	-	-	Repsol Sinopec Resources UK Ltd
		Liberator NE	-	0.6	1.0	-	-	-	
	Liberator	0.0	0.2	0.8	-	-	-		
	Liberator NE	-	0.0	0.2	-	-	-		
13/23a	Unclassified	Liberator NW	-	4.1	8.3	-	-	-	None
		Total Oil	3.1	15.4	30.3	2.5	9.0	17.6	
13/23d	Pending	Gas (Bscf)	1C	2C	3C	1C	2C	3C	i3 Energy
		Liberator	8.0	1.5	2.5	8.0	1.5	2.5	
		Liberator NE	-	0.6	1.1	-	0.6	1.1	
		Liberator	0.8	0.2	0.8	0.8	0.2	0.8	
		Liberator NE	-	0.0	0.2	-	0.0	0.2	
		Liberator	2.0	0.4	0.6	-	-	-	
		Liberator NE	-	0.1	0.3	-	-	-	
13/24a	Unclassified	Liberator	0.2	0.0	0.2	-	-	-	Repsol Sinopec Resources UK Ltd
		Liberator NE	-	0.0	0.1	-	-	-	
		Liberator NW	-	1.1	2.2	-	-	-	
All	All	Total Gas	11.1	4.0	7.9	8.8	2.3	4.6	n/a

Notes:

1. Contingent Resources have been estimated by GCA based on data and interpretations provided by i3 Energy.
2. Gross Contingent Resources are 100% of the Contingent Resources attributed to the Licence Block.
3. Contingent Resources are volumes estimated to be recoverable from a development project, in the event that it goes ahead; the volumes reported here are “unrisked” in the sense that no adjustment has been made for the risk that the project may not go ahead in the form envisaged or may not go ahead at all (i.e. no “Chance of Development” factor has been applied).
4. GCA has not estimated any “Chance of Development” or “Risk Factor”: these depend largely on non-technical matters, such as reaching agreement with other parties; GCA does not have all the information that would be required to make a quantitative estimate and therefore considers it would be inappropriate to do so.
5. Gas Contingent Resources are higher in the 1C case than in the 2C and 3C cases because the 1C case assumes a large gas cap is present in Liberator, whereas the 2C and 3C cases assume that the Liberator structure is almost completely oil-filled.
6. Contingent Resources should not be aggregated with Reserves because of the different levels of risk involved.

Appendix IV Production Profiles

Table AIV.1: Production Profiles (Liberator and Liberator NE)

Year	Low		Best		High	
	Oil (MMbbl)	Gas (Bscf)	Oil (MMbbl)	Gas (Bscf)	Oil (MMbbl)	Gas (Bscf)
2018	1.26	1.88	2.19	0.57	2.86	0.74
2019	0.75	2.31	1.60	0.42	2.32	0.60
2020	0.46	1.94	2.61	0.68	3.78	0.98
2021	0.28	1.50	1.62	0.42	2.86	0.74
2022	0.17	1.09	1.04	0.27	2.19	0.57
2023	0.10	0.77	0.68	0.18	1.69	0.44
2024	0.06	0.53	0.46	0.12	1.31	0.34
2025	<i>0.04</i>	<i>0.36</i>	<i>0.32</i>	<i>0.08</i>	<i>1.02</i>	<i>0.27</i>
2026	<i>0.02</i>	<i>0.24</i>	<i>0.22</i>	<i>0.06</i>	<i>0.80</i>	<i>0.21</i>
2027	<i>0.01</i>	<i>0.16</i>	<i>0.16</i>	<i>0.04</i>	<i>0.63</i>	<i>0.16</i>
2028	<i>0.01</i>	<i>0.10</i>	<i>0.11</i>	<i>0.03</i>	<i>0.50</i>	<i>0.13</i>
2029	<i>0.00</i>	<i>0.07</i>	<i>0.08</i>	<i>0.02</i>	<i>0.39</i>	<i>0.10</i>
2030	-	-	<i>0.06</i>	<i>0.02</i>	<i>0.31</i>	<i>0.08</i>
2031	-	-	<i>0.04</i>	<i>0.01</i>	<i>0.25</i>	<i>0.06</i>
2032	-	-	<i>0.03</i>	<i>0.01</i>	<i>0.20</i>	<i>0.05</i>
2033	-	-	<i>0.02</i>	<i>0.01</i>	<i>0.16</i>	<i>0.04</i>
2034	-	-	<i>0.02</i>	<i>0.00</i>	<i>0.13</i>	<i>0.03</i>

Note:

1. All volumes shown are currently classified as Contingent Resources.
2. Volumes up to and including 2024 are classified as Development Pending, while those after 2024 (shown in italics) and are classified as "Development Unclassified or On Hold".
3. Volumes reported here are 100% of the volumes estimated to be recovered from the development project, in the event that it goes ahead, and relate to the whole Liberator and Liberator NE structures including the parts outside of Block 13/23d.

PART VII

HISTORICAL FINANCIAL INFORMATION ON i3 ENERGY PLC FOR THE PERIOD ENDED 31 MARCH 2017

Deloitte LLP
Union Plaza
1 Union Wynd
Aberdeen
AB10 1SL
United Kingdom

The Board of Directors
on behalf of i3 Energy plc
New Kings Court
Tollgate
Chandler's Ford
Eastleigh
Hampshire SO53 3LG
United Kingdom

WH Ireland Limited
24 Martin Lane
London
EC4R 0DR

19 July 2017

Dear Sirs

i3 ENERGY PLC (the "Company")

We report on the financial information for the period since incorporation on 30 March 2017 to 31 March 2017 set out in Part VII of the AIM admission document dated 19 July 2017 of i3 Energy plc (the "Company") (the "Admission Document"). This financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out in Note 2 of the financial information. This report is required by Annex I item 20.1 of Commission Regulation (EC) No 809/2004 (the "Prospectus Directive Regulation") as applied by Paragraph (a) of Schedule Two to the AIM Rules for Companies and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two to the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation as applied by Paragraph (a) of Schedule Two to the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Company as at 31 March 2017, and of its profits, cash flows and changes in equity for the period since incorporation on 30 March 2017 to 31 March 2017 in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Paragraph A of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two to the AIM Rules for Companies.

Yours faithfully

Deloitte LLP

Historical Financial Information of i3 Energy plc

Statement of Financial Position

The statement of financial position of the Company as at 31 March 2017 is stated below:

	£
Assets	
Current assets	—
Trade and other receivables	—
	<hr/>
Total assets	<hr/> <hr/>
Equity and liabilities	—
Capital and reserves	—
Share capital	—
	<hr/>
Total equity attributable to equity holders	—
Total liabilities	—
	<hr/>
Total equity and liabilities	<hr/> <hr/>

Statement of Comprehensive Income

The statement of comprehensive income of the Company for the period from incorporation on 30 March 2017 to 31 March 2017 is set out below:

	£
Total comprehensive income attributable to equity owner	<hr/> <hr/>

Statement of changes in equity

The statement of changes in equity of the Company for the period from incorporation on 30 March 2017 to 31 March 2017 is set out below:

	£
On incorporation	—
Result for the period	—
	<hr/>
As at 31 March 2017	<hr/> <hr/>

The share capital comprises the ordinary issued share capital of the Company with a nominal value of £0.0001.

Statement of Cash Flows

The statement of cash flows of the Company for the period from incorporation on 30 March 2017 to 31 March 2017 is as follows:

	£
Financing activities	
Proceeds from issue of share capital	—
Net cash from financing activities	<hr/> <hr/>
Net increase in cash and cash equivalents	—
Cash and cash equivalents at end of period	<hr/> <hr/>

NOTES TO THE FINANCIAL INFORMATION

1. General Information

The Company was incorporated in England and Wales on 30 March 2017 as a public limited company. The registered office of the Company is New Kings Court, Tollgate, Chandler's Ford, Eastleigh, Hampshire, United Kingdom, S053 3LG. The Company did not trade during the period under review. The Company's nature of operations is to act as the holding company of a group involved in the development and production of oil and gas in the UK North Sea.

2. Accounting Policies

Basis of preparation

The financial information has been prepared on a historical cost basis as varied by the use of fair value in accordance with International Financial Reporting Standards as adopted by the European Union as they apply to the financial information of the Company for the period from 30 March 2017 to 31 March 2017.

The functional and presentational currency of the Company is presented in British Sterling ("GBP").

Standards and interpretations issued but not yet applied

At the date of authorisation of this financial information, the Directors have received the Standards in issue by the International Accounting Board ("IASB") and IFRIC, which are effective for annual accounting periods ending on or after the stated effective date. In their view, none of these standards would have a material impact on the financial reporting of the Company.

Comparative figures

No comparative figures have been presented as the financial information covers the period from incorporation on 30 March 2017 to 31 March 2017.

Cash and cash equivalents

The Company considers any cash on short-term deposits and other short term investments to be cash equivalents.

3. Share capital

On 30 March 2017, the Company was authorised to issue an unlimited number of shares with a nominal value of £0.0001, designated as Ordinary Shares. The ordinary shares confer the rights to vote at general meetings of the company, to a repayment of capital in the event of liquidation or winding up and certain other rights as set out in the Company's articles of association.

4. Subsequent events

On 17 July 2017, pursuant to a share for share exchange agreement between the Company, i3 Energy North Sea Limited ("i3 Energy") and the then holders of the entire share capital of i3 Energy (the "Exchange Agreement"), the Company issued 16,499,999 ordinary shares of £0.0001 each and 5,000 deferred shares of £10 each (the "New Shares"), and the one subscriber share in the Company in issue was deemed paid up in full, all in consideration for the Company's acquisition of the entire issued share capital of i3 Energy. In connection with this, the board of the Company recommended, by special resolution, the shareholders of the Company approve authority to the Company's directors to allow and waive all pre-emption rights in order to allot the new shares pursuant to the Exchange Agreement and to maintain sufficient capacity to issue new shares in the event of conversion of the loan notes.

Simultaneously with the completion of the Exchange Agreement, the holders of the loan notes in i3 Energy sold to the Company the rights and obligations under the existing loan notes held by them in i3 Energy. In exchange for doing so, the then-holders of loan notes in i3 Energy were issued loan notes by the Company in the same amounts and on the same terms as those sold to the Company. Simultaneously with completion of the Exchange Agreement certain of the employees of i3 Energy, released the original options held by them over shares in i3 Energy (the "Original Options"), in consideration for the grant of options over an equal number of shares in the Company (the "New Options"). The New Options are held on the same terms and conditions as the Original Options, and the options held by each such employee are on identical terms and conditions.

Following the completion of the events above, the Company acquired i3 Energy.

5. Nature of financial information

The financial information presented above does not constitute statutory accounts for the period under review.

HISTORICAL FINANCIAL INFORMATION ON i3 ENERGY NORTH SEA LIMITED FOR THE THREE PERIODS ENDED 31 DECEMBER 2016

Deloitte LLP
Union Plaza
1 Union Wynd
Aberdeen
AB10 1SL
United Kingdom

The Board of Directors
on behalf of i3 Energy North Sea Limited
New Kings Court
Tollgate
Chandler's Ford
Eastleigh
Hampshire SO53 3LG
United Kingdom

WH Ireland Limited
24 Martin Lane
London
EC4R 0DR

19 July 2017

Dear Sirs

i3 Energy North Sea Limited

We report on the financial information for the three periods ended 31 December 2016 set out in Part VII of the AIM admission document dated 19 July 2017 of i3 Energy North Sea Limited ("i3 Energy") (the "Admission Document"). This financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out in Note 3 of the financial information. This report is required by Annex I item 20.1 of Commission Regulation (EC) No 809/2004 (the "Prospectus Directive Regulation") as applied by Paragraph (a) of Schedule Two to the AIM Rules for Companies and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

The Directors of i3 Energy are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two to the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation as applied by Paragraph (a) of Schedule Two to the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of i3 Energy as at 31 December 2014, 31 December 2015 and 31 December 2016 and of its profits, cash flows and changes in equity for the three periods ended 31 December 2016 in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Paragraph A of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two to the AIM Rules for Companies.

Yours faithfully

Deloitte LLP

Historical Financial Information of i3 Energy

Statements of operations and comprehensive income

The statements of operations and comprehensive income for i3 Energy for the period from 22 August 2014 to 31 December 2014 and the years ended 31 December 2015 and 2016 are set out below:

		Period from 22 August 2014 to 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2016
	Note	£	£	£
Administrative expenses		—	—	(363,844)
Exploration expenditures		—	—	(25,324)
Operating loss		—	—	(389,168)
Finance expense:				
Interest payable and similar costs	7	—	—	(15,666)
Total finance expense		—	—	(15,666)
Loss on ordinary activities before taxation		—	—	(404,834)
Tax charge for the period/year		—	—	—
Loss for the period/year and total comprehensive loss		—	—	(404,834)
Loss per share				
From continuing operations:				
Basic and diluted	19	—	—	0.07

Balance sheets

The balance sheets of i3 Energy at 31 December 2014, 2015, and 2016 are set out below:

		As at 31 December 2014 £	As at 31 December 2015 £	As at 31 December 2016 £
ASSETS				
Non-current assets				
Exploration and evaluation assets	9	—	—	1,725,772
Total non-current assets		—	—	1,725,772
Current assets				
Cash at bank and in hand		—	—	18,905
Trade and other receivables	10	1	1	10,449
Total current assets		1	1	29,354
Current liabilities				
Trade and other payables	11	—	—	(165,131)
Convertible loan notes payable	17	—	—	(1,990,264)
Total current liabilities		—	—	(2,155,395)
Net current assets/(liabilities)		1	1	(2,126,041)
Total assets less current liabilities		1	1	(400,269)
Net assets/(liabilities)		1	1	(400,269)
Capital and reserves				
Called up share capital	12	1	1	701
Share-based payment reserve		—	—	3,864
Retained earnings		—	—	(404,834)
Shareholders' funds/(deficit)		1	1	(400,269)

Statements of changes in equity

The statements of changes in equity of i3 Energy as at 31 December 2014, 2015, and 2016 are set out below:

		Share capital	Share- based payment reserve	Retained earnings	Total
	Note	£	£	£	£
Balance at 22 August 2014		—	—	—	—
Issue of shares upon incorporation	12	1	—	—	1
Profit/(loss) for the period		—	—	—	—
		<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2014		1	—	—	1
Profit/(loss) for the year		—	—	—	—
		<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2015		1	—	—	1
Loss for the year		—	—	(404,834)	(404,834)
Issue of share capital	12	700	—	—	700
Share-based payment expense		—	3,864	—	3,864
		<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016		<u>701</u>	<u>3,864</u>	<u>(404,834)</u>	<u>(400,269)</u>

Cash flow statements

The cash flow statements of i3 Energy for the period from 22 August 2014 to 31 December 2014 and the years ended 31 December 2015 and 2016 are set out below:

		Period from 22 August 2014 to 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2016
	Note	£	£	£
OPERATING ACTIVITIES				
Loss for the period/year		—	—	(404,834)
Adjustments for:				
– Unrealised currency translation gains	17	—	—	137,498
– Share-based payment expense	13	—	—	3,864
		<hr/>	<hr/>	<hr/>
Operating cash flows before movements in working capital		—	—	(263,472)
– Increase in receivables	10	(1)	—	(10,448)
– Increase in interest payable	17	—	—	8,068
– Increase in current liabilities	11	—	—	165,131
		<hr/>	<hr/>	<hr/>
Net cash used in operating activities		(1)	—	(100,721)
INVESTING ACTIVITIES				
Expenditure on exploration and evaluation assets	9	—	—	(1,725,772)
		<hr/>	<hr/>	<hr/>
Net cash used in investing activities		—	—	(1,725,772)
FINANCING ACTIVITIES				
Proceeds on issue of ordinary shares	12	1	—	700
Proceeds from loan notes	17	—	—	1,844,698
		<hr/>	<hr/>	<hr/>
Net cash from financing activities		1	—	1,845,398
		<hr/>	<hr/>	<hr/>
Net increase in cash and cash equivalents		—	—	18,905
		<hr/>	<hr/>	<hr/>
Effect of exchange rate changes on cash		—	—	—
		<hr/>	<hr/>	<hr/>
Cash and cash equivalents, beginning of period/year		—	—	—
		<hr/>	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS, END OF PERIOD/YEAR		—	—	18,905
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Information

1 Corporate information

i3 Energy is a private limited company incorporated in England and Wales. The registered office is located at New Kings Court, Tollgate, Chandler's Ford, Eastleigh, Hampshire, SO53 3LG. i3 Energy was incorporated on 22 August 2014. The nature of i3 Energy's operations and its principal activities consists of the development and production of oil and gas in the UK North Sea.

2 Basis of preparation

Statement of Compliance

The financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union as they apply to the financial information of i3 Energy for the period from 22 August 2014 to 31 December 2014 and the years ended 31 December 2015 and 2016. A summary of i3 Energy's significant accounting policies under IFRS is presented in Note 3.

Basis of measurement

The financial information has been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, i3 Energy takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Functional and presentation currency

The financial information has been presented in GBP, which is the functional and presentation currency of i3 Energy.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in this financial information, unless otherwise indicated. The accounting policies have been applied consistently by i3 Energy.

Financial instruments:

Cash and cash equivalents:

Cash and cash equivalents comprise cash on hand and cash held on current account or on short-term deposits at variable interest rates with original maturity periods of up to three months. Any interest earned is accrued monthly and classified as interest income within finance income.

Trade and other receivables:

Trade and other receivables are initially recognised at fair value when related amounts are invoiced then carried at this amount less any allowances for doubtful debts or provision made for impairment of these receivables.

3 Significant accounting policies (continued)

Trade and other payables:

These financial liabilities are all non-interest bearing and are initially recognised at the fair value of the consideration payable.

Impairment of financial assets:

In relation to financial assets, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that i3 Energy will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of receivables is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Financial liabilities at FVTPL

Financial liabilities at FVTPL compose of convertible loan notes payable. Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that i3 Energy manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with i3 Energy's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the income statement. Fair value is determined in the manner described in note 18.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Equity:

Equity instruments issued by i3 Energy are usually recorded at the proceeds received, net of direct issue costs, and allocated between share capital and share premium accounts as appropriate.

Foreign currency:

i3 Energy does not have any foreign operations. Transactions denominated in currencies other than functional currency are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the balance sheet date. All differences that arise are recorded in the income statement.

3 Significant accounting policies (continued)

For the purpose of the financial information, the results and financial position are expressed in GBP.

Exploration and evaluation assets:

Exploration and evaluation expenditures (E&E):

Exploration and evaluation (pre-licence) costs are recognised in the statement of operations and comprehensive income as incurred. E&E costs, including the costs of acquiring undeveloped land and drilling costs are initially capitalised until the drilling of the well is complete and the results have been evaluated. The costs are accumulated in cost centres by well, field or exploration area pending determination of technical feasibility and commercial viability. The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proved or probable reserves are determined to exist. If proved and or probable reserves are found, the drilling costs and associated undeveloped land are transferred to development and production assets once i3 Energy has obtained FDP and after completing an impairment assessment. The cost of undeveloped land that expires or any impairment of capitalised E&E expenditures recognised during a period is charged to the statement of operations and comprehensive income.

E&E assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units (CGU's). Any impairment identified is charged to the statement of operations and comprehensive income as additional depreciation. Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reserved as a credit to the statement of operations and comprehensive income, net of any depreciation that would have been charged since the impairment.

Share-based payments:

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 13.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on i3 Energy's estimate of equity instruments that will eventually vest. At each balance sheet date, i3 Energy revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Deferred taxation

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3 Significant accounting policies (continued)

Future Changes in Accounting Policies:

At the date of authorisation of this financial information, i3 Energy has not applied the following new and revised IFRSs that have been issued but are not yet effective and had not yet been adopted by the EU:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases
- IFRS 2 (amendments) Classification and Measurement of Share-based Payment Transactions
- IAS 7 (amendments) Disclosure Initiative
- IAS 12 (amendments) Recognition of Deferred Tax Assets for Unrealised Losses

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial information of i3 Energy in future periods, except as noted below:

- IFRS 9 will impact both the measurement and disclosures of financial instruments;
- IFRS 15 may have an impact on revenue recognition and related disclosures; and
- IFRS 16 may have impact on the reported assets, liabilities, income statement and cash flows of i3 Energy. Furthermore, extensive disclosures will be required by IFRS 16.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

4 Critical accounting judgements and key sources of estimation uncertainty

Use of estimates and judgements

In the application of i3 Energy's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant estimates and judgements made by Management in the preparation of this financial information are noted to only exist in the year ended 31 December 2016.

Critical judgements in applying i3 Energy's accounting policies

There are no critical judgements identified, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying i3 Energy's accounting policies and that have the most significant effect on the amounts recognised in financial information.

Exploration and Evaluation Asset

The technical feasibility and commercial viability of extracting a mineral resource on an exploration and evaluation asset is considered to be determinable when proved or probable reserves are determined to exist. If proved and/or probable reserves are found, the drilling costs and associated undeveloped land are transferred to development and production assets once i3 Energy has obtained Field Development Plan (FDP) approval and after completing an impairment assessment. As such there is judgement in determining the timing of these transfers.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting periods, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

4 Critical accounting judgements and key sources of estimation uncertainty (continued)

Reserve estimates

Reserve estimates of the amount of natural gas and crude oil product that can be economically and legally extracted from i3 Energy's properties. In order to calculate the reserves, estimated and assumptions are required about a range of geological, technical and economic factors, including quantities, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. The directors have engaged third-party engineers who are considered experts and have extensive experience in oil and gas engineering. Given the economic assumptions used to estimate reserve change from year to year and, because additional geological data will be generated during the course of operations, estimates of the reserves may change from time to time. Changes in reported reserves may affect i3 Energy's financial results and financial position including asset carrying values which may be affected by possible impairment due to adverse changes in estimated cash flows.

Fair value measurements and valuation processes

Some of i3 Energy's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors of i3 Energy determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, i3 Energy uses market-observable data to the extent it is available. Where Level 1 inputs are not available, i3 Energy works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 13 and 18.

5 Revenue

i3 Energy had nil revenue during the period ended 31 December 2014 and the years ended 31 December 2015 and 2016.

6 Staff costs

Staff costs (including directors) comprise:

	Period from 22 August 2014 to 31 December 2014 £	Year ended 31 December 2015 £	Year ended 31 December 2016 £
Wages, salaries and social security costs	—	—	60,000
Share-based payments expense	—	—	3,864
Net cost of employees of i3 Energy	—	—	63,864
Salaried costs accrued to be paid upon completion of 2nd tranche of pre-IPO private placement	—	—	117,500
Gross staff costs recognised in the income statement	—	—	181,364
Average number of employees in the period/year			
	No.	No.	No.
Officers	1	1	3
Technical staff	—	—	3
Total average number of employees in the period/year	1	1	6

7 Interest payable and similar costs

	Period from 22 August 2014 to 31 December 2014 £	Year ended 31 December 2015 £	Year ended 31 December 2016 £
Interest payable on redeemable loan notes	—	—	8,068
Commission payable on loan notes	—	—	7,598
Total interest payable and similar costs	—	—	15,666

8 Taxation

(a) Analysis of tax on net income / (loss)

	Period from 22 August 2014 to 31 December 2014 £	Year ended 31 December 2015 £	Year ended 31 December 2016 £
Current Tax			
UK corporation tax	—	—	—
Deferred Tax			
Deferred corporation tax	—	—	—
Current deferred UK corporation tax	—	—	—
Total deferred tax charge	—	—	—
Total tax charge	—	—	—

(b) Reconciliation of the Total Tax Charge

Tax on loss on ordinary activities at the average UK Corporation tax rate of 40 per cent. (2015 – 50 per cent.; 2014 – 62 per cent.).

	Period from 22 August 2014 to 31 December 2014 £	Year ended 31 December 2015 £	Year ended 31 December 2016 £
(Loss) before taxation	—	—	(404,834)
(Loss) multiplied by the standard rate of 62%/50%/40%	—	—	(161,934)
Losses carried forward	—	—	161,934
Total tax charge for the year/period	—	—	—

i3 Energy has taxable losses of £161,934 for which no deferred tax asset has been recognised. This is due to uncertainty over the availability of future taxable profits to offset these losses against.

9 Exploration and evaluation assets

	Exploration and evaluation assets £	Total £
As at 22 August 2014	—	—
As at 31 December 2014	—	—
At at 31 December 2015	—	—
Additions	1,725,772	1,725,772
As at 31 December 2016	1,725,772	1,725,772

No impairment losses have been recognised in the period 22 August to 31 December 2014 and the years to 31 December 2015 and 2016.

10 Trade and other receivables

	Period ended 31 December 2014 £	As at 31 December 2015 £	As at 31 December 2016 £
VAT receivable	—	—	10,449
Share subscription receivable	1	1	—
Total debtors	1	1	10,449

11 Trade and other payables

	As at 22 August 2014 to 31 December 2014 £	As at 31 December 2015 £	As at 31 December 2016 £
Trade creditors	—	—	25,524
Accrued liabilities	—	—	139,607
Total creditors and accrued liabilities falling due within one year	—	—	165,131

Trade creditors and accruals principle comprise of amounts outstanding for ongoing costs. The average credit period taken for trade purchases is 30 days. No interest is charged on the trade payables. The directors consider that the carrying amount of trade payables approximates to their fair value.

12 Authorised, issued and called-up share capital

	Issuance Date	Ordinary Shares	A Ordinary Shares	Nominal value £ per Share	Called up share capital
As at 22 August 2014					
Issuance of ordinary shares of £1.00 each	22 Aug 2014	1	—	1.00	1
As at 31 December 2014					
		1	—	1.00	1
As at 31 December 2015					
		1	—	1.00	1
Issue of A ordinary shares of £0.0001 each	1 Mar 2016	—	6,750,000	0.0001	675
Subdivision of ordinary shares of £1.00 each to £0.0001 each	3 Aug 2016	10,000	—	0.0001	—
Re-designation of A ordinary shares of £0.0001 to ordinary shares of £ 0.0001	12 Aug 2016	6,750,000	(6,750,000)	0.0001	—
Issue of ordinary shares of £0.0001 each	15 Dec 2016	250,000	—	0.0001	25
As at 31 December 2016					
		7,010,000	—	—	701

The ordinary shares confer the right to vote at general meetings of i3 Energy, to a repayment of capital in the event of liquidation or winding up and certain other rights as set out in i3 Energy's articles of association.

13 Shared-based payments

i3 Energy operates an Employee Management Incentive (EMI) share option scheme. Grants were made as set out below on 14th April 2016 and 6th December 2016. The scheme is based on eligible employees being granted EMI options. The right to exercise the option is at the employee's discretion for a ten-year period from the date of issuance. 9,490,000 options are exercisable at a price equal to £0.01 and 500,000 options are exercisable at a price equal to £0.11 respectively. As the Options may be exercised at any time, the vesting period is deemed to be immediate. If the options remain unexercised after a period of ten years from the date of grant the options expire. Employees who leave i3 Energy have 60 days to exercise the Options prior to them being forfeited.

Details of the share options outstanding during the year are as follows.

	2016	
	Number of share options	Weighted average exercise price (in £)
Outstanding at beginning of period	—	—
Granted during the period	9,990,000	0.015
Forfeited during the period	—	—
Exercised during the period	—	—
Expired during the period	—	—
Outstanding at the end of the period	9,990,000	0.015
Exercisable at the end of the period	9,990,000	0.015

No share options were exercised during the year. The options outstanding at 31 December 2016 had a weighted average exercise price of £0.015, and a weighted average remaining contractual

13 Shared-based payments (continued)

life of 9.32 years. In 2016, options were granted on 14 April 2016 and 6 December 2016. The aggregate of the estimated fair values of the options granted on those dates is £3,864. The inputs into the Black-Scholes model are as follows:

	2016
Weighted average share price (£)	0.01
Weighted average exercise price (£)	0.015
Expected volatility	20%
Expected life	0.32 years
Risk-free rate	0.512%
Expected dividend yields	0%

Expected volatility was determined by the fact that i3 Energy is currently private and has minimal volatility and the EMI stock options are exercisable from 14 April 2017 in advance of the listing date. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

i3 Energy recognised total expenses of £Nil related to equity-settled share-based payment transactions in 2014 and 2015 and £3,864 in 2016.

14 Pension Scheme

i3 Energy does not operate a defined contribution pension scheme.

15 Commitments

i3 Energy had no commitments as at 31 December 2016, 31 December 2015, and 31 December 2014.

16 Related party transactions

i3 Energy had the following related party transactions:

- a. During the year ended 31 December 2016, i3 Energy had nil in share subscription receivable (2015 – £1.00) (2014 – £1.00) relating to share issuance costs by a director and officer of i3 Energy.
- b. During the year ended 31 December 2016 (2015 – Nil) (2014 – Nil), i3 Energy paid or accrued to pay to Datahound Inc. the amount of £32,500 for the services of Mr Graham Heath as a consultant and director of i3 Energy.
- c. During the year ended 31 December 2016 (2015 – Nil) (2014 – Nil), i3 Energy paid or accrued to pay to Mr Neill Carson the amount of £35,000 as an employee of i3 Energy and issued Mr Carson 6,490,000 EMI Options for a ten-year period from the date of issuance, 14 April 2016, exercisable at a price equal to £0.01.

16 Related party transactions (continued)

Remuneration of key management personnel

The remuneration of the directors, who are considered the key management personnel of the group, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures* and in accordance with Schedule 5 to the Accounting Regulations:

	Period from 22 August 2014 to 31 December 2014 £	Year ended 31 December 2015 £	Year ended 31 December 2016 £
VAT receivable			
Short-term employee benefits	—	—	67,500
Share-based payments	—	—	2,510
	—	—	70,010

17 Convertible Loan notes

On or before 28 December 2016, i3 Energy issued i3 Energy Loan Notes in the amount of £1,844,698, of which the proceeds were used to fund the SPA with Dana Petroleum and for general corporate purposes. This issue comprised of £1,100,000 50 per cent. Loan Notes and £744,698 25 per cent. Loan Notes. A summary of the terms of the Loan Notes as at 28 December 2016 is as follows:

- Security: None
- Interest: None
- Mandatory conversion/redemption conditions:
 - AIM listing; and
 - Minimum raise of USD 36 million
- Conversion Election
 - 25 per cent. Loan Notes
Conversion price: Lower of 75 per cent. of IPO price (in USD) and USD 0.60/share (IPO will be on AIM and shares will trade in GBP)
Conversion option: Anytime at option of noteholder at USD 0.60/share
 - 50 per cent. Loan Notes
Conversion price: Lower of 50 per cent. of IPO price (in USD) and USD 0.40/share (IPO will be on AIM and shares will trade in GBP)
Conversion option: Anytime at option of noteholder at USD 0.40/share
- Redemption Election
 - 25 per cent. Loan Notes
Redemption price: Principal plus 25 per cent. redemption premium automatically paid within 10 business days of certain mandatory redemption conditions
 - 50 per cent. Loan Notes
Redemption price: Principal plus 50 per cent. redemption premium automatically paid within 10 business days of certain mandatory redemption conditions
- Term:
 - 25 per cent. Loan Notes
125 per cent. of principal to be repaid after 28th December 2017 in the event of non-conversion/non-redemption

17 Convertible Loan notes (continued)

– 50 per cent. Loan Notes

150 per cent. of principal to be repaid after 28th December 2017 in the event of non-conversion/non-redemption

At the time of subscribing for the i3 Energy Loan Notes, the subscriber had the option to select a conversion election or a redemption election. Selections were made as follows:

1. £1,531,717 of the i3 Energy Loan Notes will convert to shares as follows:
 - a. £1,100,000 at the lower of 50 per cent. of IPO price (in USD) and USD 0.40/share
 - b. Conversion option: Anytime at option of noteholder at USD 0.40/share

And the balance of £431,717 will convert as follows:

- c. Lower of 75 per cent. of IPO price (in USD) and USD 0.60/share
 - d. Conversion option: Anytime at option holder at USD 0.60/share
2. £312,981 of the funds will be redeemed as follows:

Redemption price: Principal plus 25 per cent. redemption premium automatically paid within 10 business days of certain mandatory redemption conditions

All funds received from the issuance of the i3 Energy Loan Notes were held in trust by i3 Energy until such time as certain conditions were satisfied or waived. Upon award of the Liberator licence on 21st December 2016, all conditions had been satisfied and funds were released from trust. i3 Energy thereafter completed the SPA with Dana Petroleum on 28th December 2016.

The i3 Energy Loan Notes shall rank *pari passu* equally and rateably with the any present and future unsecured debt obligations of i3 Energy. If the notes have not been converted, they will be redeemed on 28 December 2017 at the agreed redemption price.

The i3 Energy Loan Notes are not deemed to contain an equity component and the options meet the definition of a derivative and are not closely related to the host contract. Due to the complexity of performing separate valuations for each derivative, i3 Energy has elected under IAS 39 to designate the entire hybrid loan notes as fair value with subsequent changes in value flowing through profit and loss.

The net proceeds received from the issue of the convertible loan notes is as follows:

	£
Proceeds of issue of convertible loan notes	1,844,698
Liability component at date of issue	1,844,698
Interest charged	8,068
Unrealised FX loss as at 31 December 2016	137,498
Liability component at 31 December 2016	1,990,264

The interest expensed for the year is calculated by applying an effective interest rate of 25 per cent. and 50 per cent. to the liability components of £744,698 and £1,100,000 respectively for the 4 day period since the loan notes were issued. The liability component is measured at amortised cost. The difference between the carrying amount of the liability component at the date of issue and the amount reported in the balance sheet at 31 December 2016 represents the effective interest rate less interest paid to that date.

The loan notes are not deemed to contain an equity component as a result as the options meet the definition of a derivative and are not closely related to the host contract (note 21).

18 Financial Instruments

Capital risk management

i3 Energy manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of i3 Energy consists of net debt and equity of i3 Energy (comprising issued capital, reserves and retained earnings).

18 Financial Instruments (continued)

i3 Energy is not subject to any externally imposed capital requirements. Debt is defined as long-term and short-term borrowings (excluding derivatives and financial guarantee contracts). Equity includes all capital and reserves of i3 Energy that are managed as capital.

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 3.

Financial risk management

Financial risk management objectives

i3 Energy monitors and manages the financial risks relating to its operations through analyses of exposures by degree and magnitude of risks. The main risks that could adversely affect i3 Energy's financial assets, financial liabilities, or future cash flows are: commodity risk, interest risk, credit risk, foreign currency exchange risk and liquidity risk.

i3 Energy may periodically seek to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by i3 Energy's policies approved by the board of directors. i3 Energy does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(i) Interest Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. i3 Energy currently does not use interest rate hedges. i3 Energy does not have any interest bearing debt and has no exposure to interest rate fluctuations.

(ii) Credit Risk

Credit risk is the risk that arises when a party to a financial instrument will be unable to discharge cash, and accounts receivable. Cash is placed with major financial institutions. The maximum exposure to credit risk is approximate to the carrying value of such financial instruments. i3 Energy does not have an allowance for doubtful accounts as at 31 December 2016, and did not provide for any doubtful accounts nor was it required to write-off any receivables during the period ended 31 December 2014 or years ended 31 December 2015, 2016.

(iii) Foreign Currency Exchange Risk

i3 Energy raised debt finance from transactions denominated in currency other than the British Pound Sterling and therefore foreign exchange risk exposures arise. i3 Energy incurs expenditures in Pound sterling and United States dollars and is exposed to fluctuations in exchange rates in these currencies. There are no exchange rate contracts in place as at or during the period ended 31 December 2014 or years ended 31 December 2015, 2016, or thereafter.

Assuming all other variables remain constant, a 1 per cent. increase or decrease in foreign exchange rates on the foreign cash balances at 31 December 2016 would have no impact on the comprehensive income of i3 Energy for the period ended 31 December 2014 or year ended 31 December 2015 and by £20,000 in the year ended 31 December 2016.

(iv) Liquidity Risk

Liquidity risk includes the risk that, as a result of i3 Energy's operational liquidity requirements:

- i3 Energy will not have sufficient funds to settle commitments as they become due;
- i3 Energy will be forced to sell financial assets at a value which is less than what they are worth; or
- i3 Energy may be unable to settle or recover a financial asset.

As i3 Energy's industry is very capital intensive, the majority of the spending will be related to i3 Energy's capital programs. i3 Energy's goal is to prudently spend its capital. As circumstances change, liquidity risks may necessitate i3 Energy to issue equity, obtain debt financing, or sell assets.

18 Financial Instruments (continued)

All financial liabilities including the convertible loan notes, as set out in note 17, are not interest bearing. Trade and other payables are payable upon demand and the convertible loan notes will be redeemed by 28 December 2017. The difference between the carrying amount of the convertible loan notes as at 31 December 2016 and the amount i3 Energy would be contractually required to pay at maturity to the holders of the obligation is £784,726.

Fair value measurements

To estimate fair value of the risk management contracts, i3 Energy uses quoted market prices when available, or industry accepted third-party models and valuation methodologies that utilise observable market data. In addition to market information, i3 Energy incorporates transaction specific details that market participants would utilise in a fair value measurement, including the impact of non-performance risk. i3 Energy characterises inputs used in determining fair value using a hierarchy that prioritises inputs depending on the degree to which they are observable. However, these fair value estimates may not necessarily be indicative of the amounts that could be realised or settled in a current market transaction.

The three levels of the fair value hierarchy are as follows:

- Level 1 – inputs represent quoted prices in active markets for identical assets or liabilities (for example, exchange-traded commodity derivatives). Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly, as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, market interest rates, and volatility factors, which can be observed or corroborated in the marketplace.
- Level 3 – inputs that are less observable, unavailable or where the observable data does not support the majority of the instruments fair value.

In forming estimates, i3 Energy utilises the most observable inputs available for valuation purposes. If a fair value measurement reflects inputs of different levels within the hierarchy, the measurement is categorised based upon the lowest level of input that is significant to the fair value measurement.

All financial assets are classified as loans and receivables and are accounted for on an amortised cost basis. All financial liabilities are classified as other liabilities. The carrying amount of the other financial assets and liabilities approximates the fair value due to its short maturities.

Fair value measurements recognised in the statement of financial position

	Level 1	Level 2	Level 3	2016 Total
	£	£	£	£
Financial liabilities at FVTPL				
Financial liabilities designated at FVTPL	—	—	1,990,264	1,990,264
Total	—	—	1,990,264	1,990,264

There were no transfers between Level 1 and 2 during the current, prior year or 2014. Trade and other receivables and trade and other payables are held at approximate fair value therefore other than the financial instruments noted above do not require fair value disclosure.

19 Loss per share

From continuing operations

The calculation of the basic and diluted loss per share is based on the following data:

	Period from 22 August 2014 to 31 December 2014	Year ended 2015	Year ended 2016
	£	£	£
Earnings			
Earnings for the purposes of basic loss per share being net loss attributable to owners of i3 Energy	—	—	404,834
Weighted average number of Ordinary Shares	—	—	5,678,683
	<hr/>	<hr/>	<hr/>
Loss for the purposes of diluted earnings per share	—	—	0.07
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The 31 December 2014, 2015 and 2015 calculations use the Ordinary Shares, both basic and diluted, held at these dates. The diluted loss per Ordinary Share is calculated by adjusting the weighted average number of Ordinary shares outstanding to assume conversion there would be no potential dilutive Ordinary Shares in issue. The effect of potential dilutive Ordinary Shares would be anti-dilutive and therefore are not included in the above calculation of diluted earnings per Ordinary Share.

20 Capital risk management

i3 Energy manages i3 Energy's capital with the objective to continue as a going concern, create investor confidence, and meet its capital requirements and to strengthen its working capital position. The funding of i3 Energy is composed of equity and debt financings.

21 Subsequent events

Subsequent to 31 December 2016, the Company successfully raised £4,195,869 before expenses through the issuance of further Loan Notes of which proceeds will be used to fund Liberator Field Cluster front-end engineering and design, project management, environmental statement, potential site survey, and general corporate purposes.

The existing 25 per cent. Loan Notes were amended and restated on 29 June 2017, and a further loan note instrument constituting US\$2,500,000 unsecured convertible loan notes was entered into on 17 February 2017 and subsequently amended and restated on 29 June 2017 (the "**New Notes**").

A summary of the terms in the amended 25 per cent. Loan Notes and the New Notes are as follows:

- Interest: None
- Mandatory conversion/redemption conditions:
 - AIM listing; and
 - Minimum raise of USD 20 million (in respect of New Notes only)
- Conversion Election:
 - 25 per cent. Loan Notes

Conversion price: USD 0.54/share (IPO will be on AIM and shares will trade in GBP).

Conversion option: On Admission or at anytime at option of noteholder at USD 0.54/share.

- New Notes

Conversion price: Lower of 75 per cent. of the issue price USD 20 million fundraise and USD 0.54/share (IPO will be on AIM and shares will trade in GBP).

Conversion option: Upon a minimum USD20 million fundraise (post Admission) or at anytime at option of noteholder in multiples of USD 500,000 at USD 0.54/share.

21 Subsequent events (continued)

- Redemption Election:
 - 25 per cent. Loan Notes and New NotesRedemption price: Principal plus (i) 25 per cent. redemption premium if redeemed on or before 28 December 2017; or (ii) 35 per cent. redemption premium if redeemed after 28 December 2017, automatically paid within 10 business days of mandatory redemption conditions.
- Term
 - 25 per cent. Loan Notes and New Notes
 - 135 per cent. of principal to be repaid at the earlier of AIM listing date plus 13 months or 31 August 2018 in the event of non-conversion/non-redemption prior to that date.

On 13 June 2017, the holders of the 50 per cent. Loan Notes waived the requirement for the Company to raise a minimum of USD 36 million before their notes automatically convert at a price of USD 0.40/share. Such waiver is conditional on Admission taking place on or before 27 December 2017.

At the time of subscription for the Loan Notes and pursuant to subsequent amendments to the Loan Notes, the subscriber had the option to select a conversion election or a redemption election. Selections were made as follows:

- £1,100,000 of the funds will convert upon AIM listing at USD 0.40/share
- £2,413,364 of the funds will convert upon AIM listing at USD 0.54/share
- £2,006,750 of the funds elected to convert in the future as follows:
 - Lower of 75 per cent. of IPO price (in USD) and USD 0.54/share
 - Conversion option: Anytime at option of noteholder in multiples of USD 500,000 at USD 0.54/share
- £520,453 of the funds will be redeemed as follows:
 - Redemption price: Principal plus (i) 25 per cent. redemption premium if redeemed on or before 28 December 2017; or (ii) 35 per cent. redemption premium if redeemed after 28 December 2017, automatically paid within 10 business days of certain mandatory redemption conditions.

i3 Energy plc (“plc”) was incorporated on 30 March 2017. On incorporation plc, Graham Heath subscribed for one ordinary share of £0.0001 in the capital of plc (nil paid) (the “plc Subscriber Share”). On 17 July 2017, pursuant to a share for share exchange agreement between plc, the Company and the then-holders of the entire share capital of the Company (the “Exchange Agreement”), plc issued 16,499,999 ordinary shares of £0.0001 each and 5,000 deferred shares of £10 each (the “New Shares”), and the plc Subscriber Share was deemed paid up in full, all in consideration for plc’s acquisition of the entire issued share capital of the Company. In connection with this, the board of plc recommended, and by special resolution, the shareholders of plc approved, authority to plc’s directors to allot and waive all pre-emption rights in order to allot the new shares pursuant to the Exchange Agreement and to maintain sufficient capacity to issue shares in the event of conversion of the loan notes. On completion of the Exchange Agreement, plc became the ultimate holding company of the Company.

Simultaneously with the completion of the Exchange Agreement, the holders of loan notes in Company sold to plc the rights and obligations under the existing loan notes held by them in the Company. In exchange for doing so, the then-holders of loan notes in the Company were issued loan notes by plc in the same amounts and on the same terms as those sold to plc. Simultaneously with completion of the Exchange Agreement, the following employees released the original options held by them over shares in the Company (the “Original Options”), in consideration for the grant of options over an equal number of shares in plc (the “New Options”).

- Ian Little – 250,000 Original Options; and
- Mihai Butuc – 250,000 Original Options.

The New Options are held on the same terms and conditions as the Original Options, and the options held by each such employee are on identical terms and conditions.

PART VIII

UNAUDITED PRO FORMA STATEMENT OF AGGREGATED NET ASSETS OF THE GROUP

Set out below is the unaudited *pro forma* statement of aggregated net assets of the Group (the “Pro Forma Financial Information”). The Pro Forma Financial Information has been prepared on the basis of the Company’s financial information as at 31 March 2017 and i3 Energy North Sea Limited’s financial information as at 31 December 2016, adjusted to illustrate the effects of proceeds from the issue of pre-IPO loan notes and conversion of loan notes on Admission, as set out in the notes below.

It has been prepared for illustrative purposes only. Because of its nature, the Pro Forma Financial Information addresses a hypothetical situation and, therefore, does not represent the Group’s actual financial position.

Unaudited *pro forma* statement of aggregated net assets

£	The Company as at 31/03/17 (Note 1)	i3 Energy North Sea Ltd. as at 31/12/16 (Note 2)	Pre IPO loan notes issued (Note 3)	Loan note conversion on Admission (Note 4)	Pro forma net assets of the Group
Fixed assets					
Tangible assets	—	—	—	—	—
Exploration assets and evaluation	—	1,725,772	—	—	1,725,772
Total fixed assets	—	1,725,772	—	—	1,725,772
Current assets					
Cash at bank and in hand	—	18,905	4,195,869	—	4,214,774
Debtors	—	10,449	—	—	10,449
Share subscription receivable	—	—	—	—	—
Total current assets	—	29,354	4,195,869	—	4,225,223
Creditors: amounts falling due within one year					
Trade creditors & accrued liabilities	—	(165,131)	—	—	(165,131)
Convertible loan notes payable	—	(1,982,196)	(4,195,869)	3,513,364	(2,664,701)
Interest payable on convertible loan notes	—	(8,068)	—	—	(8,068)
Total creditors: amounts falling due within one year	—	(2,155,395)	(4,195,869)	3,513,364	(2,837,900)
Net current assets (liabilities)	—	(2,126,041)	—	3,513,364	1,387,323
Total assets less current liabilities	—	(400,269)	—	3,513,364	3,113,095
Total net assets (liabilities)	—	(400,269)	—	3,513,364	3,113,095

Notes:

- (1) The statement of financial position of the Company as at 31 March 2017 has been extracted without further adjustments from the Company’s financial information set out in Part VII of this document.
- (2) The statement of financial position of i3 Energy North Sea Limited as at 31 December 2016 has been extracted without further adjustments from the financial information set out in Part VII of this document.
- (3) Further USD denominated loan notes were issued in January and February 2017 with a GBP par value equivalent of £4,195,869.
- (4) The adjustment of £3,513,364 reflects the conversion of loan notes on a successful listing.

PART IX — ADDITIONAL INFORMATION

1 Responsibility

- 1.1 The Directors of the Company, whose names and functions appear on page 4 of this Admission Document, and the Company accept responsibility both individually and collectively for the information contained in this Admission Document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) and the Company, the information contained in this Admission Document is in accordance with the facts and does not omit anything likely to affect the import of such information. Under no circumstances should the information contained in this Admission Document be relied upon as being accurate at any time after Admission.
- 1.2 Deloitte LLP, whose registered office is at 2 New Street Square, London, EC4A 3BZ accepts responsibility for its report set out in Part VII of this Admission Document. To the best of the knowledge and belief of Deloitte LLP (which has taken all reasonable care to ensure that such is the case), the information contained in its report is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.3 Gaffney, Cline & Associates, whose principal place of business is at Bentley Hall, Blacknest Road, Alton, Hampshire, GU34 4PU, accepts responsibility for its report set out in Part VI of this Admission Document. To the best of the knowledge and belief of Gaffney, Cline & Associates (which has taken all reasonable care to ensure that such is the case), the information contained in its report is in accordance with the facts and does not omit anything likely to affect the import of such information.

2 Incorporation and general

- 2.1 The Company was incorporated in England and Wales as a public limited company with registration number 10699593 on 30 March 2017 under the Companies Act 2006 (the “**Act**”). The Company is domiciled in England and Wales. The Company’s registered office is at New Kings Court Tollgate, Chandler’s Ford, Eastleigh, Hampshire, SO53 3LG and its telephone number is +44 (0) 1224 945 980. On 18 July 2017, the Company obtained a certificate pursuant to section 761 of the Act entitling it to do business and borrow.
- 2.2 The principal legislation under which the Company operates is the Act and the regulations made thereunder.
- 2.3 The liability of the members of the Company is limited.
- 2.4 The Company’s auditors are Deloitte LLP, a firm of chartered accountants registered with the Institute of Chartered Accountants in England and Wales.
- 2.5 The Company’s accounting reference date is 31 March.

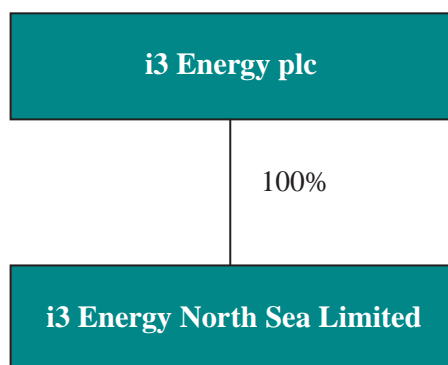
3 Subsidiaries

- 3.1 The Company is the ultimate holding company of i3 Energy North Sea Limited, a private limited company incorporated in England and Wales with registered number 09187479 (which, together with the Company, constitutes the “**Group**”):

Name	Registered Office	Principal Activity	Issued Share Capital
i3 Energy North Sea Limited (“ i3 Energy ”)	New Kings Court Tollgate, Chandler’s Ford, Eastleigh, Hampshire, SO53 3LG	Exploration and extraction of petroleum and natural gas	16,500,000 ordinary shares of £0.0001 each (the “ Ordinary Shares ”) and 5,000 deferred shares of £10 each (the “ Deferred Shares ”)

- 3.2 The Company owns directly 100 per cent. of the issued shares of i3 Energy and can exercise 100 per cent. of the voting rights of i3 Energy.
- 3.3 i3 Energy is the principal operating subsidiary of the Group. It is anticipated that following Admission, inter-company loan facilities will be put in place between the Company and i3 Energy to finance i3 Energy’s activities.

- 3.4 The following structure chart illustrates the Group structure that is, as at 18 July 2017, being the last practicable date before the date of this Admission Document (the “**Last Practicable Date**”), in place immediately prior to Admission:



4 Share Capital

- 4.1 Set out below are details of the issued share capital of the Company: (i) at the Last Practicable Date; and (ii) as it will be immediately following the admission of the entire issued and to be issued Ordinary Share capital of the Company to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules (“**Admission**”) (assuming that all Ordinary Shares to be issued pursuant to the conversion of convertible loan notes in the Company (the “**Loan Note Conversion Shares**”) are issued):

	Present		Immediately following Admission	
	Number	Nominal Value	Number	Nominal Value
Issued Ordinary Shares	16,500,000	£0.0001	25,690,892	£0.0001
Issued Deferred Shares	5,000	£10	5,000	£10

- 4.2 On incorporation, the issued share capital of the Company was £0.0001, comprised of one Ordinary Share (the “**Subscription Share**”), legal and beneficial title in which was owned by Graham Heath.
- 4.3 On 17 July 2017, the Company issued 16,499,999 Ordinary Shares and 5,000 Deferred Shares pursuant to a share for share exchange agreement dated on the same date. Under the terms of the share for share exchange agreement, the following individuals subscribed for the following shares in the Company in exchange for their equity interests in i3 Energy:

Name	Shares Exchanged in i3 Energy	Shares in Company
Graham Andrew Heath	6,500,000 ordinary shares of £0.0001 each and 2,500 deferred shares of £10 each	6,499,999 Ordinary Shares and 2,500 Deferred Shares (and Subscription Share fully paid up)
Neill Ashley Carson	6,500,000 ordinary shares of £0.0001 each and 2,500 deferred shares of £10 each	6,500,000 Ordinary Shares and 2,500 Deferred Shares
Sheri Kim Barton	500,000 ordinary shares of £0.0001 each	500,000 Ordinary Shares
Mihai Butuc	1,000,000 ordinary shares of £0.0001 each	1,000,000 Ordinary Shares
John Woods	1,000,000 ordinary shares of £0.0001 each	1,000,000 Ordinary Shares
Iain Campbell	1,000,000 ordinary shares of £0.0001 each	1,000,000 Ordinary Shares

- 4.4 The Loan Note Conversion Shares will be issued in accordance with resolutions of the Company passed on 17 July 2017, which:
- 4.4.1 generally and unconditionally authorised the Directors in accordance with section 551 of the Act to allot Ordinary Shares in the Company up to an aggregate nominal value of £3,425.46, such authority to expire on the conclusion of the next annual general meeting of the Company;
 - 4.4.2 empowered the Directors pursuant to section 571 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority referred to in paragraph 4.4.1 in respect of: (i) the allotment of up to 9,190,892 Ordinary Shares to satisfy the Loan Note Conversion Shares; and (ii) otherwise up to an aggregate nominal amount of £856.36 in the period ending on the conclusion of the next annual general meeting of the Company; and
 - 4.4.3 approve the adoption of the articles of association of the Company (the “**Articles**”), the principal terms of which are summarised in paragraph 5 of this Part IX

4.5 Loan Notes

- 4.5.1 i3 Energy issued the following loan notes (the “**i3 Energy Loan Notes**”) (i) US\$3,119,942.78 Convertible Loan Notes; (ii) GBP452,915.65 Convertible Loan Notes; (iii) US\$2,500,000 convertible loan notes held by James Caird Investments Ltd (“**JCAM**”); and (iv) GBP1,100,000 convertible loan notes held by Glenwick plc. Simultaneously with the completion of the share for share exchange described in the paragraph 4.3, the Company acquired the i3 Energy Loan Notes from the holders of them (the “**Loan Noteholders**”) in exchange for an issue to the Loan Noteholders of convertible loan notes issued by the Company (in either US\$ or GBP, appropriate) (the “**PLC Loan Notes**”), being loan notes of the Company of an aggregate amount and on terms and conditions identical to (other than the identity of the entity into shares of which the notes may convert), and issued in exchange for the i3 Energy Loan Notes.
- 4.5.2 Each of the instruments constituting the i3 Energy Loan Notes (other than the convertible loan notes held by Glenwick plc) were amended and restated on 29 June 2017.
- 4.5.3 The PLC Loan Notes consist of (in aggregate principal amount) (i) 3,119,942.78 US\$ Convertible Loan Notes (the “**US\$ Loan Notes**”); (ii) 452,915.65 GBP Convertible Loan Notes (the “**GBP Loan Notes**”); (iii) US\$2,500,000 convertible loan notes held by JCAM (the “**JCAM Loan Notes**”); and (iv) £1,100,000 convertible loan notes held by Glenwick plc (the “**Glenwick Loan Notes**”).
- 4.5.4 The principal terms of the PLC Loan Notes are as follows:
 - (a) The holders of the PLC Loan Notes notified i3 Energy at the time of their subscriptions for i3 Energy Loan Notes if they elected for the PLC Loan Notes to convert automatically:
 - (i) in respect of the US\$ Loan Notes and the GBP Loan Notes, immediately prior to or simultaneously with Admission at a conversion price of US\$0.54 per Ordinary Share;
 - (ii) in respect of the JCAM Loan Notes, immediately following the Company raising at least US\$20,000,000 of new money by way of an equity fundraising post-Admission, at a price per Ordinary Share equal to the lower of: (i) 75 per cent. of the subscription price for new Ordinary Shares issued pursuant to such fundraising; and (ii) US\$0.54;
 - (iii) in respect of the Glenwick Loan Notes, immediately prior to or simultaneously with Admission (although there was initially a requirement that a minimum of US\$36,000,000 of new money be raised, this requirement has subsequently been waived by holders of the relevant loan notes) at a price per share equal to the lower of: (i) 50 per cent. of the subscription price for new Ordinary Shares issued pursuant to such fundraising; and (ii) US\$0.40.

- (b) If the holders of the PLC Loan Notes did not elect for their i3 Energy Loan Notes to convert into equity, the PLC Loan Notes (other than the Glenwick Loan Notes) will be redeemed in full at a: (a) 25 per cent. premium in the event redemption takes place on or prior to 28 December 2017; or (b) 35 per cent. premium in the event redemption takes place after 28 December 2017. The Glenwick Loan Notes will be redeemed in full at a 50 per cent. premium.
- (c) No interest is accruing or will accrue or be payable on any principal amount of any PLC Loan Note.
- (d) The Company's obligations pursuant to the PLC Loan Notes are unsecured.
- (e) To the extent that Admission does not occur, the PLC Loan Notes (other than the Glenwick Loan Notes) will be redeemed:
 - (i) at the Company's option at any time following 28 December 2017 but prior to the Maturity Date (as defined below);
 - (ii) on the earlier of: (i) the date falling 13 calendar months after Admission; and 31 August 2018 (the "**Maturity Date**");
 - (iii) immediately prior to an acquisition by a third party of 100 per cent. of the issued share capital of the Company; or
 - (iv) on the date that is no more than ten Business Days after a sale of all or substantially all the assets of the Company.
- (f) To the extent that Admission does not occur, the Glenwick Loan Notes will be redeemed:
 - (i) on 28 December 2017;
 - (ii) immediately prior to an acquisition by a third party of 100 per cent. of the issued share capital of the Company; or
 - (iii) on the date that is no more than ten Business Days after a sale of all or substantially all the assets of the Company.
- (g) The JCAM Loan Note Instrument also contains limited warranties and covenants from the Company in favour of JCAM. Notably, the Company has warranted that, with effect from Admission, the JCAM Loan Notes will comprise more than 50.1 per cent. of the Company's borrowings, and that such borrowings will, following Admission, not exceed US\$4,950,000 whilst the notes are in issue.

4.5.5 On or immediately prior to Admission:

- (a) GBP105,847.97 and US\$2,894,981.36 of the PLC Loan Notes (other than the Glenwick Loan Notes) shall convert in accordance with their terms into, in aggregate, 5,615,892 fully paid Ordinary Shares at a subscription price of US\$0.54 per Ordinary Share; and
- (b) GBP1,100,000 of the Glenwick Loan Notes shall convert in accordance with their terms into, in aggregate, 3,575,000 fully paid Ordinary Shares at a subscription price of US\$0.40 per Ordinary Share. Glenwick will as at Admission have distributed these shares to its own shareholders.

4.5.6 The table below reflects the aggregate principal amount of the PLC Loan Notes issued, the number of new Ordinary Shares that will be issued on or immediately prior to Admission upon the conversion of the PLC Loan Notes and the amounts that will remain outstanding in accordance with their terms.

Instrument	Aggregate Principal Amount	Aggregate Number of new Ordinary Shares to be issued on Conversion	Notes left outstanding
US\$ Convertible Loan Notes	US\$3,119,942.78	5,361,074	\$224,961
GBP Convertible Loan Notes	GBP452,915.65	254,818	£347,067
Glenwick Loan Notes	GBP1,100,000	3,575,000	£—
JCAM Loan Notes	US\$2,500,000	—	\$2,500,000

4.6 The Company does not have in issue any securities (other than the PLC Loan Notes) not representing share capital.

4.7 There are no shares in the Company which are held by, or on behalf of, the Company or i3 Energy.

4.8 Other than as set out above in this paragraph 4 and/or as contemplated in paragraph 10 of this Part IX of this Admission Document, there are no outstanding convertible or exchangeable securities or securities with warrants.

4.9 The Loan Note Conversion Shares will be issued free from all liens, charges, encumbrances and other third party rights and will rank *pari passu* in all respects, including the right to receive all dividends and other distributions declared, made or paid on the Loan Note Conversion Shares from the date of issue of the Loan Note Conversion Shares.

4.10 On Admission (taking into account the Loan Note Conversion Shares) the issued share capital of the Company shall be increased by 56 per cent.

4.11 The Ordinary Shares will be in registered form and may be held either in certificated form or in uncertificated form through CREST.

5 Memorandum and Articles of Association

5.1 The Articles, which were adopted on 17 July 2017, contain provisions, *inter alia*, to the following effect:

5.2 Voting rights

5.2.1 Subject to any special rights or restrictions as to voting for the time being attached to any shares, at a general meeting of the Company every member who is present in person (including any corporation present by its duly authorised representative) shall on a show of hands have one vote and every member present in person or by proxy shall on a poll have one vote for each share of which he is a holder. The Directors may accept the appointment of a proxy contained in an electronic communication subject to such terms and conditions as the Directors may determine. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

5.2.2 The Deferred Shares shall not confer any right on their holders to receive notice of, speak or vote at a general meeting of the Company.

5.3 Restrictions on voting

Unless the Board determines otherwise, no member is entitled to vote at a general meeting, either in person or by proxy, or to exercise any privilege as a member, or be reckoned in a quorum, in respect of any share held by him unless all calls presently payable by him in respect of that share, whether alone or jointly with any other person, together with interest and expenses (if any) have been paid to the Company.

5.4 **Dividends**

- 5.4.1 Subject to the provisions of the Act and of the Articles, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Board and no dividend shall be payable except out of the profits of the Company available for distribution.
- 5.4.2 Subject to the provisions of the Act, the Board may declare and pay such interim dividends (including any dividend payable at a fixed rate) as appear to the Directors to be justified by the profits of the Company available for distribution.
- 5.4.3 Except as otherwise provided by the rights attached to shares, all dividends:
- (a) shall be declared and paid according to the amounts paid up (otherwise than in advance of calls) on the shares on which the dividend is paid;
 - (b) shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions on the period in respect of which the dividend is paid, but if any share is issued on terms that it shall rank for dividend as from a particular date, it shall rank for dividend accordingly; and
 - (c) may be declared in any currency.
- 5.4.4 All dividends unclaimed for a period of 12 years after having been declared or become due for payment shall (if the Directors so resolve) be forfeited and shall cease to remain owing by the Company.
- 5.4.5 The Board may, with the authority of an ordinary resolution of the Company, or in the case of an interim dividend may without the authority of an ordinary resolution, direct that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, or in any one or more of such ways.
- 5.4.6 The Board may deduct from any dividend or other moneys payable to any person on or in respect of a share, all such sums as may be due to the Company on account of calls or otherwise in relation to the shares of the Company from him.
- 5.4.7 The Deferred Shares shall not confer a right to receive a dividend on their respective holders.

5.5 **Distribution of assets on a winding up**

- 5.5.1 If the Company is wound up, the liquidator may, with the authority of a special resolution and any other sanction required by law, divide among the members in specie the whole or any part of the assets of the Company. The liquidator may, with the authority of a special resolution and any other authority required by the law, transfer all or any part of the assets to trustees on such trusts for the benefit of members as the liquidator decides. Where the liquidator divides or transfers any assets in pursuance of the powers in this article, no member shall be required to accept any asset in respect of which there is a liability.
- 5.5.2 The holders of the Deferred Shares as a class shall be entitled to the first £50,000 of assets distributed to shareholders on a winding-up. The surplus assets remaining will be distributed between the holders of Ordinary Shares *pro rata*.

5.6 **Sale Proceeds**

- 5.6.1 In the event of a sale of 80 per cent. or more of the issued Ordinary Shares then, notwithstanding anything to the contrary in the terms and conditions governing such sale, the selling shareholders immediately prior to such sale shall procure that the consideration (whenever received) shall be placed in a designated trustee account and shall be distributed amongst such selling shareholders in such amounts and in such priority as would be applicable on a return of capital on a winding-up.
- 5.6.2 On a return of capital following a sale of the company's business and/or assets, the holders of the Deferred Shares as a class shall be entitled to the first £50,000 of such assets. The surplus assets remaining will be distributed between the holders of Ordinary Shares *pro rata*.

5.7 **Transfers of shares**

- 5.7.1 Every member may transfer all or any of his shares which are in certificated form by instrument of transfer in writing in any usual form or in any form approved by the Board, left at the registered office of the Company (or such other place as the Board may determine) and accompanied (except in the case of a transfer by a person to whom the Company is not required by law to issue a certificate and to whom a certificate has not been issued or in the case of a renunciation) by the certificate of the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor (or person renouncing) and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so. The transferor is deemed to remain the holder of the shares concerned until the name of the transferee is entered in the register of members.
- 5.7.2 Unless the Directors otherwise determine, a transfer of shares will not be registered if the transferor or any other person appearing to be interested in the transferor's shares has been duly served with a notice under section 793 of the Act, has failed to supply the information required by such notice within 14 days and the shares in respect of which such notice has been served represent at least 0.25 per cent. of their class, unless the member is not himself in default as regards supplying the information required and proves to the satisfaction of the Directors that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer, or unless such transfer is by way of acceptance of a takeover offer, in consequence of a sale on a recognised stock exchange or a sale to an unconnected party.

5.8 **Variations of rights**

- 5.8.1 If at any time the share capital of the Company is divided into shares of different classes, any of the rights for the time being attached to any share or class of shares in the Company may be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, with the consent of the holders of not less than three-quarters in nominal value of the issued shares of the class sanctioning the resolution at a general meeting of the holders of shares of the class. The quorum at any such meeting shall be not less than two persons holding or representing by proxy at least one-third of the nominal amount paid up on the issued shares of the class in question and at an adjourned meeting not less than one person holding shares of the class in question or his proxy.
- 5.8.2 Subject to the terms of issue of or rights attached to any shares, the rights or privileges attached to any class of shares shall be deemed not to be varied or abrogated by the creation or issue of any new shares ranking *pari passu* in all respects.

5.9 **Changes in capital**

Subject to the provisions of the Act, the Company in general meeting may from time to time by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of a larger amount, cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled and sub-divide all or any of its shares into shares of smaller amount. The Company may also, subject to the provisions of the Act and to any rights for the time being attached to any shares, purchase its own shares and, by special resolution, reduce its share capital or any capital redemption reserve fund or any share premium account in any way.

5.10 **Issue of shares**

- 5.10.1 Subject to the Act and to any relevant authority of the Company in general meeting required by the Act, the Board may offer, allot (with or without conferring rights of renunciation), grant options over or otherwise deal with or dispose of shares or grant rights to subscribe for or convert any security into shares to such persons, at such times and upon such terms as the Board may decide. No share may be issued at a discount.

5.10.2 Subject to the Act, the Company may at any time pass an ordinary resolution permitting the Directors to generally and unconditionally allot ordinary shares for a period of up to five years from the passing of the ordinary resolution.

5.10.3 Unless disapplied by the shareholders in a general meeting, all new share issues will be subject to statutory rights of pre-emption and must first be offered *pro rata* to all existing shareholders.

5.11 Remuneration of Directors

5.11.1 The salary or remuneration of any Director appointed to hold any employment or executive office in accordance with the Articles may be either a fixed sum of money, or may altogether or in part be governed by business done or profits made or otherwise determined by the Board, and may be in addition to or in lieu of any fee payable to him for his service as Director in accordance with the Articles.

5.11.2 Each of the Directors may be paid a fee for their service as a Director at such rate as may be determined by the Board from time to time, provided that the aggregate of fees payable to the Directors (other than amounts payable under any provision of the Articles) must not exceed £300,000 a year or such higher amount as may from time to time be decided by ordinary resolution of the Company. Any such fees shall be distinct from any salary, remuneration or other amounts payable to a Director under any provision of the Articles and shall accrue from day to day.

5.11.3 If by arrangement with the Board any Director shall perform or render any special duties or services outside his ordinary duties as a Director and not in his capacity as a holder of employment or executive office, he may be paid such reasonable additional remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine.

5.12 Pensions and gratuities for Directors

The Board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits and to provide death or availability benefits or other allowances or gratuities (whether by insurance or otherwise) for any person who is or has at any time been a Director of the Company or any company which is a holding company or a subsidiary undertaking of or allied to or allocated with the Company or any such holding company or subsidiary undertaking or any predecessor in business of the Company or of any such holding company or subsidiary undertaking, and for any member of his family (including a spouse or former spouse) and any person who is or was dependant on him.

5.13 Directors' interests in contracts

Subject to the Act and provided he has declared the nature and extent of his interest in accordance with the requirements of the Act, a Director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company may:

5.13.1 be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;

5.13.2 act by himself or through his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director;

5.13.3 be or become a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise (directly or indirectly) interested; or

5.13.4 hold any office or place of profit with the Company (except as auditor) in conjunction with his office of Director for such period and upon such terms, including as to remuneration as the Board may decide.

5.14 Restrictions on Directors' voting

5.14.1 Save as provided in the Articles, a Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Directors or of a committee of the Directors concerning any contract, arrangement, transaction or any other proposal whatsoever to which the Company is or is to be a party and in which he has an

interest which is to his knowledge a material interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company, unless the resolution concerns any of the following matters:

- (a) the giving by him of any security, guarantee or indemnity for any money or any liability which he, or any other person, has lent or obligations he or any other person has undertaken at the request, or for the benefit, of the Company or any of its subsidiary undertakings;
- (b) the giving of any security, guarantee or indemnity to any person for a debt or obligation which is owed by the Company or any of its subsidiary undertakings, to that other person if the Director has taken responsibility for some or all of that debt or obligation;
- (c) a proposal or contract relating to an offer of any shares or debentures or other securities for subscription or purchase by the Company or any of its subsidiary undertakings, if the Director takes part because he is a holder of shares, debentures or other securities, or if he takes part in the underwriting or sub-underwriting of the offer;
- (d) any arrangement for the benefit of employees of the Company or any of its subsidiary undertakings which only gives him benefits which are also generally given to employees to whom the arrangement relates;
- (e) any arrangement involving any other company in which the Director (together with any person connected with the Director) has any interest of any kind in that Company (including an interest by holding any position in that company or by being a shareholder of that company);
- (f) a contract relating to insurance which the Company can buy or renew for the benefit of the Directors or a group of people which includes Directors; or
- (g) a contract relating to a pension, superannuation or similar scheme or a retirement, death, disability benefits scheme or employees' share scheme which gives the Director benefits which are also generally given to the employees to whom the scheme relates.

5.14.2 The Board may authorise, to the fullest extent permitted by law any matter which would otherwise result in a Director infringing his duty to avoid a situation in which he has, or could have, a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company, provided that the Director in question, and any other interested Director, are not counted in the quorum at any board meeting at which such matter is authorised.

5.15 *Number of Directors*

Unless otherwise determined by the Company by ordinary resolution, the number of Directors shall not be less than two but shall not be subject to any maximum number.

5.16 *Directors' appointment and retirement*

5.16.1 Directors may be appointed by the Company by ordinary resolution or by the Board. At each annual general meeting of the Company, any Director then in office (i) who has been appointed by the Board since the previous annual general meeting; or (ii) for whom it is his third annual general meeting following the annual general meeting at which he was elected or last re-elected shall retire from office but shall be eligible for re-appointment.

5.16.2 If: (i) at the annual general meeting in any year any resolution or resolutions for the appointment or re-appointment of the persons eligible for appointment or re-appointment as Directors are put to the meeting and lost; and (ii) at the end of that meeting the number of Directors is fewer than any minimum number of Directors required, all retiring Directors who stood for re-appointment at that meeting shall be deemed to have been re-appointed as Directors and shall remain in office, but may only act for the purpose of convening general meetings of the Company and perform such duties as are essential to maintain the Company as a going concern, and not for any other purpose.

5.16.3 In addition to any power of removal conferred by the Act, the office of Director shall be vacated if he is requested to resign by all of the other Directors by notice in writing.

5.17 Borrowing powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (present and future) and uncalled capital and, to create and issue debenture and other securities and give security either outright or as collateral security for any debt, liability or obligation of the Company or any third party. The Board shall restrict the borrowings of the Company, and exercise all voting or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any) so as to secure (but as regards the subsidiary undertakings only so far as by such exercise it can secure) that the aggregate of the amounts borrowed by the Group and remaining outstanding at any time (excluding intra-Group borrowings) shall not without the previous sanction of an ordinary resolution of the Company exceed an amount equal to four times the aggregate of the amount paid up on the issued share capital of the Company (including any share premium account, capital redemption reserve and credit balance on retained earnings, all as shown in the latest audited and consolidated balance sheet of the Group (the "**Latest Accounts**")), but after:

- (a) making such adjustments as may be appropriate to reflect any variations since the date of the Latest Accounts in such share capital or reserves;
- (b) making such adjustments as may be appropriate to reflect any variations since the date of the Latest Accounts in the interests of the Company and its subsidiary undertakings;
- (c) excluding any sums attributable to outside interests in any subsidiary undertaking;
- (d) deducting any distributions declared, recommended or made by a Group company (to a person other than another Group company) out of profits earned up to and including the date of the Latest Accounts (to the extent that any such distributions are not provided for in the Latest Accounts); and
- (e) making such other adjustments (if any) as the auditors may consider appropriate.

5.18 Untraced shareholders

Subject to the Articles, the Company may sell any shares in the Company registered in the name of a member remaining untraced for 12 years who fails to communicate with the Company following advertisement of an intention to make such a disposal. Until the Company can account to the member, the net proceeds of sale will be available for use in the business of the Company or for investment, in either case at the discretion of the Directors. The proceeds will not carry interest.

5.19 Meetings

The Company shall comply with the requirements of the Act regarding the holding of an annual general meeting.

5.20 General Meetings

5.20.1 All general meetings other than annual general meetings shall be called general meetings. General meetings may be called whenever the Board thinks fit or when one has been requisitioned in accordance with the Act.

5.20.2 A general meeting is to be called on at least 14 days' notice in writing exclusive of the day on which it is served or deemed to be served and the day on which the meeting is to be held. A general meeting can be called on shorter notice if a majority in number of the members having a right to attend and vote at the general meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right, consent. Subject to section 318(1) of the Act, two members present in person or by proxy and entitled to vote shall be a quorum for all purposes.

5.21 **Rights attaching to Ordinary Shares**

The Ordinary Shares rank *pari passu* in the following respects:

5.21.1 they are in all respects identical;

5.21.2 they are of the same nominal value and the same amount per Ordinary Share has been paid up;

5.21.3 they carry the same rights as to unrestricted transfer, attendance and voting in general meetings and in all other respects; and

5.21.4 they are entitled to dividends at the same rate and for the same period so that at the next ensuing distribution to the dividend payable on each Ordinary Share will be the same amount.

All of the Ordinary Shares are fully paid and freely transferable.

5.22 **Summary**

The above is a summary of certain provisions of the Articles, the full provisions of which are available on the Company's website.

6 **Directors' Interests**

6.1 The Ordinary Shares held by the Directors (all of which are both legally and beneficially held unless otherwise stated) and persons connected with them in the issued share capital of the Company as at the Last Practicable Date) and immediately following Admission are as follows (assuming no dealing by any such persons between the Last Practicable Date and Admission):

	As at the Last Practicable Date		Immediately following Admission	
	Number of Ordinary Shares	Percentage of Existing Share Capital	Number of Ordinary Shares	Percentage of Enlarged Share Capital
Directors				
Neill Ashley Carson	6,500,000	39.40	6,500,000	25.32
Graham Andrew Heath	6,500,000	39.40	6,500,000	25.32
David John Wissler Knox	—	—	138,871	0.54
Majid Shafiq	—	—	—	—
Richard Millington Ames	—	—	—	—

6.2 The options held by the Directors are set out in paragraph 10.2.15 of this Part IX of this Admission Document. Other than the abovementioned Ordinary Shares and options no Director or any person connected with any said Director, holds any interest in Ordinary Shares or any related financial product related to Ordinary Shares.

7 **Significant Shareholders**

7.1 As at the Last Practicable Date and immediately following Admission, the Company is not aware of any person (other than as set out below) who is directly or indirectly interested in three per cent. or more of the issued Ordinary Share capital of the Company:

Shareholder	As at the Last Practicable Date		Immediately following Admission	
	Number of Ordinary Shares	Percentage held (%)	Number of Ordinary Shares	Percentage held (%)
Graham Andrew Heath	6,500,000	39.39	6,500,000	25.32
Neill Ashley Carson	6,500,000	39.39	6,500,000	25.32
Sheri Barton	500,000	3.03	500,000	1.95
Mihai Butuc	1,000,000	6.06	1,000,000	3.89
Iain Campbell	1,000,000	6.06	1,000,000	3.89
John Woods	1,000,000	6.06	1,000,000	3.89
City Financial	—	—	4,629,629	18.03

- 7.2 Immediately prior to Admission, Glenwick Plc received 3,575,000 Ordinary Shares upon Conversion of loan notes as set out in paragraph 4.5.5. These shares upon Admission will be distributed to the shareholders of Glenwick Plc, none of whom will hold 3 per cent. or more of the Company.
- 7.3 The Shareholders listed in this paragraph 7 do not have different voting rights to other holders of Ordinary Shares.
- 7.4 The Directors are not aware of any arrangements in place or under negotiation which may, at a subsequent date, result in a change of control of the Company.

8 Additional Information on the Directors

- 8.1 Other than in respect of the Group, the Directors have held the following directorships or been partners in the following partnerships within the five years prior to the Last Practicable Date:

Directors	Current Directorships/ Partnerships	Past Directorships/Partnerships
Neill Ashley Carson	i3 Energy North Sea Limited Carson Resources Limited	<ul style="list-style-type: none"> ● Iona UK Developments Co Limited ● Iona UK Huntington Limited ● Iona Energy Company (UK) Limited ● Iona Energy Inc.
Graham Andrew Heath	i3 Energy North Sea Limited	<ul style="list-style-type: none"> ● Iona UK Developments Co Limited ● Iona UK Huntington Limited ● Iona Energy Company (UK) Limited ● Iona Energy Inc.
David John Wissler Knox	<ul style="list-style-type: none"> ● Knox Anchors Limited ● Knox Foundation Pty Ltd ● Redflow Limited ● Migration Council Australia ● Australian Naval Infrastructure Pty Ltd 	<ul style="list-style-type: none"> ● Santos Sabah Block R Limited ● Santos Sabah Block S Limited ● Santos (UK) Limited ● Santos Sangu Field Limited ● Santos Bangladesh Limited ● Alliance Petroleum Australia Pty Ltd ● Barracuda Limited ● Basin Oil Pty Ltd ● Bonaparte Gas & Oil Pty. Limited ● Bridge Oil Developments Pty Ltd ● Bridge Oil Exploration Pty. Limited ● Bridgefield Pty. Ltd. ● Bronco Energy Pty Limited ● Canso Resources Pty Ltd ● Doce Pty. Ltd. ● Fairview Pipeline Pty Ltd ● Farmout Drillers Pty Ltd ● Gidgealpa Oil Pty Ltd ● GLNG Operations Pty Ltd ● GLNG Property Pty Ltd ● Kipper GS Pty Ltd ● Lavana Limited ● Moonie Oil Pty Ltd ● Moonie Pipeline Company Pty. Ltd. ● Outback Energy Hunter Pty Ltd ● Petromin Pty Ltd ● Reef Oil Pty Ltd ● Santos (299) Pty Ltd (in Liquidation) (Members' Voluntary Winding Up) ● Santos (BBF) Pty Ltd ● Santos (BOL) Pty Ltd ● Santos (Donggala) Pty Ltd ● Santos (Globe) Pty Ltd. ● Santos (JBJ1) Pty Ltd ● Santos (JBJ2) Pty Ltd ● Santos (JPDA 06-104) Pty Ltd ● Santos (JPDA 91-12) Pty Ltd.

Directors**Current Directorships/
Partnerships****Past Directorships/Partnerships**

- Santos (Madura Offshore) Pty Ltd
- Santos (N.T.) Pty. Ltd.
- Santos (NARNL Cooper) Pty Ltd
- Santos (Papalang) Pty Ltd
- Santos (Popodi) Pty Ltd
- Santos (Sampang) Pty Ltd
- Santos (SPV) Pty Ltd
- Santos (TGR) Pty Ltd
- Santos (UK) Limited
- Santos (Warim) Pty Ltd
- Santos Americas And Europe Corporation
- Santos Asia Pacific Pty Ltd
- Santos Australian Hydrocarbons Pty Ltd
- Santos Bangladesh Limited
- Santos Baturaja Pty Ltd
- Santos Belida Pty Ltd
- Santos Browse Pty Ltd
- Santos Carbon Pty Ltd
- Santos CSG Pty Ltd
- Santos Darwin LNG Pty Ltd
- Santos Direct Pty Ltd
- Santos Egypt Pty Ltd
- Santos EOM Pty Ltd
- Santos Exploration Pty. Ltd.
- Santos Facilities Pty Ltd
- Santos Finance Ltd
- Santos GLNG Corp
- Santos GLNG Pty Ltd
- Santos Gnuco Pty Ltd
- Santos Hides Ltd
- Santos International Holdings Pty Ltd
- Santos International Operations Pty Ltd
- Santos International Pte Ltd
- SANTOS LIMITED
- Santos Northwest Natuna B.V.
- Santos NSW (Betel) Pty Ltd
- Santos NSW (Eastern) Pty Ltd
- Santos NSW (Hillgrove) Pty Ltd
- Santos NSW (Holdings) Pty Ltd
- Santos NSW (LNGN) Pty Ltd
- Santos NSW (Narrabri Energy) Pty Ltd
- Santos NSW (Narrabri Power) Pty Ltd
- Santos NSW (Operations) Pty Ltd
- Santos NSW (Pipeline) Pty Ltd
- Santos NSW (Sales) Pty Ltd
- Santos NSW (Sulu) Pty Ltd
- Santos NSW (Tooncomet) Pty Ltd
- Santos NSW Pty Ltd
- Santos Offshore Pty Ltd
- Santos OIG Pty Ltd
- Santos Petroleum Management Pty. Ltd.
- Santos Petroleum Operations Pty Ltd
(in Liquidation) (Members' Voluntary
Winding Up)
- Santos Petroleum Pty Ltd
- Santos Petroleum Ventures B.V.
- Santos P'nyang Limited
- Santos QLD Upstream Developments
Pty Ltd
- Santos QNT (No. 1) Pty. Ltd.
- Santos QNT (No. 2) Pty. Ltd.
- Santos QNT Pty. Ltd.

Directors	Current Directorships/ Partnerships	Past Directorships/Partnerships
Majid Shafiq	<ul style="list-style-type: none"> ● Argentil Energy Advisors LLP ● Argentil Capital Partners (UK) Limited ● 20 Campdale Road RTM Company Limited ● The Shahida Foundation 	<ul style="list-style-type: none"> ● Santos Queensland Corp ● Santos Resources Pty. Ltd. ● Santos Sabah Block R Limited ● Santos Sabah Block S Limited ● Santos Sangu Field Limited ● Santos Timor Sea Pipeline Pty Ltd ● Santos TOG Corp ● Santos TOGA Pty Ltd ● Santos TPC Pty Ltd ● Santos TPY Corp ● Santos TPY CSG Corp ● Santos Upstream Pty Ltd ● Santos Ventures Pty Ltd ● Santos Vietnam Pty Ltd ● Santos Wilga Park Pty Ltd ● Shaw River Power Station Pty Ltd ● TMOC Exploration Proprietary Limited. ● Vamgas Pty Ltd ● Natuna UK (Kakap 2) Limited ● BP Exploration (Alpha) Limited ● Australian Petroleum & Exploration Association Limited ● The Botanical Gardens of South Australia <ul style="list-style-type: none"> ● FirstEnergy Capital LLP
Richard Ames	<ul style="list-style-type: none"> ● Castine Consulting Company ● Kiawah Island Natural Habitat Conservancy, Inc ● Glorious Orphanage Corporation ● Centre for Business Ethics and Compliance 	<ul style="list-style-type: none"> ● Iona Energy Inc.

8.2 Save as disclosed in this paragraph 8, none of the Directors has:

- 8.2.1 any unspent convictions in relation to indictable offences or convictions in relation to fraudulent offences;
- 8.2.2 had any bankruptcy order made against him or entered into any voluntary arrangements;
- 8.2.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, been subject to any company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors, whilst he was a director of that company or within the 12 months after he had ceased to be a director of that company;
- 8.2.4 been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement, whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
- 8.2.5 been the owner of any asset which has been placed in receivership or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
- 8.2.6 been subject to any official public incrimination or sanctions or publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or

- 8.2.7 been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.
- 8.3 No Director has or has had any interest in any transaction which is or was significant in relation to the business of the Company and which was effected during the current or immediately preceding financial period or which was effected during an earlier financial period and remains outstanding or unperformed.
- 8.4 As at the Last Practicable Date, no Director has any potential conflict of interest between his duties to the Company and his private interest or other duties, and there are no arrangements or understandings with major Shareholders, customers, suppliers or others pursuant to which any person was selected as a member of the administrative, management or supervisory bodies or as a member of senior management.
- 8.5 There are no outstanding loans granted by any member of the Company to any Director, nor has any guarantee been provided by any member of the Company for their benefit.
- 8.6 There are no family relationships between the Directors.

9 Directors' Service Contracts and Remuneration

- 9.1 The services of the Directors are provided to the Company under the following agreements:

9.1.1 Executive Service Agreements

(a) Neill Carson

Neill Carson became a director of the Company on its incorporation on 30 March 2017 and entered into a service agreement with the Company effective from 7 April 2016. Mr Carson is appointed as Chief Executive Officer. The service agreement shall continue until terminated by the Company on 12 months' written notice. Under the terms of the agreement, Mr Carson is entitled to an annual salary of £100,000. Mr Carson's salary shall increase to £200,000 on the earlier of: (i) FDP approval; and (ii) the Board being satisfied that the Company's financial standing is sufficient to pay the increased salary. Mr Carson will also be entitled to payment of bonuses of such amounts and at such intervals as the Company may in its sole discretion decide. Mr Carson will be eligible to join the Company's registered pension scheme following its establishment. There is a right to place Mr Carson on gardening leave during all or any part of his notice period. The service agreement provides for early termination, *inter alia*, in the event of serious or repeated breach by Mr Carson of the service agreement. Mr Carson's service agreement will also be terminated in the event that he ceases to be a director of the Company.

(b) Graham Heath

Graham Heath became a director of the Company on its incorporation on 30 March 2017 and entered into a service agreement with the Company effective from 1 March 2016. Mr Heath is appointed as Chief Financial Officer. The service agreement shall continue until terminated by the Company on 12 months' written notice. Under the terms of the agreement, Mr Heath is entitled to an annual salary of £90,000. Mr Heath's salary shall increase to £180,000 on the earlier of: (i) FDP approval; and (ii) the Board being satisfied that the Company's financial standing is sufficient to pay the increased salary. Mr Heath will also be entitled to payment of bonuses of such amounts and at such intervals as the Company may in its sole discretion decide. Mr Heath will be eligible to join the Company's registered pension scheme following its establishment. There is a right to place Mr Heath on gardening leave during all or any part of his notice period. The service agreement provides for early termination, *inter alia*, in the event of serious or repeated breach by Mr Heath of the service agreement. Mr Heath's service agreement will also be terminated in the event that he ceases to be a director of the Company.

9.1.2 Non Executive Appointment Letters

- (a) David Knox was appointed as a director of the Company on 18 July 2017 and entered into an appointment letter with the Company with effect from 18 July 2017. Mr Knox is appointed as Chairman. The appointment letter shall continue

until terminated by either party on the giving of one month's prior written notice. The fees payable to Mr Knox under the appointment letter (being £60,000 per annum) are payable in equal quarterly instalments in arrears. The appointment letter provides for early termination, *inter alia*, in the event of a material breach by Mr Knox of his obligations. The Company has not granted any benefits on termination of the appointment.

- (b) Majid Shafiq was appointed as a director of the Company on 18 July 2017 and entered into an appointment letter with the Company with effect from 18 July 2017. Mr Shafiq is appointed as a non executive director. The appointment letter shall continue until terminated by either party on the giving of one month's prior written notice. The fees payable to Mr Shafiq under the appointment letter (being £45,000 per annum) are payable in equal quarterly instalments in arrears. The appointment letter provides for early termination, *inter alia*, in the event of a material breach by Mr Shafiq of his obligations. The Company has not granted any benefits on termination of the appointment.
- (c) Richard Ames was appointed as a director of the Company on 18 July 2017 and entered into a new appointment letter with the Company with effect from 18 July 2017. Mr Ames is appointed as a non executive director. The appointment letter shall continue until terminated by either party on the giving of one month's prior written notice. The fees payable to Mr Ames under the appointment letter (being £45,000 per annum) are payable in equal quarterly instalments in arrears. The appointment letter provides for early termination, *inter alia*, in the event of a material breach by Mr Ames of his obligations. The Company has not granted any benefits on termination of the appointment.

9.1.3 Each director is eligible to participate in the Company's incentive scheme arrangements. The terms of such incentive scheme are described in paragraph 10.2 of this Part IX below.

9.2 **Salary and Bonus payments**

9.2.1 The table below sets out the gross annual salary or fee payable to the Directors for the year ending 31 December 2017. The Company's Remuneration Committee will determine bonuses to be awarded to the Directors for the year ending 31 December 2017 (if any) in the first quarter of 2018. However, interim bonuses were paid to each of the Executive Directors on 17 July 2017 as set out below.

(a) Executive Directors

Name	Title	Current Annual Salary / Fee
Graham Heath	Chief Financial Officer	£90,000
Neill Carson	Chief Executive Officer	£100,000

(b) Non-Executive Directors

Name	Title	Current Annual Fees
David Knox	Non-executive Chairman	£60,000
Majid Shafiq	Non executive director	£45,000
Richard Ames	Non executive director	£45,000

(c) Interim Bonuses

Name	Amount
Graham Heath	£42,500
Neill Carson	£47,500

10 **Employee and Incentive Schemes**

10.1 **Employees**

In addition to Graham Heath and Neill Carson, the Company currently employs eight managerial staff. All employees are to conduct business out of Aberdeen, Scotland, or London, England with the exception of Martyn Eames, whose normal place of work is Adelaide, Australia and Sheri Barton, whose principal place of work is Calgary, Canada.

Employees are entitled to participate in the Company's share plan, detailed in paragraph 10.2 of this Part IX below. The Company does not currently operate a pension scheme and its staging date for auto-enrolment is 1 January 2018.

10.2 *The Share Plans*

10.2.1 *Introduction*

On 18 July 2017, the Company adopted the i3 Energy plc 2017 Employee Share Option Plan (the "**Employee Plan**") and the i3 Energy plc 2017 Non-Employee Share Option Plan (the "**Non-Employee Plan**") and, together with the Employee Plan, the "**Share Plans**"). Awards under the Share Plan were made on 18 July 2017, as described in paragraph 10.2.15 of this Part IX of this Admission Document.

The Share Plans are in addition to the awards made on 14 April and 6 December 2016, as described in paragraph 10.2.15 of this Part IX of this Admission Document (the "**Pre-Admission Awards**"), by i3 Energy and replicated by the Company simultaneously with the share for share exchange described in paragraph 4.3 of this Part IX of this Admission Document.

The principal terms of the Employee Plan, as it is proposed to be operated in respect of awards granted after Admission, are summarised at paragraphs 10.2.2 to 10.2.14 below. The Non-Employee Plan is broadly the same as the Employee Plan and, accordingly, the summary below also applies to the Non-Employee Plan, except where noted.

10.2.2 *Operation of the Share Plans*

Each of the Share Plans is a discretionary share plan which will be administered by the Board or a committee appointed by the Board. In practice, it is proposed that decisions in relation to Share Plans will be taken by the Remuneration Committee (in consultation with the Chairman and/or Chief Executive Officer of the Company), and references in this summary to the Board should be read accordingly.

10.2.3 *Eligibility*

Any employee (including an executive director) of the Company or any of its subsidiaries will be eligible to participate in the Employee Plan at the discretion of the Board.

Awards may be granted under the Non-Employee Plan to persons who are not employees of the Company (or any of its subsidiaries) but who provide services to the Group. This may include the Chairman, the Non-Executive Directors and consultants.

10.2.4 *Grant of Awards*

The Pre-Admission Awards were granted on 14 April 2016, 6 December 2016 and 18 July 2017.

Awards shall be granted in the form of options to acquire Ordinary Shares, with an exercise price per Ordinary Share which is not less than the market value of an Ordinary Share at the time the option is granted. The "market value" of an Ordinary Share for these purposes shall be determined by the Board. The Board's intention is that for awards granted after the date of Admission the exercise price shall be the closing price of an Ordinary Share on AIM on the dealing day preceding grant (or the average of those closing prices for up to five dealing days preceding grant).

Before Ordinary Shares are allotted pursuant to the exercise of any awards, the Board may decide to pay a cash amount equal to the value of the Ordinary Shares that the participant would otherwise have received, less the aggregate exercise price payable (the "**gain**"). Alternatively, the Board may deliver to the participant for nil or nominal value a number of Ordinary Shares with a value equal to the gain.

10.2.5 *Individual Limit*

Ordinarily, a participant shall not be granted an award under the Employee Plan in respect of any financial year of the Company over Ordinary Shares with a market value (as determined by the Board) in excess of 100 per cent. of his annual base salary. In exceptional circumstances this limit may be increased to 300 per cent. of annual base salary.

Similar limits will be applied to the Non-Employee Plan, except that references to “annual base salary” will be references to the relevant participant’s fees in respect of the relevant financial year, calculated as determined by the Board.

The Pre-Admission Awards shall not count towards these limits.

10.2.6 *Overall Limit*

Awards may be granted over unissued Ordinary Shares or pre-existing Ordinary Shares to be transferred from treasury or purchased in the market. In any ten calendar year period, the number of Ordinary Shares which may be issued under the Share Plans and under any other share plan adopted by the Company (excluding the pre-Admission Awards) may not exceed 10 per cent. of the issued ordinary share capital of the Company from time to time.

Ordinary Shares transferred or to be transferred from treasury will be treated as newly issued for the purpose of these limits until such time as guidelines published by institutional investor representative bodies determine otherwise.

Awards granted prior to the date of Admission (including the Pre-Admission Awards) shall not count towards these limits.

10.2.7 *Performance Conditions*

Awards may be subject to the satisfaction of one or more performance conditions which will determine the proportion (if any) of the award which will vest at the end of a performance period. The Board shall determine the performance conditions (if any) that apply to an award and the performance period over which any such performance condition shall be assessed.

The performance conditions applying to the Pre-Admission Awards are described in paragraph 10.2.15 of this Part IX of this Admission Document.

A performance condition may be amended or substituted if an event occurs which causes the Board to consider that an amendment/substitution would be appropriate and that amendment or substitution is required so that the performance condition achieves its original purpose.

10.2.8 *Vesting and Exercise*

Awards which are subject to performance conditions will normally vest as soon as practicable after the end of the performance period to the extent that the performance conditions have been satisfied. An award which is subject to performance conditions may be divided into tranches, with each tranche subject to a separate performance condition and vesting following satisfaction of that performance condition.

Awards which are not subject to performance conditions will vest on the date or dates determined by the Board at grant.

The vesting dates applying to the Pre-Admission Awards are described in paragraph 10.2.15 of this Part IX of this Admission Document.

Awards will normally be exercisable from the date of vesting until the tenth anniversary of the grant date. The Board may impose limitations on the periods within which options may be exercised.

10.2.9 *Malus and Clawback*

Malus and clawback provisions will apply to the awards, as set out below in the event of: (i) a material misstatement of financial results; (ii) an error in assessing any performance condition applying to an award or in the information or assumptions on which the award was granted or vested; (iii) serious misconduct by the participant; or (iv) a serious health and safety failure by any member of the Group.

At any time up to the date of vesting of an award, the Board may cancel the award or impose further conditions on it if any of the events described above occurs.

At any time after the date of vesting of an award, but prior to the fifth anniversary of grant, if any of the events described above occurs, the Board may cancel the award or impose further conditions on it (if it has not been exercised) or may require the participant to make a payment to the Company in respect of some or all of the Ordinary Shares acquired (if it has been exercised).

10.2.10 *Ceasing to provide services to the Group: unvested awards*

If a participant in the Employee Plan ceases employment by reason of death, ill-health, injury, disability or for any other reason at the Board's discretion (a "**Good Leaver**"), any unvested award he holds will usually continue and vest at the normal vesting date. The Board will have discretion to vest the award at cessation of employment. If a participant in the Employee Plan ceases employment and is not a Good Leaver he will be a "**Bad Leaver**" and his award will lapse.

If a participant in the Non-Employee Plan ceases to provide services to the Group he will be a Bad Leaver, unless the Board decides to treat him as a Good Leaver.

The extent to which an award held by a Good Leaver vests will be determined by reference to the extent to which any performance condition has been satisfied (as determined by the Board in the event of vesting before the end of the performance period). Unless the Board determines otherwise, the extent to which an award vests will be reduced to take account of the proportion of the vesting period that has elapsed at the date of cessation of employment.

10.2.11 *Ceasing to provide services to the Group: vested awards*

If a participant ceases to be an employee or to provide services to the Group while holding an award which is vested but which has not been exercised, that award will lapse if he is a Bad Leaver and may be exercised if he is a Good Leaver for a period of six months (12 months in the event of death) beginning with the date of cessation. The Board may permit the exercise of the award in a longer period.

10.2.12 *Corporate events*

In the event of a change of control of the Company, unvested awards will vest as soon as practicable, to the extent determined by the Board having regard to the extent to which any performance condition has been satisfied at the date of change of control (as determined by the Board) and/or such other factors as the Board considers appropriate. The Board may also take into account the extent to which the vesting period has elapsed in determining the extent of vesting.

If other events occur, such as a winding-up of the Company, demerger, delisting, special dividend or other event which, in the opinion of the Board, may affect the current or future value of Ordinary Shares, the Board may determine that awards will vest on the same basis as in the event of a change of control.

10.2.13 *Adjustment of Awards*

In the event of a variation of the Company's share capital or a demerger, delisting, special dividend, rights issue or other event, which may, in the Board's opinion, affect the current or future value of Ordinary Shares, the number of Ordinary Shares subject to an award and/or the exercise price and/or any performance condition attached to awards, may be adjusted.

10.2.14 *Amending the Share Plans, termination of the Share Plans and further terms of awards*

The Board may amend either Share Plan at any time, provided that the approval of the Company's Shareholders in a general meeting will be required for any amendments to the advantage of participants relating to eligibility, limits, the basis for determining a participant's entitlement to, and the terms of, the Ordinary Shares comprised in an award and the impact of any variation of capital to become effective.

However, any minor amendment to benefit administration, to take into account legislative changes, or to obtain or maintain favourable tax treatment, exchange control or regulatory treatment may be made by the Board without Shareholder approval.

In particular, the Board may adopt schedules to the Employee Plan without Shareholder approval to permit the grant of tax qualifying "CSOP" options which satisfy the requirements of Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003 and/or tax qualifying "EMI" options which satisfy the requirements of Schedule 5 to that act.

The Share Plans will usually terminate on the tenth anniversary of Admission, but the rights of existing participants will not be affected by any termination.

Awards are not transferable (other than on death). No payment will be required for the grant of an award. Awards will not form part of pensionable earnings.

10.2.15 Pre-Admission Awards

The following options were granted to employees over ordinary shares in i3 Energy and were exercised by the employees on 17 July 2017 at an exercise price of £0.01 per Ordinary Share:

- (a) Mihai Butuc – options over 1,000,000 ordinary shares of £0.0001 each;
- (b) Neill Carson – options over 6,490,000 ordinary shares of £0.0001 each;
- (c) John Woods – options over 1,000,000 ordinary shares of £0.0001 each; and
- (d) Iain Campbell – options over 1,000,000 ordinary shares of £0.0001 each.

The following options were granted to employees on 6 December 2016 over ordinary shares in i3 Energy, and were released by those employees in consideration for the grant of options over an equal number of shares in the Company on 17 July 2017:

- (a) Mihai Butuc – 250,000 Ordinary Shares. The exercise price is £0.11 per Ordinary Share.
- (b) Ian Little – 250,000 Ordinary Shares. The exercise price is £0.11 per Ordinary Share.

The right to exercise the options is not subject to any performance targets, and the options may be exercised by the employees at any time within the ten years following the date of grant, provided that the employee remains employed by the Company or exercises the option within 60 days of cessation of employment.

The following options were granted to Directors and senior employees (as listed in paragraph 7 of Part I of this Admission Document) on 18 July 2017 over Ordinary Shares in the Company pursuant to the Employee Plan and the Non-Employee Plan (the “**Company Share Awards**”). The Company Share Awards in aggregate represent approximately 12 per cent. of the Enlarged Issued Share Capital, and approximately 12 per cent. of the aggregate limit applicable to the Share Plans immediately following Admission.

Director	Number of options awarded	Exercise Price (£)
Richard Ames	311,318	0.55
David Knox	311,318	0.55
Majid Shafiq	311,318	0.55
Neill Carson	311,318	0.55
Graham Heath	311,318	0.55

Senior Employee	Number of options awarded	Exercise Price (£)
Sheri Barton	206,804	0.55
Mihai Butuc	206,804	0.55
Iain Campbell	206,804	0.55
Martyn Eames	206,804	0.55
Ian Little	206,804	0.55
Colin Tannock	206,804	0.55
John Woods	206,804	0.55
Linda Twelftree	77,830	0.55

All of the Company Share Awards will vest as follows:

- (a) one third on Admission;
- (b) one third on the approval of the FDP by the OGA; and
- (c) one third on first production of hydrocarbons from the Group’s assets.

The Company Share Awards are not subject to any further performance criteria.

11 Material Contracts of the Group

The following material contracts, within the meaning of the AIM Rules and AIM Note for Mining and Oil & Gas Companies dated June 2009, have been entered into by the Company or are other contracts that contain certain provisions under which the Company has an obligation or entitlement which is material to the Company as at the Last Practicable Date:

11.1 Introduction Agreement

An introduction agreement dated 18 July 2017 was entered into between the Company, the Directors and WH Ireland, (WH Ireland). The agreement is conditional on, *inter alia*, Admission taking place on or before 31 July 2017 or such other date as the Company and WH Ireland may agree but in any event not later than 31 August 2017.

The agreement contains, *inter alia*, undertakings and warranties given by the Company and the Directors in favour of WH Ireland as to the accuracy of information contained in this Admission Document and other matters relating to the Group and its business and an indemnity by the Company in favour of the Joint Brokers.

Pursuant to the agreement, the Company has agreed to pay £150,000 (less any sum already paid in respect of such fee prior to the date of the agreement) to WH Ireland, being a corporate finance fee;

In addition to the fees referred to above, the Company has agreed under the agreement to pay to WH Ireland all reasonably and properly incurred costs, charges and expenses arising out of, or incidental to, Admission, the issue of the New Ordinary Shares or the Placing.

WH Ireland may terminate the agreement in certain circumstances prior to Admission, principally in the event of a material breach of the agreement or where there shall have occurred any change in national or international financial, economic, market or political conditions or in the financial position or prospects of the Company or the Group (taken as a whole) as a result of force majeure and which in the opinion of WH Ireland the effect of such change would be materially adverse to the success of the Admission or would render proceeding with the Admission impracticable or inadvisable.

11.2 Lock-up Arrangements

Lock-up Agreements dated 18 July 2017 were entered into among the Company and WH Ireland and the Directors and the Locked-up Employees, pursuant to which each of the Directors and Locked-up Employees has undertaken not to dispose or agree to dispose of any interest in their Ordinary Shares during the period of 12 months from the date of Admission (the “**Restricted Period**”) save for in certain circumstances which include, *inter alia*, where permitted by the AIM Rules as reasonably determined by WH Ireland. In addition, each Director and Locked-up Employees has undertaken from a period of 12 months from the first anniversary of Admission, that subject to certain limited circumstances, he shall transfer his Ordinary Shares in such manner so as to maintain an orderly market in the Ordinary Shares.

11.3 Nominated Adviser Agreement

A nominated adviser and broker agreement dated 18 July 2017 was entered into between the Company and WH Ireland pursuant to which the Company has appointed WH Ireland to act as nominated adviser and joint broker to the Company for an initial period of 12 months from the date of Admission. The agreement can thereafter be terminated by either party on the giving of three months’ notice. The agreement may also be terminated in other circumstances including, *inter alia*, material breach by the Company of its obligations under the agreement which is not remedied within ten Business Days. The Company has agreed to pay WH Ireland a fee of £50,000 (plus VAT) per annum. The agreement contains a customary indemnity from the Company in favour of WH Ireland.

11.4 Broker Agreements

11.4.1 A broker agreement was entered into between the Company and GMP FirstEnergy on 18 July 2017, pursuant to which the Company has appointed GMP FirstEnergy to act as its joint broker alongside WH Ireland and Cantor Fitzgerald for an initial period of 12 months from the date of Admission. The agreement can thereafter be terminated by either party on the giving of three months’ notice. The agreement may also be terminated in other circumstances including, *inter alia*, material breach by the

Company of its obligations under the agreement which is not remedied within 14 days' of notice of the breach being given by GMP FirstEnergy. The Company has agreed to pay GMP FirstEnergy a fee of £40,000 (plus VAT) per annum. The agreement contains a customary indemnity from the Company in favour of GMP FirstEnergy.

11.4.2 A broker agreement was entered into between the Company and Cantor Fitzgerald on 18 July 2017, pursuant to which the Company has appointed Cantor Fitzgerald to act as its joint broker alongside WH Ireland and GMP FirstEnergy for an initial period of 12 months from the date of Admission. The agreement can thereafter be terminated by either party on the giving of three months' notice. The agreement may also be terminated in other circumstances including, *inter alia*, material breach by the Company of its obligations under the agreement which is not remedied within 21 days' of notice of the breach being given by Cantor Fitzgerald. The Company has agreed to pay Cantor Fitzgerald a fee of £40,000 (plus VAT) per annum. The agreement contains a customary indemnity from the Company in favour of Cantor Fitzgerald.

11.5 **Acquisition of Liberator Asset**

11.5.1 On 25 April 2016, i3 Energy agreed to purchase (the "**Acquisition**") the United Kingdom Seaward Production Licence P.1987 dated 4 April 2013 to search and bore for and get petroleum in Licence P.1987, Block 13/23d (the "**Licence**") from Dana Petroleum (E&P) Limited ("**Dana**"). The Acquisition completed on 28 December 2016.

11.5.2 In consideration for the acquisition of the Licence, i3 Energy paid US\$2,100,000 plus the costs incurred by Dana after 1 January 2016.

11.5.3 The Licence was assigned by Dana to i3 Energy by virtue of a Deed of Licence Assignment in respect of United Kingdom Petroleum Production Licence P.1987 Block 13/23d between Dana and i3 Energy dated 28 December 2016 and a Deed of Working Interest Assignment between Dana Petroleum (E&P) Limited and i3 Energy in respect of United Kingdom Petroleum Production Licence P.1987 Block 13/23d dated 28 December 2016.

11.5.4 Dana gave certain warranties to i3 Energy in relation to the Acquisition, including as to its title to the Licence and its compliance with the terms of the Licence. Dana's liability is capped at the consideration payable by i3 Energy pursuant to the Acquisition.

11.5.5 Subject to its obligations under the Licence, i3 Energy may at any time by giving notice to the Oil and Gas Authority determine the Licence or surrender any part of the licensed area.

11.5.6 i3 Energy has also committed to sign a deed of variation to the Licence to include in its terms the following undertaking from the Oil and Gas Authority: *"Unless the Oil and Gas Authority in its discretion decides otherwise, i3 Energy shall relinquish Licence P.1987 on the expiry of the period of two years after the commencement of the Second Term of the Licence in the event of failure by i3 Energy before the expiry of that period to demonstrate to the satisfaction of the Oil and Gas Authority (whose decision shall be final) that funding has been secured for the Licence P.1987 well. i3 Energy intends to submit a field development plan for approval before the expiry of such two year period. For the avoidance of doubt, the above undertaking to relinquish would cease to apply if the Oil and Gas Authority approves a field development plan for Licence P.1987 before the expiry of such two year period."*

11.6 **Share for share exchange agreement**

On 17 July 2017, the Company issued 16,499,999 Ordinary Shares and 5,000 Deferred Shares (together, the "**New Shares**") pursuant to a share for share exchange agreement dated on that date. Under the Share for Share Exchange Agreement, the shareholders of i3 Energy subscribed for the New Shares in exchange for the Company's acquisition of the entire issued share capital of i3 Energy (as set out in paragraph 4.3 of this Part IX. Following completion of the said share for share exchange, i3 Energy was, and remains, a wholly owned subsidiary of the Company.

11.7 **Engagement Letters**

The Company has entered into the following introductory agent agreements:

11.8.1 An appointment letter dated 16 February 2017 with Cantor Fitzgerald.

11.8.2 An appointment letter dated 20 February 2017 with FirstEnergy Capital LLP.

11.8.3 An engagement letter dated 15 February 2017 with WH Ireland Limited.

11.8 **Lease**

The Company has entered into a lease in relation to premises in Aberdeen, details of which are summarised at paragraph 15.2 of this Part IX.

11.90 **Registrar's Agreement**

A registrar's agreement was entered into between the Company and the Registrar on 25 April 2017 (the "**Registrar's Agreement**"), pursuant to which the Company appointed the Registrar to act as its registrar and provide services in relation to such appointment. In consideration of the services to be provided, the Company has agreed to pay the Registrar an annual fee of £6,350, payable monthly in arrears, which is increased in the event the number of intra-CREST transfers exceeds 7,500 per annum.

Subject to earlier termination, the Registrar's Agreement is for a fixed term of three years and shall renew automatically for successive periods of 12 months. Either party may terminate the Registrar's Agreement on or after the expiry of the three-year term by giving not less than six months' notice. Either party may terminate the Registrar's Agreement at any time in certain circumstances including, *inter alia*, the other party being in material breach of the agreement and such breach remains unremedied for 45 days or undergoing an insolvency event. The Registrar's maximum liability under the Registrar's Agreement in respect of any 12 month period is capped at an amount equal to: (i) the lower of £500,000; or (ii) five times the annual fee payable to the Registrar under the Registrar's Agreement. The parties give certain standard indemnities in favour of each other in the Registrar's Agreement.

11.10 **Heads of terms with Diamond Offshore Drilling (UK) Ltd ("Diamond Offshore")**

i3 Energy entered into a set of non-binding heads of terms with Diamond Offshore on 3 April 2017 with a view to agreeing a one-plus-one rig contract for development of the LFC (with drilling expected to commence between 1 October 2017 and 31 May 2018).

On reaching agreeable terms, it is anticipated that the parties will enter into a fully binding rig contract on standard CRINE terms as soon as practicable for up to two wells in the LFC.

11.12 **Heads of terms with Baker Hughes Inc ("Baker Hughes")**

i3 Energy entered into a set of non-binding heads of terms with Baker Hughes on 4 April 2017 with a view to agreeing a one firm plus one option drilling campaign for the development of the LFC (with drilling expected to commence between 1 October 2017 and 31 May 2018).

On reaching agreeable terms, it is anticipated that the parties will enter into a fully binding rig contract on standard LOGIC terms as soon as practicable for up to two wells in the LFC.

12 **Related Party Transactions**

Same as set out in this Admission Document, no related party transactions have been entered into by the Company during the period covered by the financial information set out in Part VIII of this Admission Document and up to the Last Practicable Date.

13 **Working Capital**

In the opinion of the Company the working capital available to the Group is sufficient for the Group's present requirements, that is for the next 12 months following the date of Admission.

14 **Legal and Arbitration Proceedings**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had in the 12 months preceding the Last Practicable Date, a significant effect on the Company and/or the Group and/or its financial position or profitability.

15 **Property**

15.1 **Freehold property**

The Company does not own any freehold property.

15.2 **Leasehold property**

The following table provides summary information about the property leased by the Group and any encumbrances or charges on that property:

Property Description	Location	Tenant	Term	Rent
Office Premises	Unit 11, Abercrombie Court, Arnhall Business Park, Westhill, Aberdeenshire	i3 Energy North Sea Limited	1 April 2017 to 31 March 2022	£45,000 + VAT per annum, subject to upwards only rent review at 31 March 2020.

16 **Consents**

- 16.1 Deloitte LLP has given and not withdrawn its written consent to the inclusion in this Admission Document of its reports set out in Part VII of this Admission Document and the references thereto in the form and context in which it appears.
- 16.2 Gaffney, Cline & Associates (in its capacity as a competent person) has given and not withdrawn its written consent to the issue of this Admission Document with the inclusion of its CPR in Part VI of this Admission Document and the references to the CPR and to its name in the form and context in which they appear.
- 16.3 WH Ireland (in its capacity as nominated adviser and joint broker) has given and not withdrawn its consent to the issue of this Admission Document with the inclusion in it of references to its name in the form and context in which it appears.
- 16.4 Cantor Fitzgerald (in its capacity as joint broker) has given and not withdrawn its consent to the issue of this Admission Document with the inclusion in it of references to its name in the form and context in which it appears.
- 16.5 First Energy Capital LLP (in its capacity as joint broker) has given and not withdrawn its consent to the issue of this Admission Document with the inclusion in it of references to its name in the form and context in which it appears.

17 **General**

- 17.1 The total expenses of the Admission are estimated to amount to approximately £0.7 million.
- 17.2 Save as set out in this Admission Document, the Company is not dependent on patents or licences or industrial, commercial or financial contracts or new manufacturing processes which are material to its business or profitability.
- 17.3 Save as set out in this Admission Document, as far as the Directors are aware there are no environmental issues that may affect the Company's utilisation of its tangible fixed assets.
- 17.4 Save as disclosed in this Admission Document, the Company has no principal investments for each financial year covered by the financial information set out in Part VII of this Admission Document, there are no principal investments in progress and there are no principal future investments on which the Board has made a firm commitment.
- 17.5 Save as set out in this Admission Document, no government, regulatory authority or similar body, company or person (other than professional advisers named in this Admission Document and trade suppliers) has received directly or indirectly, from the Company within 12 months prior to the Last Practicable Date or entered into contractual arrangements (not disclosed in this Admission Document) to receive, directly or indirectly, from the Company on or after Admission any of the following: (i) fees of £10,000 or more; (ii) Ordinary Shares of £10,000 or more value (by reference to Admission Price); or (iii) any other benefit with a value of £10,000 or more as at Admission.
- 17.6 Save as set out in this Admission Document, the Company is not aware of any significant recent trends in production, sales and inventory, and costs and selling prices since the end of its previous financial year (to the Last Practicable Date) and is similarly not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects in its current financial year.

- 17.7 Where information contained in this Admission Document has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 17.8 Ordinary Shares are issued and allotted in registered form under the laws of England and Wales and their currency is pounds sterling. No admission to listing or trading of the Ordinary Shares is being sought on any stock exchange other than to AIM.
- 17.9 It is expected that CREST accounts will be credited as applicable on the date of Admission.
- 17.10 The ISIN for the Ordinary Shares is GB00BDHXPJ60.
- 17.11 Temporary certificates of title will not be issued in relation to the Loan Note Conversion Shares.
- 17.12 There are no arrangements in existence under which future dividends are to be waived or agreed to be waived.
- 17.13 Pursuant to Chapter 5 of the Disclosure and Transparency Rules a person must notify the Company of the percentage of its voting rights he holds as a shareholder or through his direct or indirect holding of certain financial instruments (or a combination of such holdings) if the percentage of those voting rights: (a) reaches, exceeds or falls below 3 per cent., 4 per cent., 5 per cent., 6 per cent., 7 per cent., 8 per cent., 9 per cent., 10 per cent. and each 1 per cent. threshold thereafter up to 100 per cent. as result of an acquisition or disposal of shares or such financial instruments; or (b) reaches, exceeds or falls below an applicable threshold in (a) as a result of events changing the breakdown of voting rights and on the basis of information disclosed by the Company in accordance with the Disclosure and Transparency Rules. Certain voting rights held by investment managers, unit trusts, OEICS and market makers can be disregarded except at the thresholds of 5 per cent. and 10 per cent. and above.

18 Auditors

On 14 July 2017 the Company appointed Deloitte LLP, chartered accountants, as auditors. The registered address of Deloitte LLP is 2 New Street Square, London EC4A 3BZ.

19 No Significant Change Statement

Save as set out in this Admission Document, there has been no significant change in the trading or financial position of the Group since 31 December 2016, the date to which the last unaudited accounts of the Group were prepared.