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P6079 Fair Market Valuation Report
of
Capricorn Energy PLC
for
Palliser Capital (UK) Ltd

Prepared For: Palliser Capital (UK) Ltd.

By: ERCE

Date: September 2022

ERCE

Independent Energy Experts

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23 September 2022
The Directors
Palliser Capital (UK) Ltd.
Palliser House
Palliser Road
London
W14 9EQ

Dear Sirs,

Re: Fair Market Valuation Report – Capricorn PLC

In accordance with your instructions, ERC Equipoise Ltd (ERCE) has prepared a report on the Fair Market Valuation (FMV Report) for Capricorn Energy PLC (Capricorn). The FMV Report has been prepared for Palliser Capital UK Limited's (Palliser) internal needs and is prepared in accordance with International Valuation Standards (IVSC) and Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (The VALMIN Code).

The effective date (Effective Date) of the FMV Report is 1 July 2022. This FMV Report is partly based on the technical profiles provided by Palliser in the form of the Gaffney, Cline & Associates Limited's Competent Person's Report (GCA CPR) dated 10 June 2021, as well as public information from Capricorn¹. The GCA CPR provided an independent evaluation of the Reserves and Contingent Resources of the assets as of 31 December 2019. ERCE reviewed the GCA CPR and publicly available information from Capricorn to bridge between GCA CPR's effective date (31 December 2019) to this report's effective date (1 July 2022). Thus, this FMV Report should be read in conjunction with the GCA CPR.

Nomenclature that may be used in this FMV Report is summarised in Appendix 10.5.

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- (a) Save for any publication pursuant to paragraph (c) below, if Palliser wishes to share the FMV Report with any third party on a non-reliance basis or incorporate any extracts, analysis or conclusions from the FMV Report into any materials (including letters or presentations) prepared by Palliser and to be disclosed to any third party ("Palliser Materials"), then, save for any disclosure to any Relevant Person (as defined in the Confidentiality Agreement) or Capricorn, if the FMV Report or Palliser Materials which Palliser intends to disclose, name ERCE in any way as the author of the report

¹ The GCA Report is found at <https://www.capricornenergy.com/umbraco/surface/media/mediaitem/competent-persons-report?path=/media/2942/competent-persons-report.pdf>

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- (b) If Palliser makes the FMV Report or its contents public and discloses ERCE as the author of the FMV Report or any Work, then such publication shall be subject to ERCE's prior written consent (which will not be unreasonably withheld or delayed) and such disclosure shall be in accordance with the Conditions in the Call-off Order between ERCE and Palliser dated 8 September 2022, save that nothing in the Conditions shall limit or restrict Palliser from publishing Palliser Materials incorporating extracts, analysis or conclusions from this report and referring to ERCE as the author of the report, provided that in doing so Palliser shall ensure that any such reference to or use of the report is not misleading or inaccurate and, without the prior consent of ERCE, does not deviate from, amend or revise the report.
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an investment product, for example to determine the amount payable under a security, or the value of a security or to measure the performance of a company for the purpose of tracking the return of an investment product.

Professional Qualifications

ERCE is an independent consultancy specialising in geoscience evaluation, engineering and economic assessment. ERCE will receive a fee for the preparation of this report in accordance with normal professional consulting practices. This fee is not dependent on the findings of the FMV Report and ERCE will receive no other benefit for the preparation of the FMV Report.

Neither ERCE, nor any Directors of ERCE have at the date of this report, nor have had within the previous two years, any shareholding in Palliser or Capricorn. Consequently, ERCE and the Directors of ERCE consider themselves to be independent of the Capricorn and Palliser, their directors and senior management.

ERCE has the relevant and appropriate qualifications, experience and technical knowledge to appraise professionally and independently the assets.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Simon McDonald', with a large, stylized flourish extending from the end of the signature.

Simon McDonald

Founder Director, ERCE

1. Executive Summary

The effective date of this Fair Market Value (FMV) Report is 1 July 2022 and it is partly based on the technical profiles provided by Palliser in the form of the Gaffney, Cline & Associates Limited's Competent Person's Report (GCA CPR) dated 10 June 2021, as well as public information from Capricorn. The GCA CPR provided an independent evaluation of the Reserves and Contingent Resources of the assets as of 31 December 2019. ERCE reviewed the GCA CPR and publicly available information from Capricorn to bridge between GCA CPR's effective date (31 December 2019) to this report's effective date (1 July 2022).

The GCA CPR was prepared for the Western Desert assets of Shell and is organised on an area-by-area basis of the total portfolio. In this report volumes for three levels of uncertainty are provided (1P, 2P and 3P). The volumes are reported for both No Further Action or NFA (as interpreted to be Developed Reserves) and for NFA plus Activities (Developed plus Undeveloped Reserves).

ERCE reviewed the GCA CPR and the information in the public domain to assess how the forecasts in GCA's Report have held up in the period from the effective date of the Report to 2022. ERCE made a number of observations presented in Section 3.1 and Section 3.2.

There is insufficient information in the GCA CPR to assess independently the forecasts for Undeveloped / Activities; ERCE has therefore accepted the GCA forecasts of incremental production for each Activity in its analysis of FMV in this report, although the timing of these has been adjusted, as discussed in Section 3.4. All the adjustments ERCE made to the forecasts presented in the GCA CPR to derive forecasts of production and costs as at end-June 2022 used as inputs for the economic modelling of Reserves in this report are discussed in Sections 3.3 and 3.4.

The valuation approach was selected based on International Valuation Standards (IVSC) and Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (The VALMIN Code) guidelines. ERCE used income-based (see Section 5) to value assets in Egypt (Reserves and Contingent Resources). ERCE also performed a market-based approach to investigate if it supports our income-based valuation (see Section 6). ERCE used the cost-based approach to value Capricorn's exploration assets (see Section 7).

ERCE performed a range of scenarios and sensitivities in order to demonstrate the range of values (see Section 8). ERCE's FMV conclusion is based upon the value derived from the 2P forecasts of production and costs, with the value of Undeveloped Reserves discounted by 10% to reflect uncertainty in the timing of development, uncertainty as well as quantum. The valuation of Contingent Resources was risked to reflect uncertainty in timing and chance of development.

Based on this analysis of Capricorn's assets and taking into account estimates of cash holdings and debt, contingent payments due and corporate overheads, ERCE has estimated

a fair market value of Capricorn to be US\$1,131 MM as at 1 July 2022 as presented in Table 1.1.

Table 1.1: Summary of FMV as at 1 July 2022

Sum of Parts FMV			
Scenario	Egypt 1P	Egypt 2P	Egypt 3P
Net Present Value to Capricorn:	US\$MM	US\$MM	US\$MM
Egypt (Developed Reserves or NFA; Unrisked)	53	71	86
Egypt (Undeveloped Reserves or Activities; Unrisked)	102	294	475
Total Egypt Net Present Value	155	365	561
FMV Derivation:			
Egypt (Developed Reserves or NFA)	53	71	86
Egypt (Undeveloped Reserves or Activities - 2P Undeveloped risked at 90%)	102	264	475
Total Egypt	155	335	561
Cash (Net Debt)	631	631	631
Current Receivable from EGPC	61	61	61
Present Value of G&A	(211)	(211)	(211)
Remainder of 2022 E&A Committed Spend	(47)	(47)	(47)
UK Disposal Contingent Payments	241	241	241
Senegal Contingent Payments	73	73	73
Egypt Contingent Payments	(70)	(70)	(70)
	833	1,014	1,240
Egypt Risked Contingent Resources (2C)	71	71	71
Exploration Value	47	47	47
	951	1,131	1,357
Fair Market Value Conclusion		1,131	

Notes

1. FMV is based on publicly available information only
2. Reserves are evaluated by Gaffney Cline & Ryder Scott as of December 31st, 2019. ERCE reviewed the GCA profiles, information from Capricorn and updated to 01.07.2022 by assuming a delay in Activities and incorporating a reduction in Reserves as advised by Capricorn
3. Long term Brent oil price forecast is assumed at \$75/b (from 2025 onwards) and gas price assumption is \$2.9/MMBtu
4. All asset values are NPV @ WACC of 12.12% After Tax as at 1 July 2022 in US dollars (US\$) unless otherwise noted
5. NFA stands for No Further Action and represents the Developed portion of Reserves; Activities represent the Undeveloped portion of Reserves

2. Introduction

Capricorn Energy PLC (Capricorn) is an independent upstream energy company headquartered in Edinburgh, UK. Currently its portfolio consists of interests in Egypt, UK, Mexico, Mauritania, Israel and Suriname. A summary of Capricorn's interests is provided in Table 2.1. Egyptian assets are the only producing assets in the portfolio.

Table 2.1: Capricorn's assets

Country	Asset (Field / Discovery /Prospect)	Stage			
		Capricorn's Interest	Production	Development	Exploration
Egypt					
	Alam El Shawish West (AESW)	20.00%	Production		
	Badr El Din (BED): BED 2, BED 3 and Sitra	50.00%	Production		
	North Alam El Shawish (NAES)	50.00%	Production	Development	
	North East Abu Gharadig (NEAG)	26.00%	Production		
	North Matruh (NM)	50.00%		Development	
	North Um Baraka (NUMB)	50.00%		Development	
	Obaiyed	50.00%	Production		
	South Abu Sennan	50.00%			Exploration
	South East Horus	50.00%			Exploration
	West El Hayum	50.00%			Exploration
UK*					
	Plymouth	60.00%			Exploration
	Breagh South	70.00%			Exploration
	Portsmouth	70.00%			Exploration
	Prometheus	70.00%			Exploration
	Cadence	60.00%			Exploration
	Woodstock	50.00%			Exploration
	Jaws	50.00%			Exploration
	Manhattan	100.00%			Exploration
	East Orkney Basin	50.00%			Exploration
	<i>*in Q1 2021, Capricorn disposed of Catcher and Kraken interests</i>				
Mauritania					
	Block C7	90.00%			Exploration
Mexico					
	Block 7	30.00%			Exploration
	Block 9	50.00%			Exploration
	Block 15	15.00%			Exploration
Israel					
	Block 39	33.34%			Exploration
	Block 40	33.34%			Exploration
	Block 45	33.34%			Exploration
	Block 46	33.34%			Exploration
	Block 47	33.34%			Exploration
	Block 48	33.34%			Exploration
	Block 52	33.34%			Exploration
	Block 53	33.34%			Exploration
Suriname					
	Block 61	100.00%			Exploration

The Effective Date of this Fair Market Value (FMV) report is 1 July 2022. The technical inputs for Egypt valuation in this FMV Report are based on the Gaffney, Cline & Associates Limited's Competent Person's Report (GCA CPR) dated 10 June 2021, as well as public information from Capricorn. The GCA CPR provided an independent evaluation of the Reserves and Contingent Resources of the assets as of 31 December 2019. ERCE reviewed the GCA CPR and publicly available information from Capricorn to bridge between GCA CPR's effective date (31 December 2019) to this report's effective date (1 July 2022). In preparing this report ERCE has not had access to any other information, including basic and interpreted technical data, nor has ERCE had any contact with Capricorn or Capricorn personnel in relation to the FMV Report.

The estimates of Reserves and post-tax net present value (NPV) presented in the GCA CPR as at 31 December 2019 are summarised by in Table 2.2. ERCE notes that NFA stands for "No Further Action" and represents the Developed portion of Reserves, while Activities represent the Undeveloped portion of Reserves.

Table 2.2: GCA's Summary of Oil, Condensate and Gas Reserves in the Assets as at 31st December 2019

Cluster/Asset	Category	Gross Reserves			Shell Net Entitlement Reserves ¹			50% of Shell Net Entitlement Reserves ¹			Post-tax NPV
		Oil	Gas	Total	Oil	Gas	Total	Oil	Gas	Total	10%
		(MMstb)	(Bscf)	(MMboe)	(MMstb)	(Bscf)	(MMboe)	(MMstb)	(Bscf)	(MMboe)	(US\$MM)
Obaiyed	1P (NFA+Activities)	17.1	367.1	87.8	6.3	137.3	32.8	3.2	68.6	16.4	144
	2P (NFA+Activities)	22.2	425.7	104.2	7.6	6.7	8.9	3.8	73.7	18	176
	3P (NFA+Activities)	26.8	483	119.9	8.6	18.5	12.2	4.3	78.6	19.4	206
Badr El Din (BED)	1P (NFA+Activities)	19.9	77.8	34.5	9	35.3	15.6	4.5	17.6	7.8	83
	2P (NFA+Activities)	33.2	135.3	58.5	14.5	59.9	25.7	7.2	30	12.8	195
	3P (NFA+Activities)	46	193.7	82.3	17.3	74.9	31.3	8.7	37.4	15.7	230
Alam El Shawish West (AESW)	1P (NFA+Activities)	16.9	473.3	105.4	2.8	77.6	17.3	1.4	38.8	8.7	59
	2P (NFA+Activities)	30.2	616.2	145.4	4.7	94.2	22.3	2.3	47.1	11.1	102
	3P (NFA+Activities)	45.1	785.8	192	5.7	99.5	24.3	2.8	49.8	12.1	122
North East Abu Gharadig (NEAG)	1P (NFA+Activities)	14.8	16.7	17.9	3.8	4.1	4.6	1.9	2.1	2.3	33
	2P (NFA+Activities)	21.7	23.1	26	4.9	5	5.8	2.5	2.5	3	51
	3P (NFA+Activities)	31.4	32.2	37.4	6.5	6.3	7.7	3.3	3.1	3.9	76
North Matruh (NM)	1P (NFA+Activities)	5	46.4	14.2	2	18.5	5.7	1	9.3	2.8	4
	2P (NFA+Activities)	10	76.8	25.2	3.4	25.9	8.5	1.7	12.9	4.3	36
	3P (NFA+Activities)	19.8	128	45.2	5	32.5	11.4	2.5	16.3	5.7	69
North Um Baraka (NUMB)	1P (NFA+Activities)	0.2	14.5	3.1	0.1	6.7	1.4	0.1	3.4	0.8	9
	2P (NFA+Activities)	0.2	15	3.2	0.1	6.9	1.5	0.1	3.5	0.8	10
	3P (NFA+Activities)	0.2	15.5	3.3	0.1	7.1	1.5	0.1	3.6	0.8	10
North Alam El Shawish (NAES)	1P (NFA+Activities)	0	1.1	0.2	0	0.5	0.1	0	0.2	0	0
	2P (NFA+Activities)	0	24.6	4.6	0	10.8	2	0	5.4	1	2
	3P (NFA+Activities)	0.1	36.7	7	0	16.1	3	0	8.1	1.5	6
Total Portfolio (2P)		118	1,317	367	35	209	75	18	175	51	572

Notes

1. In March 2021, Capricorn and its Consortium partner Cheiron Petroleum Company announced the acquisition of Shell's assets in Egypt. Shell Net Entitlement Reserves are the net economic entitlement attributable to Shell's interest under the terms of the Contract that governs the asset. Capricorn has a 50% share in the Consortium. Therefore, its working interest (WI) in each Asset will be half of the Shell WI.
2. NFA stands for No Further Action and represents the Developed portion of Reserves; Activities represent the Undeveloped portion of Reserves

The estimates of Contingent Resources presented in the GCA CPR as at 31 December 2019 are summarised in Table 2.3.

Table 2.3: GCA's Summary of Contingent Resources as at 31st December 2019

Cluster/Asset	Category	Gross Resources			Shell's WI Resources ¹			50% of Shell's WI Resources ²		
		Oil	Gas	Total	Oil	Gas	Total	Oil	Gas	Total
		(MMstb)	(Bscf)	(MMboe)	(MMstb)	(Bscf)	(MMboe)	(MMstb)	(Bscf)	(MMboe)
Obaiyed	1C	4.2	72.5	18.2	4.2	72.5	18.2	2.1	36.3	9.1
	2C	7	106.1	27.4	7	106.1	27.4	3.5	53.1	13.7
	3C	9.7	150.6	38.7	9.7	150.6	38.7	4.9	75.3	19.4
Badr El Din (BED)	1C	1.5	39.7	8.9	1.5	39.7	8.9	0.8	19.9	4.5
	2C	2.9	86.7	19.1	2.9	86.7	19.1	1.5	43.4	9.6
	3C	4.8	154.1	33.7	4.8	154.1	33.7	2.5	77.1	16.9
Alam El Shawish West (AESW)	1C	2.1	76.7	16.4	0.8	30.7	6.6	0.4	15.4	3.3
	2C	4.9	92.8	22.2	2	37.1	8.9	1	18.6	4.5
	3C	7.8	117.4	29.7	3.1	47	11.9	1.6	23.5	6
North East Abu Gharadig (NEAG)	1C	0.9	1.2	1.1	0.5	0.6	0.6	0.3	0.3	0.4
	2C	1	1.8	1.3	0.5	0.9	0.7	0.3	0.5	0.4
	3C	1.5	3.1	2.1	0.8	1.6	1.1	0.4	0.8	0.5
North Matruh (NM)	1C	0.9	6.2	2.1	0.9	6.2	2.1	0.5	3.1	1.1
	2C	1.9	10.9	4.1	1.9	10.9	4.1	1	7	2.4
	3C	4.1	20.3	8.1	4.1	20.3	8.1	2.1	11.7	4.4
North Um Baraka (NUMB)	1C	0	7.4	1.5	0	7.4	1.5	0	3.7	0.7
	2C	0	14	2.8	0	14	2.8	0	7	1.4
	3C	0	23.4	4.7	0	23.4	4.7	0	11.7	2.3
North Alam El Shawish (NAES)	1C	0.1	118.6	22.3	0.1	118.6	22.3	0.1	59.3	11.2
	2C	0.2	219.1	41.2	0.2	219.1	41.2	0.1	109.6	20.6
	3C	0.5	347.9	65.5	0.5	347.9	65.5	0.3	174	32.8
Total Portfolio (2C)		18	531	118	14	475	104	7	239	53

Notes

1. In March 2021, Capricorn and its Consortium partner Chevron Petroleum Company announced the acquisition of Shell's assets in Egypt. WI Basis Contingent Resources in this table are Shell's Working Interest fraction of the Gross Resources; they do not represent Shell's actual Net Entitlement under the terms of the Contracts that govern the asset, which would be lower.
2. Capricorn has a 50% share in the Consortium. Therefore, its working interest (WI) in each Asset will be half of the Shell WI.

3. Technical Review

3.1. Technical Review Summary

The GCA Report is organised on an area-by-area basis of the total portfolio and provides a brief description of the area with an outline of the future plans in each of the development areas. Production profiles of gross production of the remaining resources on an area-by-area basis are presented in the GCA Report on an annual frequency for oil (including condensate) and for gas. Production profiles for three levels of uncertainty Low, Best and High are provided. The production profiles are reported for both No Further Action or NFA (interpreted to be Developed) and for NFA plus Activities (i.e. Developed plus Undeveloped).

ERCE has extracted the summation of the annual production profiles for the NFA cases and presented these data in Table 3.1. By subtracting the NFA (Developed) volumes from the volumes associated with the NFA plus Activities (Developed and Undeveloped) profiles the magnitude of the impact of the activities can be calculated and these are also reported in Table 3.2.

ERCE has presented the combined volumes in the GCA Report as barrels of equivalent (boe) by converting the gas volumes into boe as per the prevailing conversion factors as shown in Table 3.1. In addition, ERCE presented the ratio between the low and the high case volumes for each level of uncertainty and each case.

Table 3.1: Conversion factors for gas volumes into boe (Source: Capricorn Energy)

Area	Gas conversion factor to boe (Mscf/boe)
Obaiyed	5.187
NUMB	5.002
BED Area	5.342
NEAG Tiba	5.346
NEAG Ext	5.346
AESW	5.347
NM	5.043
NAES	5.348

Also in Table 3.2 is the number of wells associated with the incremental Activity that GCA has assumed, which include new wells to be drilled and workovers that GCA is reporting are associated with the Activities. It should be noted that it is not just wells that are associated with the Activities as there are facilities upgrades too. The final column in Table 3.2 shows the Net Present Value at a 10% p.a. discount rate (NPV10) as at 31 December 2019 for the Best estimate case for each asset that GCA calculated for 50% of Shell's interest in the portfolio, i.e. the interest acquired by Capricorn.

Table 3.2: GCA CPR Gross Remaining Technically Recoverable Oil and Gas Volumes and NPVs at 31 December 2019

Area	Sales Product	Developed (NFA)				Undeveloped (Activities)						Total			
		Low	Best	High	Ratio High / Low	Low	Best	High	Ratio High / Low	Undev %age of Total 2P Volumes	Number of New Wells & W'overs	Low	Best	High	NPV10 (Best, \$MM)
Obaiyed	Oil (MMbbl)	10.1	11.4	12.3	1.22	7	10.8	14.5	2.07	49%	25	17.1	22.2	26.8	175.6
	Gas (Bscf)	251.7	273.9	294.9	1.17	115.4	151.8	188.1	1.63	36%		367.1	425.7	483	
	Total (MMboe)	58.6	64.2	69.2	1.18	29.2	40.1	50.8	1.74	38%		87.9	104.3	119.9	
Badr El Din (BED)	Oil (MMbbl)	9.9	11.7	13.2	1.33	12.7	22.3	33.8	2.66	66%	63	22.6	34	47	195.3
	Gas (Bscf)	74.6	89.1	100.7	1.35	25	61	103	4.12	41%		99.6	150.1	203.7	
	Total (MMboe)	23.9	28.4	32.1	1.34	17.4	33.7	53.1	3.05	54%		41.2	62.1	85.1	
Alam El Shawish West (AESW)	Oil (MMbbl)	1.8	2.1	2.4	1.33	16.1	28.5	42.9	2.66	93%	66	17.9	30.6	45.3	102
	Gas (Bscf)	164.4	183.4	200.1	1.22	341.5	445.7	590.7	1.73	71%		505.9	629.1	790.8	
	Total (MMboe)	32.5	36.4	39.8	1.22	80	111.9	153.4	1.92	75%		112.5	148.3	193.2	
North East Abu Gharadig (NEAG)	Oil (MMbbl)	10.1	11.8	13.3	1.32	6.7	11.9	19	2.84	50%	44	16.8	23.7	32.3	51.3
	Gas (Bscf)	12.5	14.5	16.1	1.29	4.3	8.8	16.2	3.77	38%		16.8	23.3	32.3	
	Total (MMboe)	12.4	14.5	16.3	1.31	7.5	13.5	22	2.94	48%		19.9	28.1	38.3	
North Matruh (NM)	Oil (MMbbl)	0	0	0		5	10.3	21.8	4.36	100%	13	5	10.3	21.8	36.2
	Gas (Bscf)	0	0	0		46.7	78.6	138.5	2.97	100%		46.7	78.6	138.5	
	Total (MMboe)	0	0	0		14.3	25.9	49.3	3.45	100%		14.3	25.9	49.3	
North Um Baraka (NUMB)	Oil (MMbbl)	0.3	0.4	0.4	1.33	0	0	0		0%	7	0.3	0.4	0.4	9.7
	Gas (Bscf)	20.1	21.5	22.9	1.14	16.6	31.7	52.7	3.17	60%		36.7	53.2	75.6	
	Total (MMboe)	4.3	4.7	5	1.15	3.3	6.3	10.5	3.17	57%		7.6	11	15.5	
North Alam El Shawish (NAES)	Oil (MMbbl)	0	0	0		0	0	0			2	0	0	0	2.2
	Gas (Bscf)	1.7	2.7	3.3	1.94	12.2	22.6	35.8	2.93	89%		13.9	25.3	39.1	
	Total (MMboe)	0.3	0.5	0.6	1.94	2.3	4.2	6.7	2.93	89%		2.6	4.7	7.3	
Total	Oil (MMbbl)	32.2	37.4	41.6	1.29	47.5	83.8	132	2.78	69%	220	79.7	121.2	173.6	572.2
	Gas (Bscf)	525	585.1	638	1.22	561.7	800.2	1125	2	58%		1086.7	1385.3	1763	
	Total (MMboe)	132.1	148.7	162.9	1.23	154	235.6	345.8	2.25	61%		286.1	384.4	508.7	

ERCE makes the following observations from consideration of the information presented in Table 3.2:

- The most significant areas in the portfolio are in the Obaiyed, BED and AESW areas where the total gross Best Estimate recoverable volumes calculated by GCA make up 82% of the total volumes in the portfolio; the GCA CPR estimated these three Assets contributed 83% of the total NPV10 of the portfolio Best Estimate NPV.
- In aggregate, 68% of the total gross Best estimate recoverable volumes are gas (expressed as barrels of oil equivalent using the conversion factors that are between 5,002 scf/boe and 5,348 scf/boe as shown in Table 3.1); the BED area is significantly more “oil rich” (45% of the total gross Best Estimate recoverable volumes are gas (expressed as boe)) than the other two main areas, where gas is the dominant sales product.
- 39% of the recoverable volumes are Developed (termed “NFA” in the GCA CPR);
- 61% of the recoverable volumes are Undeveloped (termed “Activities” in the GCA CPR), primarily comprising the drilling of new wells in the period 2020 to 2024 (206 in total) and workovers of existing wells (15 in total).
- The ratio of High to Low estimates of recoverable volumes is higher for the Undeveloped than the Developed recoverable volumes (1.23 compared to 2.25 for the total gross recoverable volumes respectively, expressed as boe), indicating that GCA considers there to be a materially higher level of uncertainty attached to the Undeveloped volumes.

As part of the work undertaken ERCE compared the historical production data that are in the GCA Report (to end 2018 or early 2019 depending for how long the historical data are shown) with the NFA forecast to assess the Undeveloped / NFA forecasts in the GCA CPR. In general, ERCE is in broad agreement that the GCA Report Undeveloped / NFA forecasts are supported by the historical production trends. There are a few areas where the historical data that are presented in the GCA Report do not support the NFA forecast that has been generated. However, as the GCA Report may have documented all the historical production ERCE has accepted the GCA NFA forecast for the analysis.

There is insufficient information in the GCA CPR to assess independently the forecasts for Undeveloped / Activities; ERCE has therefore accepted the GCA forecasts of incremental production for each Activity in its analysis of FMV in this report, although the timing of these has been adjusted, as discussed in Section 3.4.

3.2. Events Between end-2019 and mid-2022

ERCE reviewed information in the public domain to assess how the forecasts in GCA’s Report have held up in the period from the effective date of the Report to 2022; the primary source of this information has been public announcements sourced from Capricorn’s website, including:

- 2021 Annual Report, published on 29/03/2022

- 2021 Preliminary Results Presentation dated 08/03/2022

From these reports ERCE deduced that:

- The GCA CPR forecast Capricorn Working Interest total 2P production rates of 53 Mboe/d and 49 Mboe/d in 2021 and 2022 respectively, whereas actual rates achieved in 2021 were lower at 36 Mboe/d (Figure 3.1) and for 2022 Capricorn's early-2022 guidance² was that production was expected to be in the region of 37 to 40 MMboe/d (Figure 3.2).
- The GCA CPR has an effective date of 31 December 2019 and in this report there is a significant amount of capital expenditure (CAPEX) attributed to 2020. The date of the GCA CPR is 10 June 2021 and in the report the authors note "*the deferral in the implementation of the drilling schedule*".
- In its 2021 Preliminary Results Presentation Capricorn reclassified 9.8 MMboe 2P Reserves to 2C Resources during 2021, citing "*Reserves now estimated at Year End 2021 incorporating revised capital plan targeting liquids and phasing developments*" and "*Optimisation planned over next 12-24 months to assess optimal reserves and resources exploitation plan*" (Figure 3.3).
- No information is presented by Capricorn as to which area was subject to the Reserves downgrade; this is a key lack of information as if the downgrade occurred in the BED or NEAG Assets, which have a higher proportion of oil Reserves, this would have a materially greater adverse impact on value than if it occurred in the other areas, where gas comprises a higher fraction of the recoverable volume.

The total 2P Reserves presented by Capricorn at end-2021 (91 MMboe) is broadly consistent with the 2P Reserves as at end-2019 reported in the GCA CPR after deduction of estimated production in 2020 and 2021 and the Reserves downgrade reported by Capricorn if the development plan is delayed for a year.

² <https://www.capricornenergy.com/umbraco/surface/media/mediaitem/results-8th-march-2022-final?path=/media/3213/results-8th-march-2022-final.pdf>

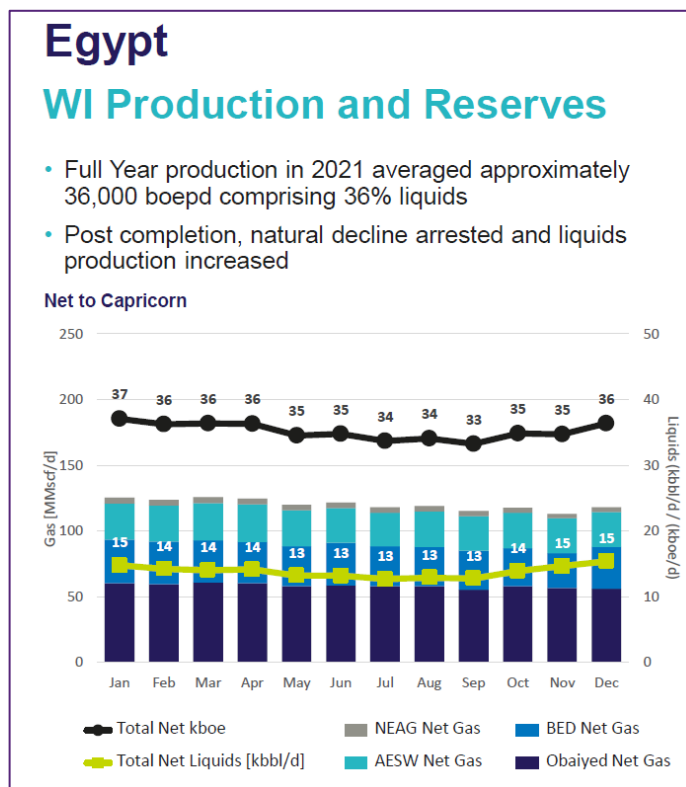


Figure 3.1: WI production for 2021 as reported by Capricorn

2022 WI guidance of **37,000 – 43,000 boepd**; 35-40% liquids

Figure 3.2: WI guidance for 2022 as stated by Capricorn

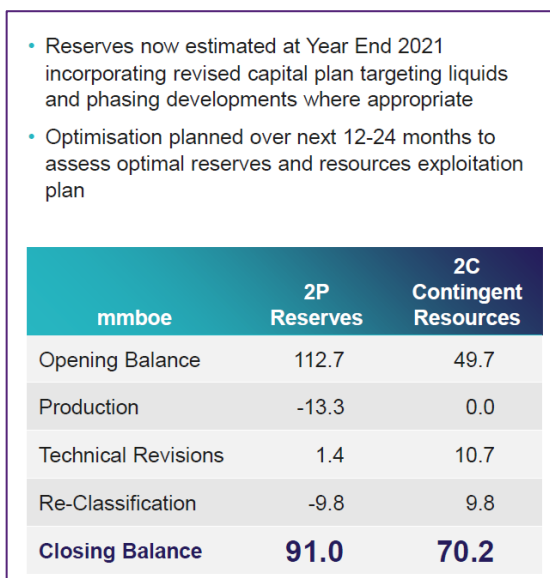


Figure 3.3: 2021 Reserves and Resources position for 2021 as stated by Capricorn

3.3. Events Between mid-2022 and September 2022

On 6 September 2022 Capricorn announced its half-year results for 2022³. The company stated that its working interest production in H1/2022 was approximately 35,500 boe/d, of which 41% was liquids. Full year guidance for 2022 was updated to between 33,000 to 36,000 boe/d. Capricorn stated that it has not been able to drill as many wells in 2022 as it had initially planned.

There was no update given regarding Reserves at the half-year update.

3.4. Adjustments made to GCA CPR forecast

Based on the observations described in the previous section, ERCE adjusted the forecasts presented in the GCA CPR to derive forecasts of production and costs as at end-June 2022 to use as inputs for the economic modelling of Reserves in this report.

The GCA CPR forecasts for NFA have been accepted as presented.

The GCA CPR Undeveloped production and CAPEX forecasts for each Activity have been delayed by six months from the timing assumed in the GCA CPR. As a result, the adjusted 2P forecast of production matches Capricorn's latest guidance for 2022 both in terms of quantum (34,500 boe/d) and liquids content (41%).

The resulting total forecasts have then been adjusted downwards using the same percentage reduction for each asset in order to account for the reduction in Reserves reported by Capricorn in 2021.

3.5. Detailed Technical Review

The Western Deserts assets that were assessed consist of a mixture of oil and gas fields. A chart that shows the relative magnitude of 50% of the Shell Net entitlement 2P Reserves as of 31 December 2019 of the Egyptian Portfolio is shown in Figure 3.4. The gas volumes in the GCA Report have been converted to boe utilising conversion factors published by Capricorn and are shown in Table 3.2. Table 3.2: GCA CPR Gross Remaining Technically Recoverable Oil and Gas Volumes and NPVs at 31 December 2019. The five most significant areas represent 85% of the 2P Reserves as calculated by GCA in the portfolio in boe. This technical review has focused on these areas.

³ <https://www.capricornenergy.com/news-media/news/2022/half-yearly-results-2022/#Tabundefined=1>

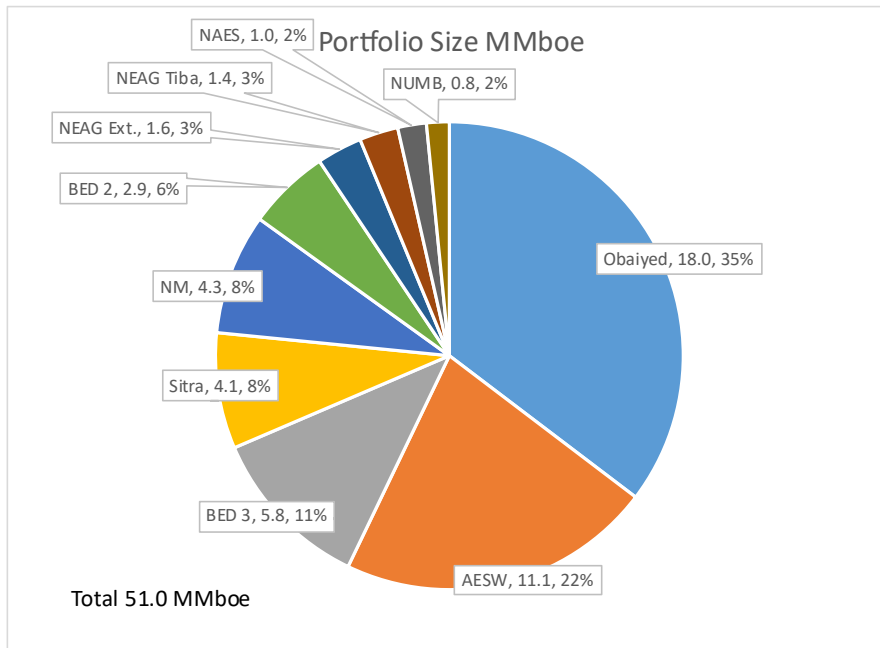


Figure 3.4: 2P Reserves by area Based on GCA CPR

The following sections describe the historical production and the production forecasts that were generated by GCA.

3.6. Obaiyed Area

The Obaiyed area consists for 2 main areas, Obaiyed Main and J14 area. Unless stated otherwise, reference to Obaiyed is taken to mean Obaiyed Main and J14 areas combined. The reservoirs in this area produce gas condensate.

3.6.1. Historical Production and GCA Production Forecasts

A plot of the historical gas production reported in the GCA Report and the GCA 1P, 2P and 3P forecast is shown in Figure 3.5. A similar plot for the condensate is shown in Figure 3.6.

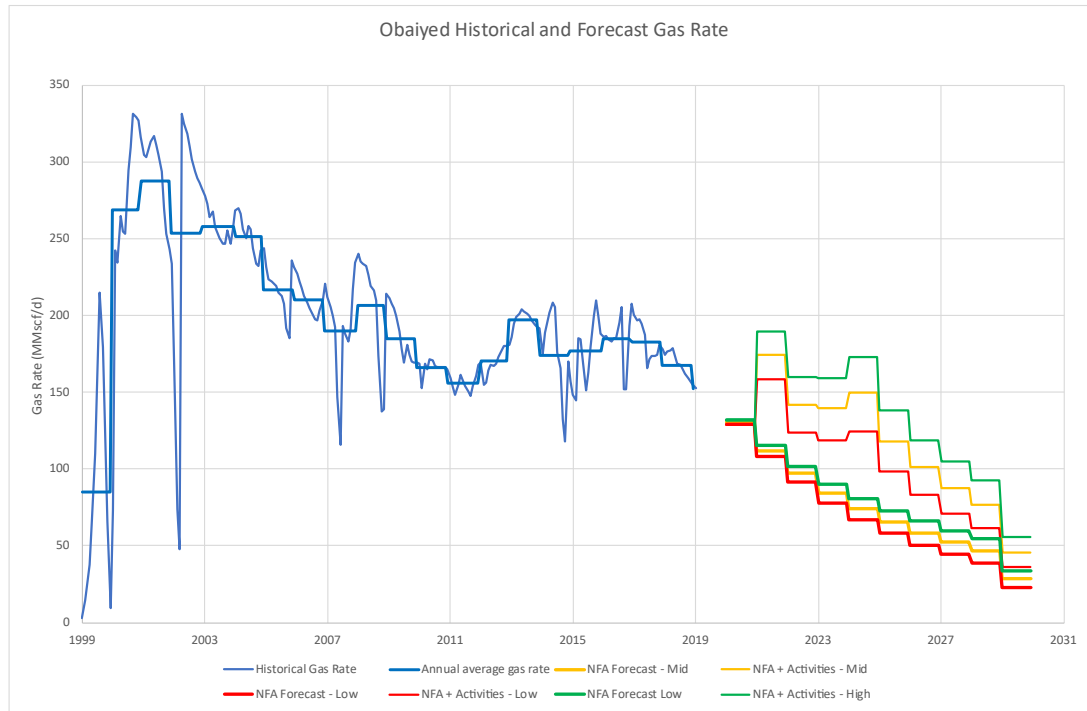


Figure 3.5: Obaiyed area historical gas production and GCA forecasts

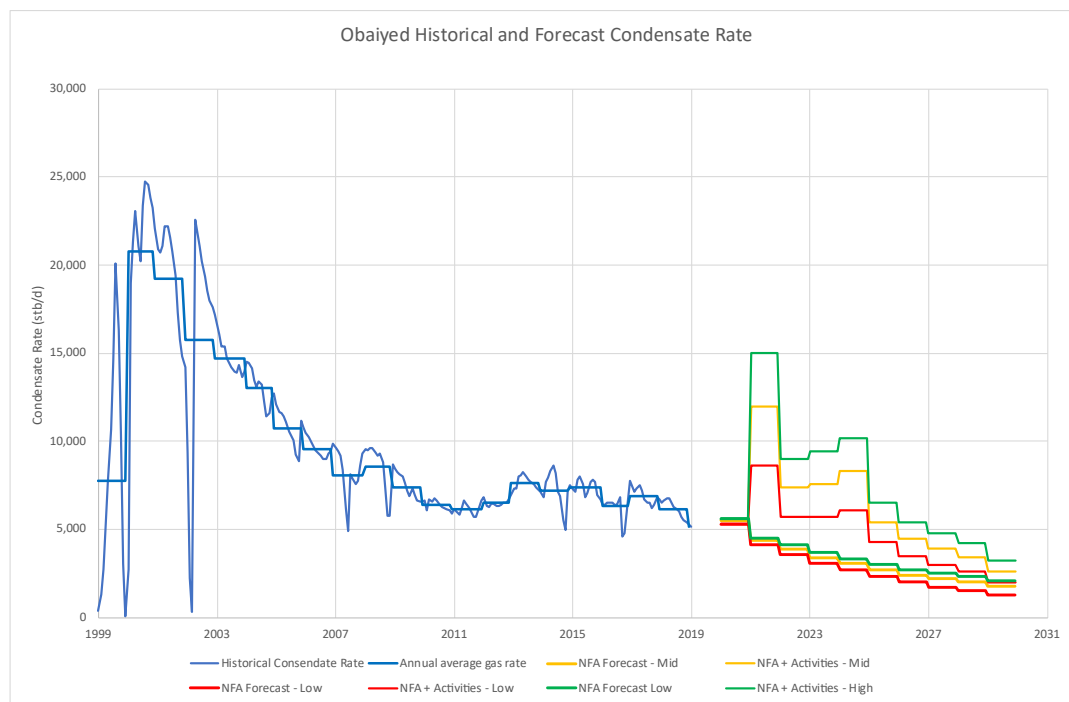


Figure 3.6: Obaiyed area historical condensate production and GCA forecasts

Utilising the Q4 rates in 2019 as described by GCA, the average production rate per well at YE2019 in Obaiyed can be calculated and is shown in the table below:

Table 3.3: Statistics on wells in the Obaiyed area at YE2019

Area	Number of wells on stream at YE 2019	Gas rate at YE 2019	Condensate rate at YE 2019	Average gas rate per well at YE 2019	Average condensate rate per well at YE 2019
		MMscf/d	stb/d	MMscf/d	stb/d
Obaiyed Main	36	119	5164	3.3	143.4
J14	7	42	807	6.0	115.3

3.6.1.1. Observations on NFA profile

The production forecast appears to follow the trend that has been established by the field. The range in uncertainty on the forecast appears to be low.

3.6.1.2. Observations NFA + Activities

There is a rapid spike in production anticipated on the condensate rate and levels of condensate production have been forecast to be as high in 2021 as those achieved in 2004. This appears to be a short spike in production as production levels in 2022 drop to more modest levels. The condensate gas ratio (CGR) during 2021 is also much higher than other years. There appears to be a more reasonable spread between the production forecasts when compared to the NFA forecasts.

3.6.2. Development Opportunities

From the report it is interpreted that there will be 12 new wells and 13 workovers. These wells are targeting both the Lower Safer (LS) Upper Safa (US) formations. In addition to the well work, a low line pressure (LLP) compression project has been identified and also a number (unknown) of wells that are shut in will be reactivated. A summary of the activities is shown in Table 3.4.

Table 3.4: Summary of development activities in the Obaiyed field

Activity	Number	Total cost (\$MM)	Cost per activity (\$MM)
Drilling of horizontal wells	7	42	6
Drilling of vertical wells	5	19	3.8
Recompletions	13	14.3	1.1
Hook up	12	14.4	1.2
LLP Compression Project (NFA)	1	28.8	
Life Extension Project (NFA)	1	12	
Asset Integrity Project (NFA)	1	13.3	
Contamination + Well Integrity Project (NFA)	1	1	
LLP Compressor Phase 1 Project (Infill)	1	6.1	
LLP Compressor Phase 2 (Infill)	1	4	

Incremental resources for these activities as well as the NFA resources are shown in Tables 16 and 17 in the GCA Report which are presented in Figure 3.7. The infill cases are interpreted to be the new wells.

Table 16: Remaining Technically Recoverable Gas Volumes by Case, Obaiyed as at 31st December 2019

Case	Low Case (Bscf)	Best Case (Bscf)	High Case (Bscf)
NFA	280.8	305.6	329.1
Infill LS Core	17.6	35.7	54.1
Infill LS Flanks	54.9	68.2	81.1
Infill US	24.7	30.9	37.1
LLP project	7.9	9.6	11.3
SI wells Re-activation	23.9	25.2	26.5
Total	409.8	475.3	539.3

Notes:

1. The volumes in this table are to the end of August 2029; no economic cut off has been applied.
2. The volumes are prior to deduction of fuel and shrinkage, estimated at 10% in 2020-2023 and 10.5% from 2023 onwards (Fuel = 4.9% and shrinkage due to CO₂ removal= 5.6%).
3. Totals may not exactly equal the sum of individual entries due to rounding.

Table 17: Remaining Technically Recoverable Condensate Volumes by Case, Obaiyed as at 31st December 2019

Case	Low Case (MMBbl)	Best Case (MMBbl)	High Case (MMBbl)
NFA	10.1	11.4	12.3
Infill LS Core	0.9	1.6	2.4
Infill LS Flanks	2.4	3.1	3.9
Infill US	2.5	4.6	6.6
LLP project	0.3	0.4	0.5
SI wells Re-activation	0.9	1.0	1.0
Total	17.1	22.2	26.8

Notes:

1. The volumes in this table are to the end of August 2029; no economic cut off has been applied.
2. Totals may not exactly equal the sum of individual entries due to rounding.

Figure 3.7: Tables 16 and 17 from the GCA Report – Obaiyed Remaining Technically Recoverable Resources

GCA provide in their Table 16 a breakdown of Technically Remaining Recoverable (TRR) for new activities shown in though it is unclear from the report which activities are associated with 'SI wells Re-activation'.

From the data supplied in the GCA Report (Table All.1 Obaiyed) it is possible to construct the incremental production profiles that are expected from the totality of the development activities. The resultant production profiles for gas and condensate are shown in Figure 3.8 and Figure 3.9 respectively.

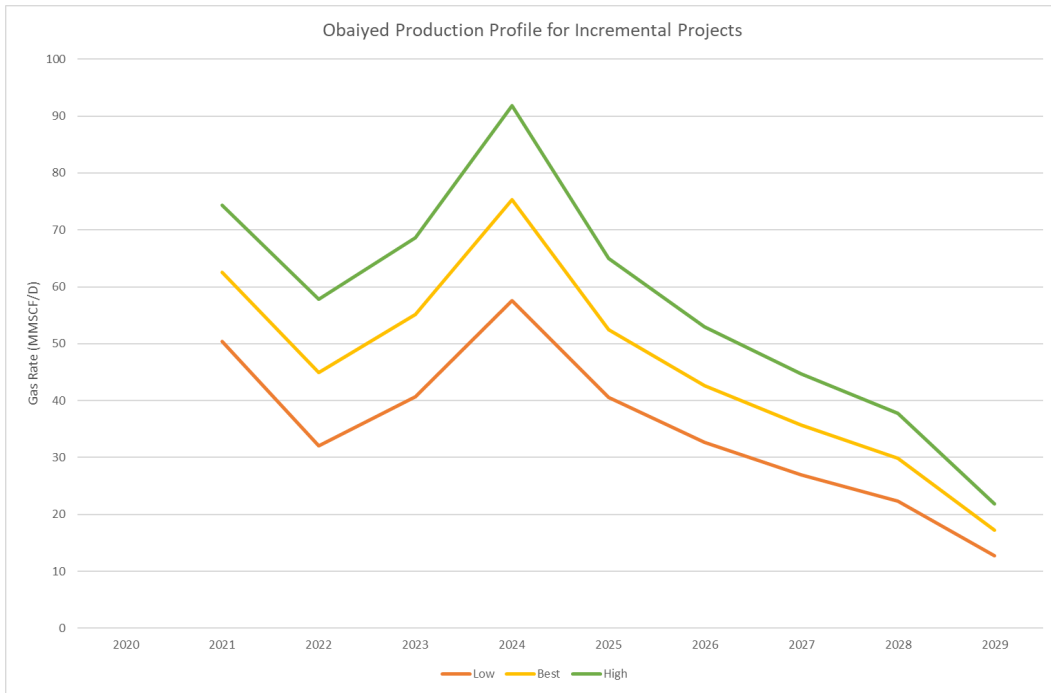


Figure 3.8: Obaiyed Field incremental gas production forecast

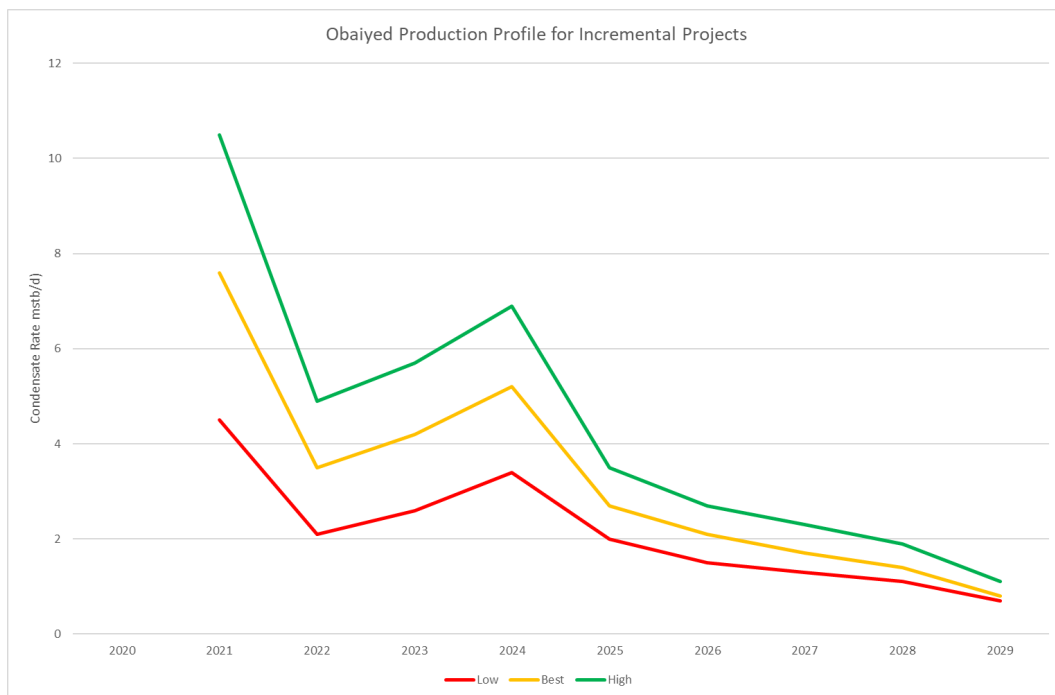


Figure 3.9: Obaiyed Field incremental condensate production forecast

3.7. Alam El Shawish West (AESW)

The Alam El Shawish West (AESW) area contains 10 fields which are described as five main fields with satellites. The main fields consist of Al Assil, Al Karam, Bagha, Al Magd and Al Barq. Some of the fields are oil fields whilst the others are gas fields.

3.7.1. Historical Production and GCA Production Forecasts

A plot of the historical gas production reported in the GCA Report and the GCA 1P, 2P and 3P forecast is shown in Figure 3.10. A similar plot for the crude and condensate is shown in Figure 3.11.

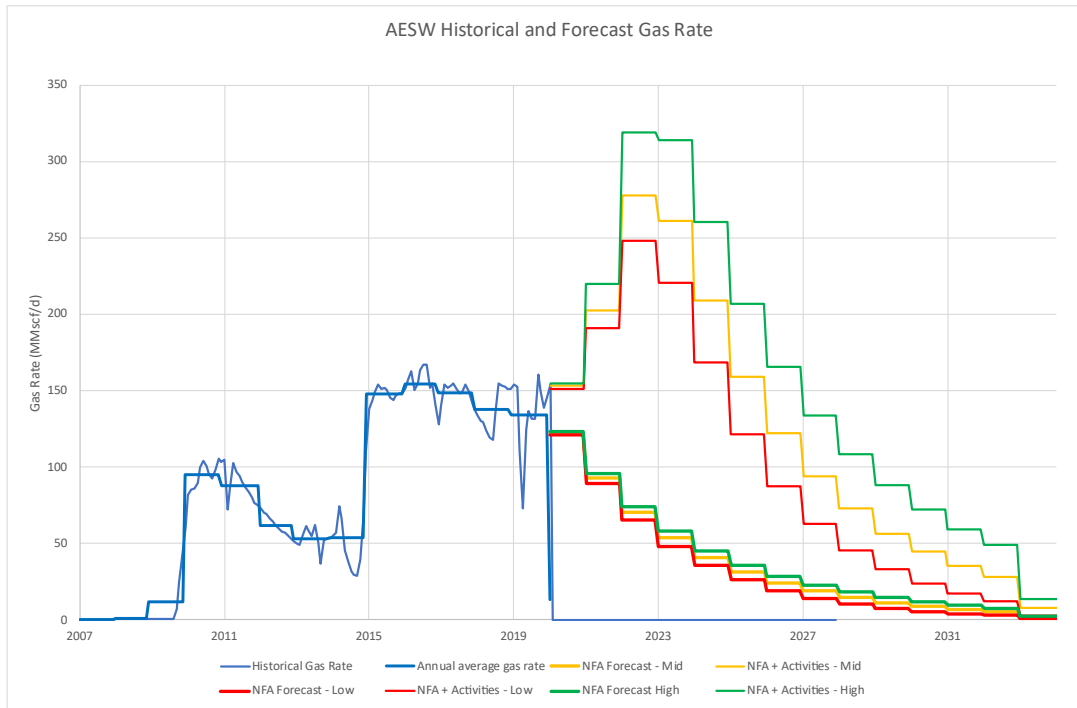


Figure 3.10: AESW Field Historical gas production and GCA forecasts

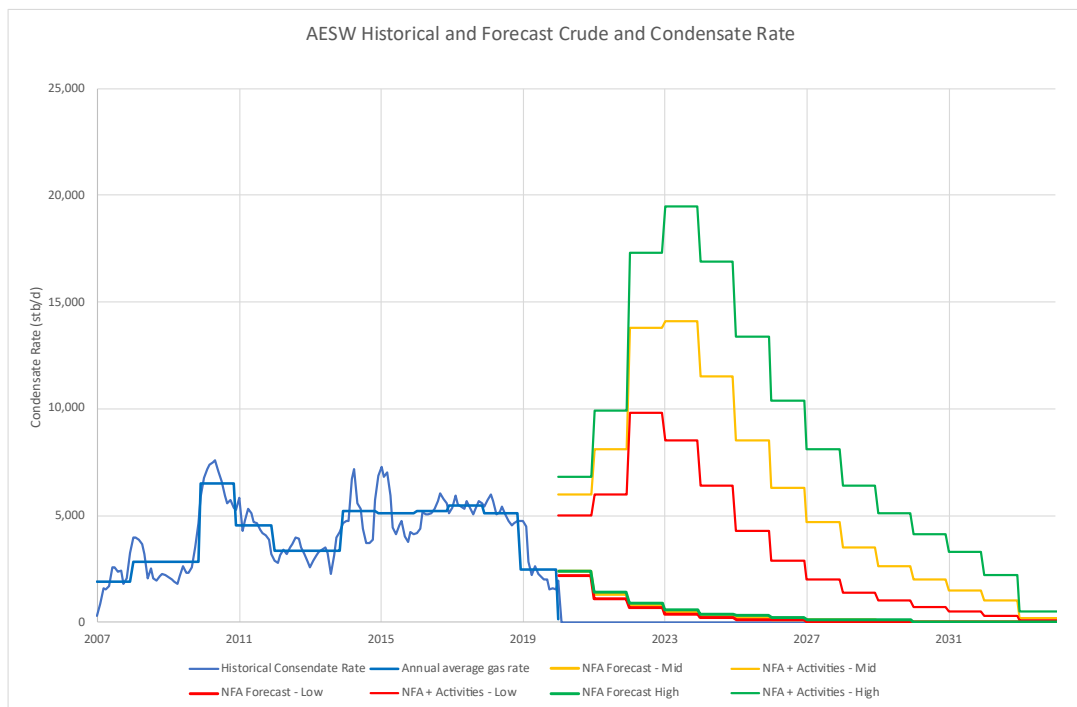


Figure 3.11: AESW Field Historical condensate production and GCA forecasts

Utilising the Q4 rates in 2019 as described by GCA, the average production rate per well at YE2019 in Obaiyed can be calculated and is shown in Table 3.5.

Table 3.5: Statistics on wells in the AESW area at YE2019

Area	Number of wells on stream at YE 2019	Gas rate at YE 2019	Oil rate at YE 2019	Average gas rate per well at YE 2019	Average oil rate per well at YE 2019
		MMscf/d	stb/d	MMscf/d	stb/d
Al Assil	5	8	216	1.5	43.1
Al Karam	6	148	0	24.6	0.0
Bahga	10	1	122	0.1	12.2
Al Magd	5	0	164	0.0	32.8
Al Barq	1	0	27	0.0	26.6

3.7.1.1. Observations on NFA profile

The production forecast appears to follow the trend that has been established by the field. The range in uncertainty on the forecast appears to be low.

3.7.1.2. Observations NFA + Activities

The forecasted production for the activities shows a near doubling of the production rate in a short amount of time with significant volumes of gas that will need to be processed.

3.7.2. Development Opportunities

From the GCA Report it is interpreted that there will be 66 new wells planned to be drilled which are a combination of production wells (55) and injection wells (11). In addition, a number (unknown) of wells that are shut in will be reactivated. It is noted that the number of planned producers is significantly higher than the 27 wells that were on production at YE2019.

The total of both NFA and incremental resources for the AESW area are shown in Tables 85 and 86 in the GCA Report and are presented in Figure 3.12.

Table 85: Remaining Technically Recoverable Gas Volumes, AESW, as at 31st December 2019

Case	Low Case (Bcf)	Best Case (Bcf)	High Case (Bcf)
Al Karam	514.1	637.5	796.4
Assil	55.3	69.4	90.3
Bagha	1.0	2.6	5.5
Al Magd	0.0	0.0	0.0
Al Barq	0.0	0.0	0.0
SI Re-activation	1.4	1.5	1.6
Total	571.8	711.0	893.8

Notes:

1. The volumes in this tables are to end of May 2032 for Bagha & Al Barq and to end of April 2033 for the remaining fields; no economic cut off has been applied.
2. The volumes shown are prior to deduction of fuel, estimated at 4.5% in 2020-2023 and 5% from 2023 onwards for all the fields. Al Karam has an additional ~7.5% of shrinkage due to CO2 removal.
3. Totals may not exactly equal the sum of individual entries due to rounding.

Table 86: Remaining Technically Recoverable Oil and Condensate Volumes, AESW, as at 31st December 2019

Case	Low Case (MMBbl)	Best Case (MMBbl)	High Case (MMBbl)
Al Karam	5.9	9.7	12.6
Assil	3.9	5.2	7.1
Bagha	2.9	7.5	13.4
Al Magd	0.9	3.7	7.5
Al Barq	0.1	0.1	0.1
SI Re-activation	4.1	4.3	4.5
Total	17.8	30.5	45.2

Notes:

1. The volumes in this tables are to end of May 2032 for Bagha & Al Barq and to end of April 2033 for the remaining fields; no economic cut off has been applied.

Figure 3.12: Tables 85 and 86 from GCA Report – AESW Remaining Technically Recoverable Resources

From the data supplied in the GCA Report (Table AII.7: AESW), it is possible to construct the incremental production profiles that are expected from the totality of the development activities. The resultant production profiles for gas and oil are shown in Figure 3.13 and Figure 3.14 respectively.

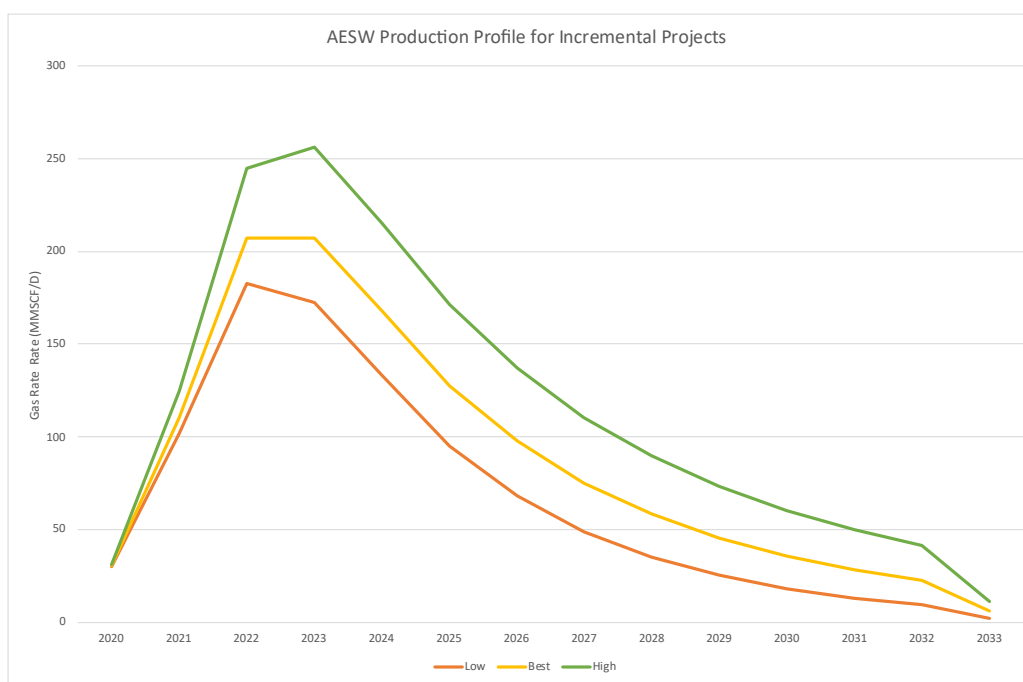


Figure 3.13: AESW Field incremental gas production forecast

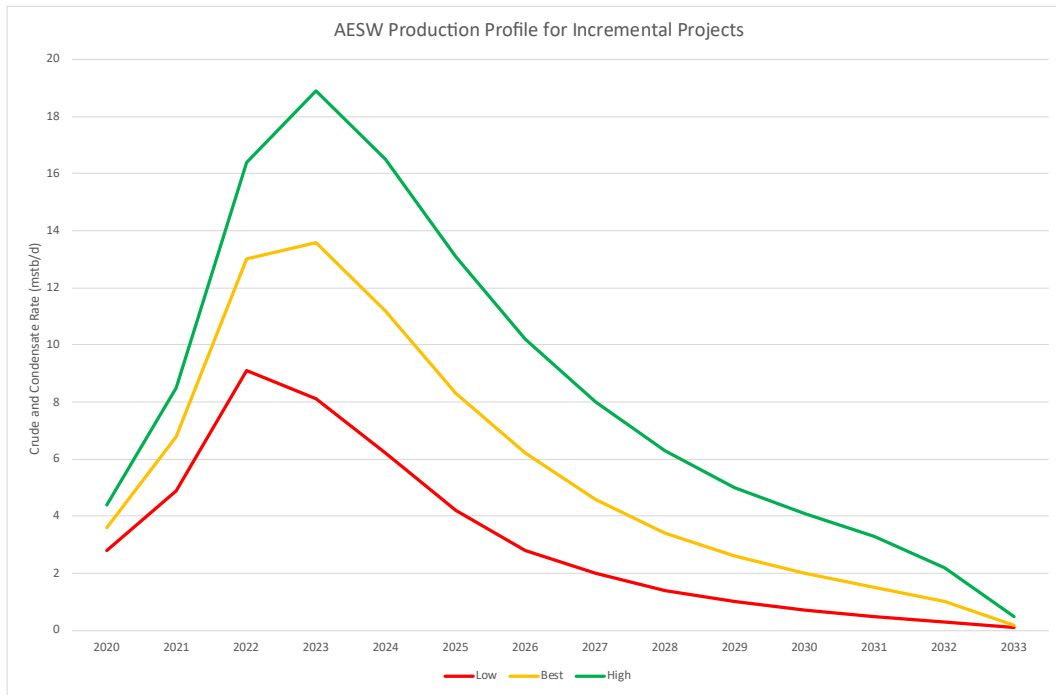


Figure 3.14: AESW Field incremental crude and condensate production forecast

3.8. BED3

The BED3 area consists of the Bed 3, Bed 15 and Bed 18 leases. Unless stated otherwise reference to BED3 is taken to mean the combined Bed 3, 15 and 18 leases. The reservoirs in this area are both oil and gas condensate fields.

3.8.1. Historical Production and GCA Production Forecasts

A plot of the historical gas production reported in the GCA Report and the GCA 1P, 2P and 3P forecast is shown in Figure 3.15. A similar plot for the crude and condensate is shown in Figure 3.16.

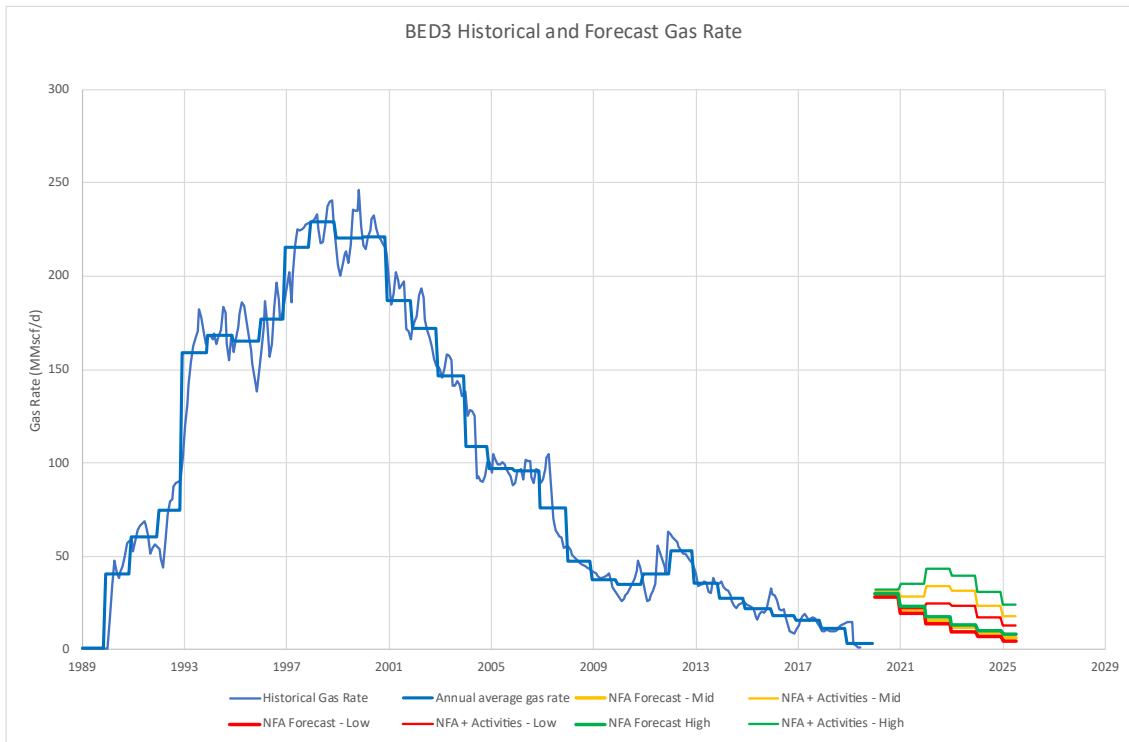


Figure 3.15: BED3 Field Historical gas production and GCA forecasts

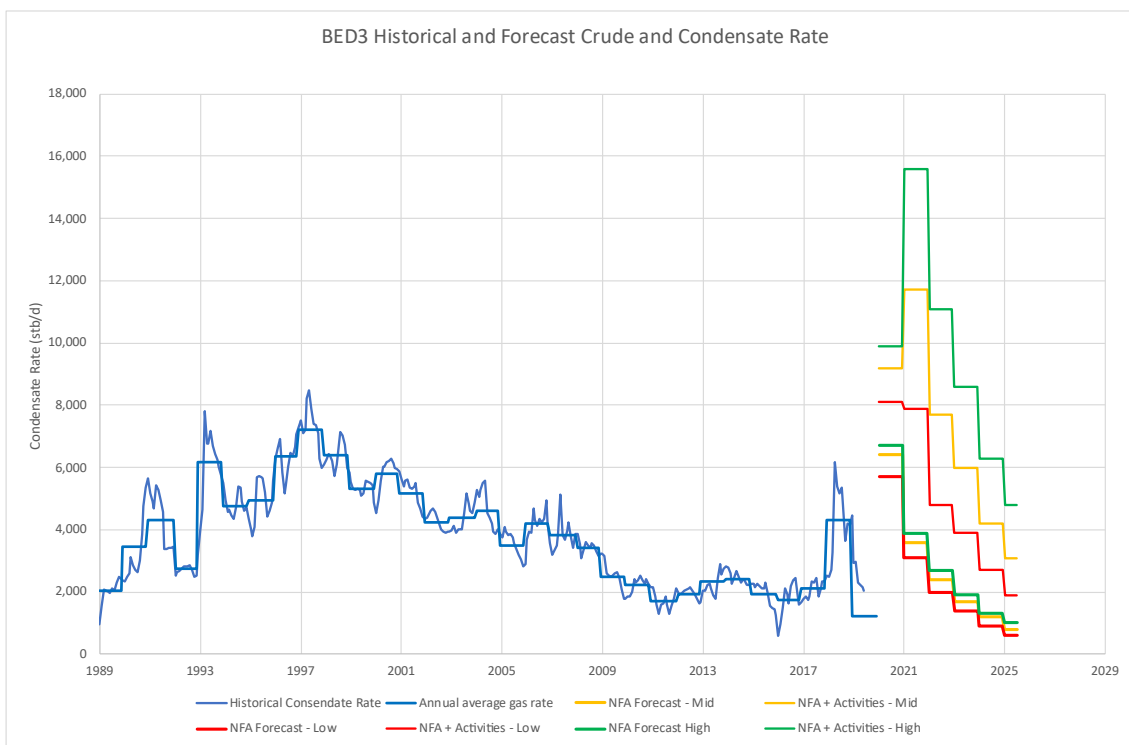


Figure 3.16: BED3 Field Historical condensate production and GCA forecasts

Utilising the Q4 rates in 2019 as described by GCA, the average production rate per well at YE2019 in the BED area can be calculated and is shown in Table 3.6.

Table 3.6: Statistics on wells in the BED3 area at YE2019

Area	Number of wells on stream at YE 2019	Gas rate at YE 2019	Oil rate at YE 2019	Average gas rate per well at YE 2019	Average oil rate per well at YE 2019
		MMscf/d	stb/d	MMscf/d	stb/d
BED 3	20	33.5	5087	1.7	254
BED 15	3	4.5	2035	1.5	678
BED 18	5	5.8	3447	1.2	689

3.8.1.1. Observations on NFA profile

All production forecasts appear to be higher than the historical data that have been presented. The GCA Report states that the average oil rate in BED3 in the 4Q of 2019 was 10,570 stb/d and the average gas rate was 43.8 MMscf/d. However, plots of the historical production for all areas in BED3 stop in early 2019 and do not validate the statements GCA make regarding 4Q2019 production. It is noted that the report does mention that there has been drilling in 2019 in the BED3 area which if on production may close some of the gap between the historical production and the forecast production, however this does not explain the difference between the historical production charts in Bed 15 and Bed 18 and the statement regarding the 4Q 2019 performance.

3.8.1.2. Observations NFA + Activities

There is a very significant rise in the oil production rate and this rate is significantly higher than the rate that has been achieved historically in the field. The spread in the forecasted production profiles appear to be more reasonable when compared to the NFA forecasts.

3.8.2. Development Opportunities

From the GCA Report it is interpreted that there will be 22 new wells (17 producers and an injector). In addition, there is a single re-perforation activity planned. A number (unknown) of wells that are shut in are planned be reactivated.

The total of both NFA and incremental resources for the AESW area are shown in Tables 56 and 57 in the GCA Report and are presented in Figure 3.17.

Table 56: Remaining Technically Recoverable Gas Volumes, BED 3 Cluster, as at 31st December 2019

Case	Low Case (Bcf)	Best Case (Bcf)	High Case (Bcf)
BED 3	29.6	36.3	43.1
BED 15	7.9	14.9	22.4
BED 18	0.1	0.6	1.2
SI Re-activation	13.1	13.8	14.5
Total	50.7	65.6	81.2

Notes:

1. The volumes in this table are to the end of April 2026; no economic cut off has been applied.
2. The volumes shown are prior to deduction of fuel, estimated at 4.5% in 2020-2023 and 5% from 2023 onwards.
3. Totals may not exactly equal the sum of individual entries due to rounding.

Table 57: Remaining Technically Recoverable Oil and Condensate Volumes, BED 3 Cluster, as at 31st December 2019

Case	Low Case (MMBbl)	Best Case (MMBbl)	High Case (MMBbl)
BED 3	6.1	8.4	10.8
BED 15	2.2	3.7	5.5
BED 18	1.1	1.9	3.0
SI Re-activation	1.5	1.6	1.7
Total	10.9	15.6	21.0

Notes:

1. The volumes in this table are to the end of April 2026; no economic cut off has been applied.
2. Totals may not exactly equal the sum of individual entries due to rounding.

Figure 3.17: Tables 56 and 57 from GCA Report – BED Remaining Technical Resources

From the data supplied in the GCA Report (Table AII.5: BED 3) it is possible to construct the incremental production profiles that are expected from the totality of the development activities. Figure 3.18 and Figure 3.19 show the production forecasts associated with the incremental projects for gas, and crude and condensate respectively.

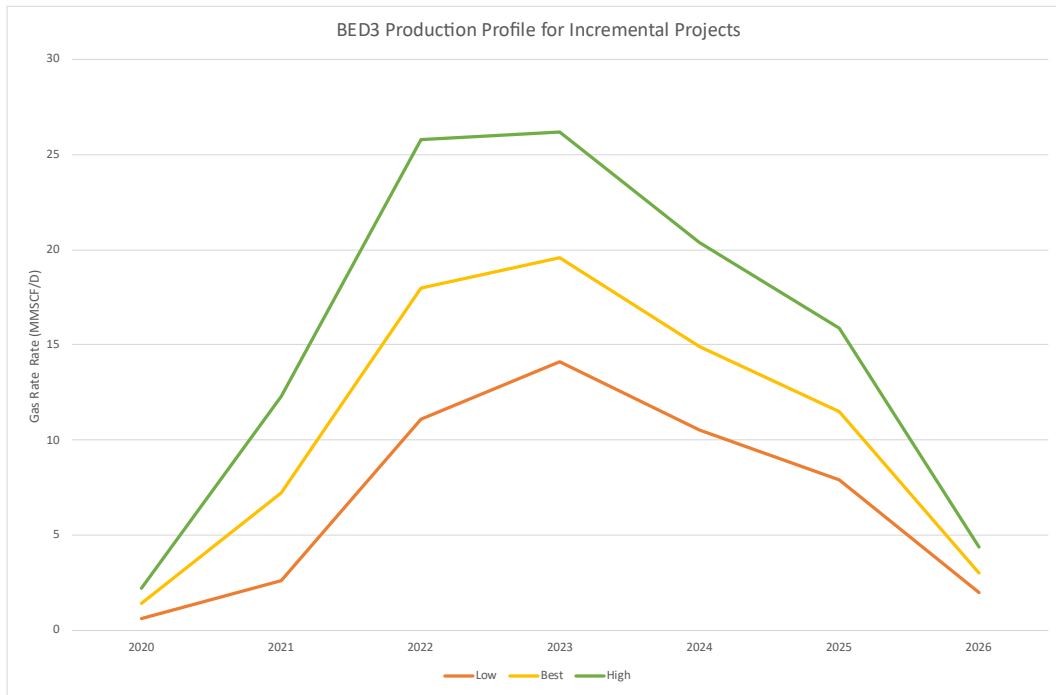


Figure 3.18: BED 3 Field incremental gas production forecast

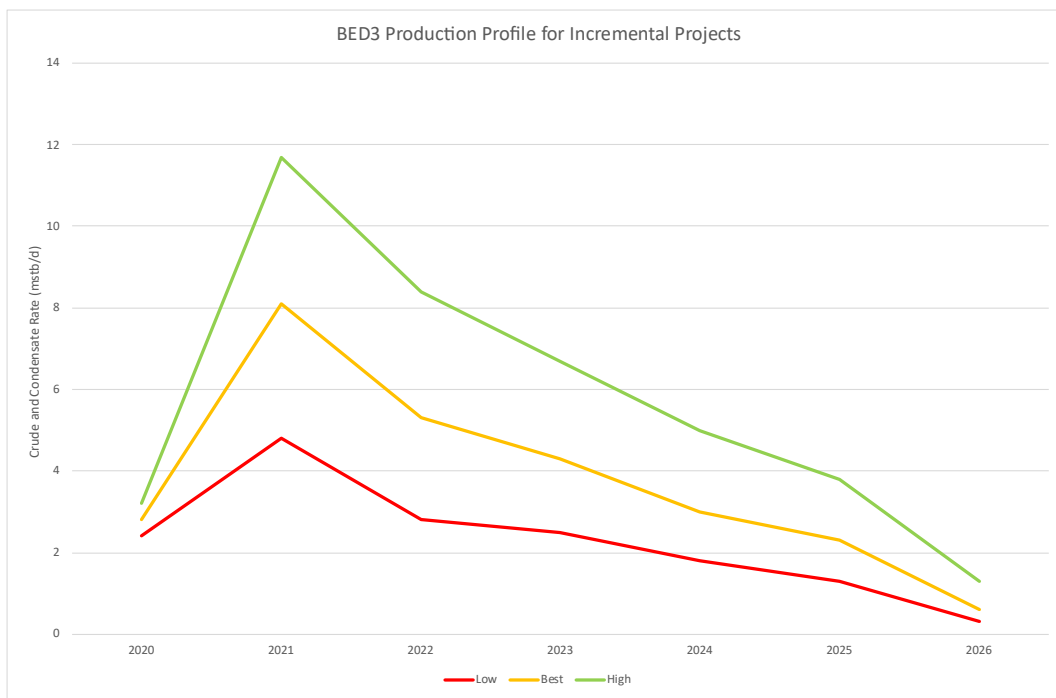


Figure 3.19: BED 3 Field incremental crude and condensate production forecast

3.9. Sitra

The Sitra contract area contains a number of fields. As per the GCA Report the area of focus is the Sitra 8 and Sitra North cluster which consist of six fields (Sitra 3, 5, 8, C4, C26 and C3). The fields in this area are a mixture of gas condensate fields and oil fields.

3.9.1. Historical Production and GCA Production Forecasts

A plot of the historical gas production reported in the GCA Report and the GCA 1P, 2P and 3P forecast is shown in Figure 3.20. A similar plot for the crude and condensate is shown in Figure 3.21.

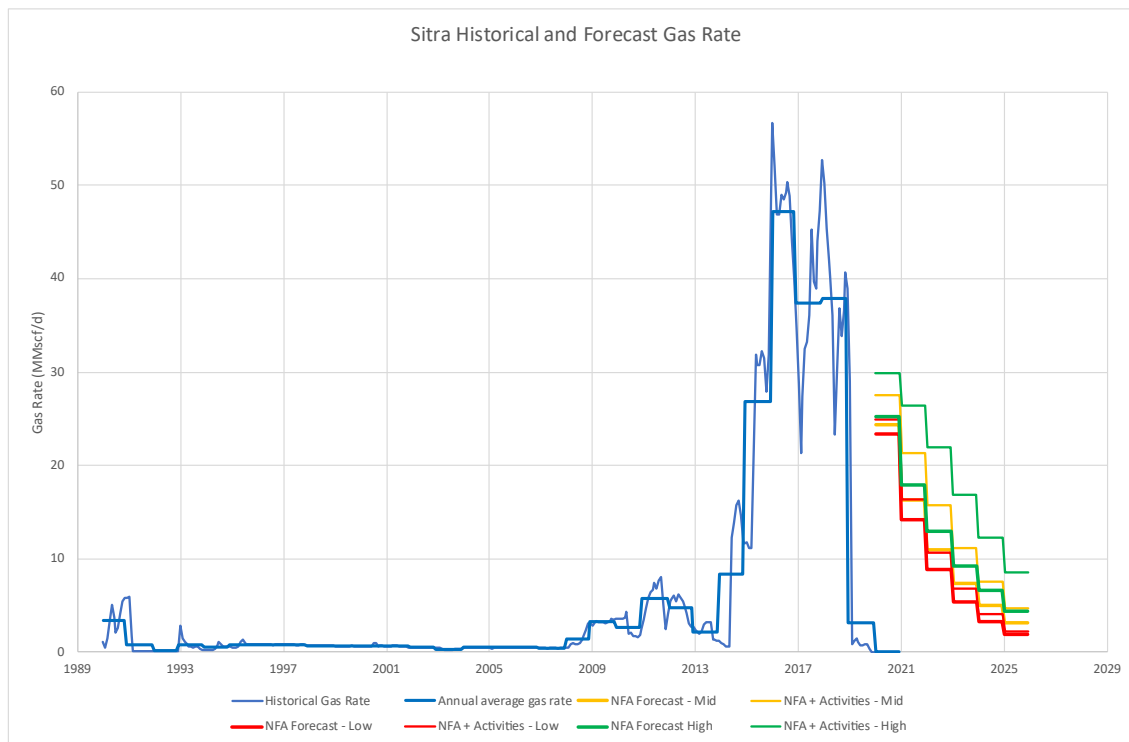


Figure 3.20: Sitra Field Historical gas production and GCA forecasts

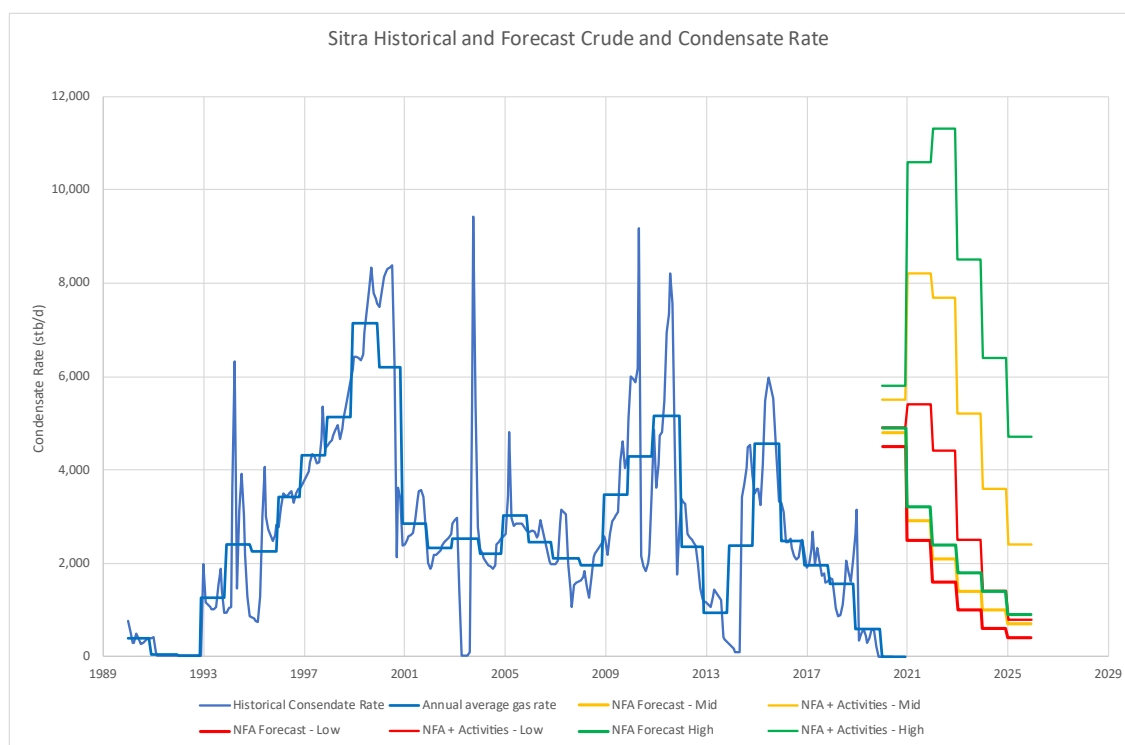


Figure 3.21: Sitra Field Historical condensate production and GCA forecasts

Utilising the Q4 rates in 2019 as described by GCA, the average production rate per well at YE2019 in the Sitra area can be calculated and is shown in Table 3.7.

Table 3.7: Statistics on wells in the Sitra area at YE2019

Area	Number of wells on stream at YE 2019	Gas rate at YE 2019	Oil rate at YE 2019	Average gas rate per well at YE 2019	Average oil rate per well at YE 2019
		MMscf/d	stb/d	MMscf/d	stb/d
Sitra 3	5	28.2	407	5.6	81
Sitra 5	1	0.0	83	0.0	83
Sitra 8	16	0.9	3972	0.1	248
Sitra C4	1	0.0	383	0.0	383
Sitra C26	1	0.4	276	0.4	276
Sitra C3	1	2.3	904	2.3	904

3.9.1.1. Observations on NFA profile

All production forecasts appear to be higher than the historical data that have been presented. The GCA Report states (GCA Table 66) that the average oil rate of the Sitra area in the 4Q of 2019 was 6,026 stb/d and the average gas rate was 31.8 MMscf/d. However, plots of the historical production for all areas in Sitra stop in early 2019 and do not validate the statement GCA make regarding 4Q2019 production. Production plots for Sitra 8 and Sitra North (Sitra 3, Sitra C3 and Sitra C30) are provided to part way 2019 however in the table of production performance, Sitra 5, Sitra C4 and Sitra C26 are included (the oil and gas rate of these the areas is relatively small when compared to the other components of the Sitra area).

3.9.1.2. Observations NFA + Activities

The incremental oil production that has been forecasted to come from the Sitra in the 2P case would mean that Sitra will produce at a sustained rate that is significantly higher than at any time in its history. There appears to be a more reasonable spread between the production forecasts when compared to the NFA forecasts.

3.9.2. Development Opportunities

From the GCA Report it is interpreted that there will be 29 new wells (25 producers and 4 injectors) in addition a number (unknown) of wells that are shut in will be reactivated.

Incremental resources for these activities as well as the NFA resources are shown in Tables 69 and 70 in the GCA Report which are presented below in Figure 3.22.

Table 69: Remaining Technically Recoverable Gas Volumes, Sitra, as at 31st December 2019

Case	Low Case (Bcf)	Best Case (Bcf)	High Case (Bcf)
Sitra NFA	21.8	25.7	29.2
Sitra 8	0.5	2.6	6.0
Sitra 3 & C3 Infill	0.5	1.0	1.8
Sitra 30 Infill	2.0	4.3	7.3
SI Wells Re-activations	0.1	0.1	0.1
Total	24.9	33.7	44.4

Notes:

1. The volumes in this table are to the end of November 2025; no economic cut off has been applied.
2. The volumes shown are prior to deduction of fuel, estimated at 4.5% in 2020-2023 and 5% from 2023 onwards.
3. Totals may not exactly equal the sum of individual entries due to rounding.

Table 70: Remaining Technically Recoverable Oil and Condensate Volumes, Sitra, as at 31st December 2019

Case	Low Case (MMBbl)	Best Case (MMBbl)	High Case (MMBbl)
Sitra NFA	3.9	4.7	5.4
Sitra 8	1.7	4.5	7.4
Sitra 3 & C3 infill	1.2	2.3	4.0
SI Wells Re-activations	0.4	0.4	0.4
Total	7.2	11.9	17.2

Notes:

1. The volumes in this table are to the end of November 2025; no economic cut off has been applied.
2. Totals may not exactly equal the sum of individual entries due to rounding.

Figure 3.22: Tables 69 and 70 from GCA Report

Figure 3.23 and Figure 3.24 show the production forecasts associated with the incremental projects for gas, and crude and condensate respectively.

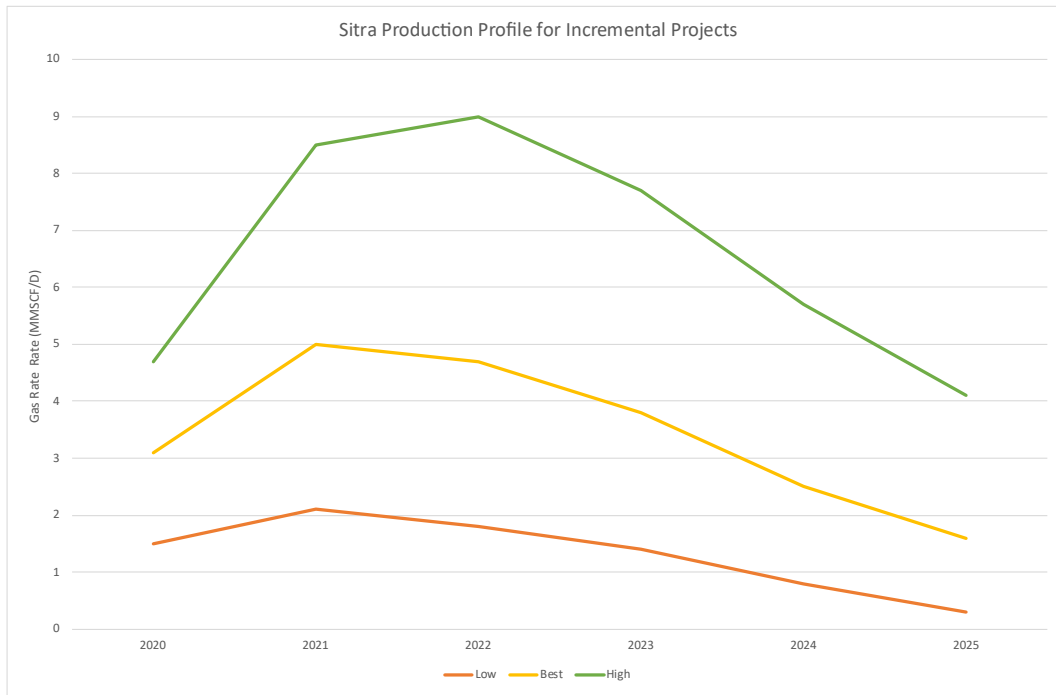


Figure 3.23: Sitra Field incremental gas production forecast

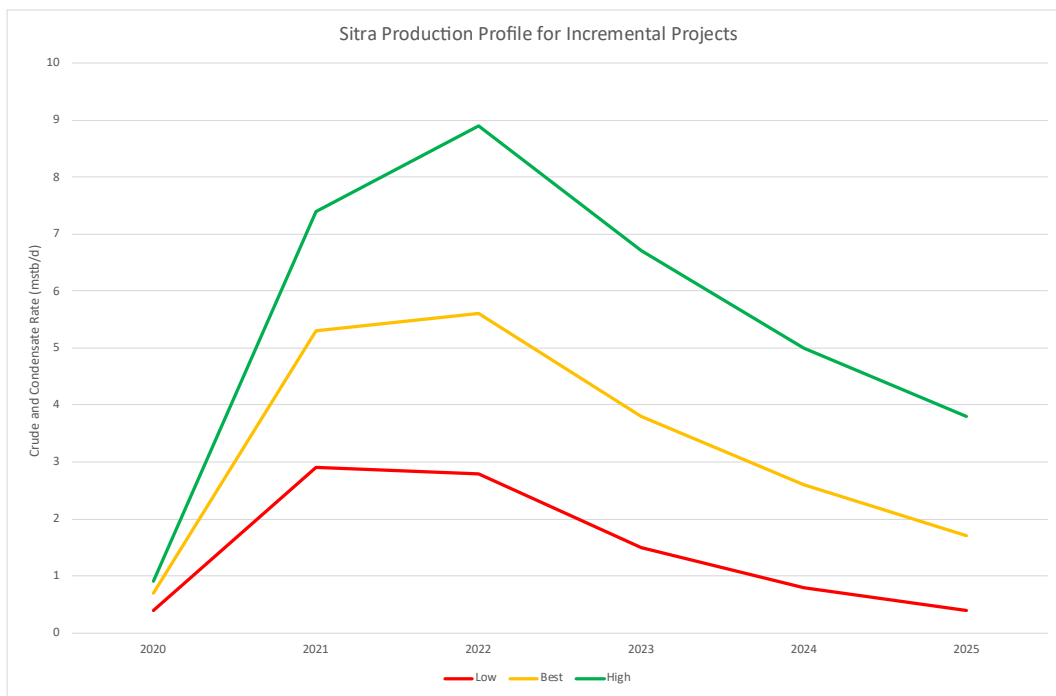


Figure 3.24: Sitra Field incremental crude and condensate production forecast

3.10. North Matruh (NM)

3.10.1. NFA Case

There has been no production from NM, though three wells have been drilled in the field. All are suspended as potential gas and condensate producers. Two of these wells were tested with gas produced from the LS-1, LS-2 and US at varying rates between 8-18 MMscf/d with a CGR between 30 and 200 bbl/MMscf dependent on the unit. The GCA Report presents gas initially in place of ~190 Bscf and a 2P recovery of 78.6 Bscf, giving a Recovery Factor of 41%.

3.10.2. Development Opportunities

Ten new wells are planned for the field alongside the restart of the three existing gas wells. These wells were split between the final two years of the 5-year plan when the GCA Report was produced. The GCA forecast peaks in 2024 when 13 wells are forecast to be online at a rate of 50 MMscf/d. The forecasted oil and condensate production for North Matruh are shown in Figure 3.25 and Figure 3.26.

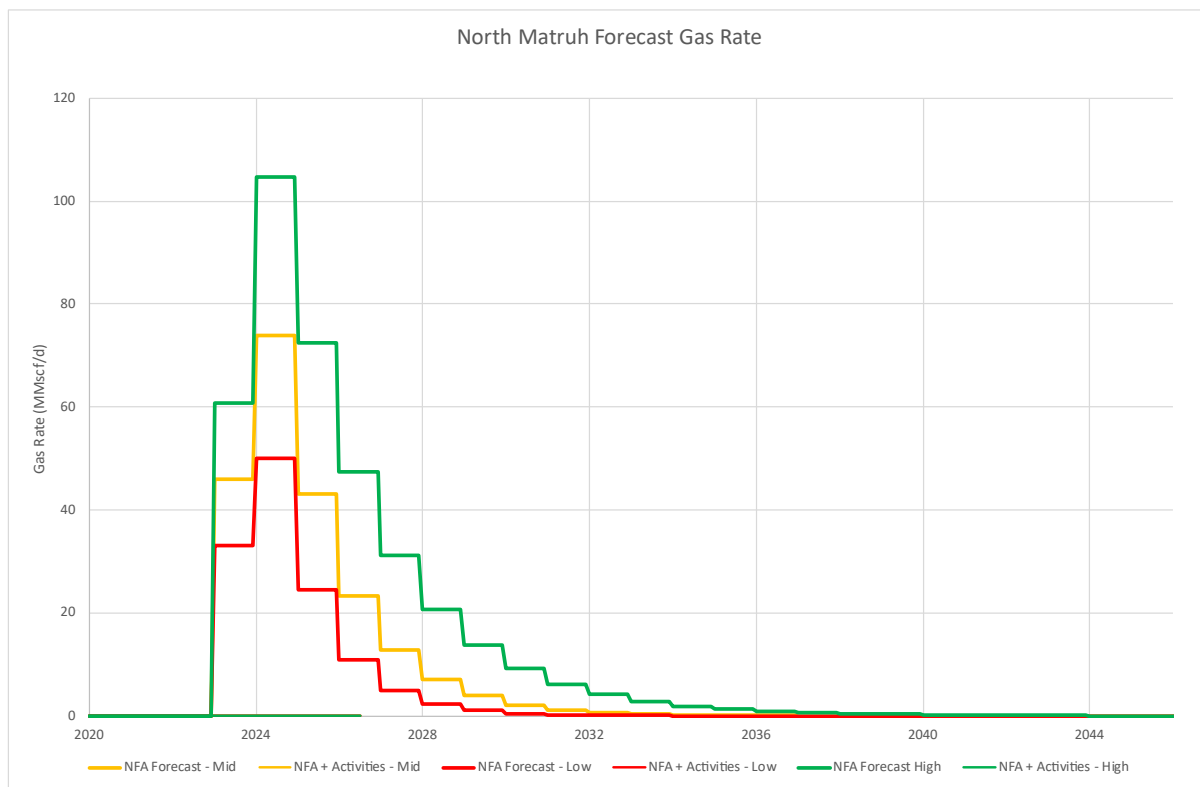


Figure 3.25: North Matruh gas production forecast

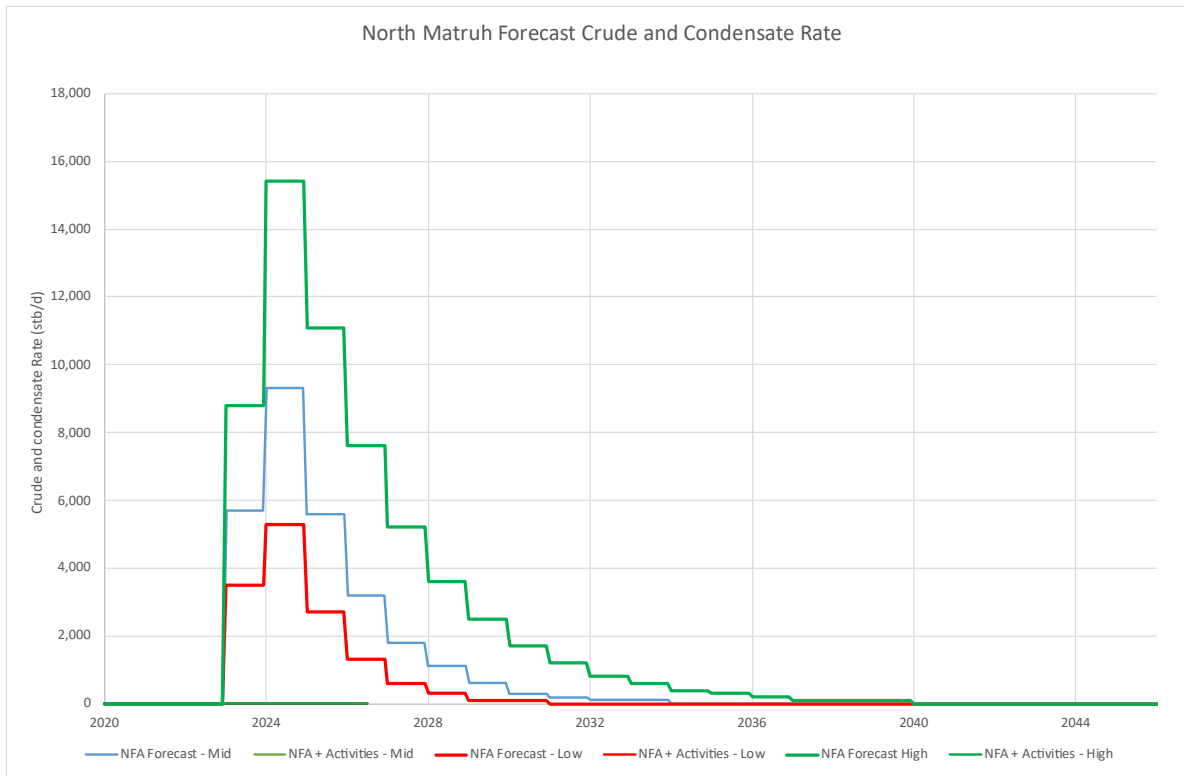


Figure 3.26: North Matruh condensate production forecast

3.11. Contingent Resources

GCA assigned Contingent Resources to the development area. A brief description of the Contingent Resources is presented in the GCA Report but no production forecasts are included. A summary of Contingent Resources in the GCA Report is presented in Figure 3.27.

Table 6: Summary of Contingent Resources as at 31st December 2019

(a) Oil and Condensate

Assets	Gross Contingent Resources (MMBbl)			WI (%)	Shell Net (WI Basis) Contingent Resources (MMBbl)			50% WI (%)	50% of Shell Net (WI Basis) Contingent Resources (MMBbl)		
	1C	2C	3C		1C	2C	3C		1C	2C	3C
	Obaiyed	4.2	7.0		9.7	100	4.2		7.0	9.7	50.0
NUMB	0.0	0.0	0.0	100	0.0	0.0	0.0	50.0	0.0	0.0	0.0
NM	0.9	1.9	4.1	100	0.9	1.9	4.1	50.0	0.5	1.0	2.1
BED 2	1.3	2.3	3.7	100	1.3	2.3	3.7	50.0	0.7	1.2	1.9
BED 3	0.2	0.6	1.1	100	0.2	0.6	1.1	50.0	0.1	0.3	0.6
BED 19/20	0.0	0.0	0.0	100	0.0	0.0	0.0	50.0	0.0	0.0	0.0
Sitra	0.0	0.0	0.0	100	0.0	0.0	0.0	50.0	0.0	0.0	0.0
NAES	0.1	0.2	0.5	100	0.1	0.2	0.5	50.0	0.1	0.1	0.3
NEAG Tiba	0.9	1.0	1.5	52	0.5	0.5	0.8	26.0	0.3	0.3	0.4
NEAG Ext	0.0	0.0	0.0	52	0.0	0.0	0.0	26.0	0.0	0.0	0.0
AESW	2.1	4.9	7.8	40	0.8	2.0	3.1	20.0	0.4	1.0	1.6
Total	9.7	17.9	28.4		8.0	14.5	23.0		4.0	7.3	11.5

(b) Natural Gas

Assets	Gross Contingent Resources (Bscf)			WI (%)	Shell Net (WI Basis) Contingent Resources (Bscf)			50% WI (%)	50% of Shell Net (WI Basis) Contingent Resources (Bscf)		
	1C	2C	3C		1C	2C	3C		1C	2C	3C
	Obaiyed	72.5	106.1		150.6	100	72.5		106.1	150.6	50.0
NUMB	7.4	14	23.4	100	7.4	14.0	23.4	50.0	3.7	7.0	11.7
NM	6.2	10.9	20.3	100	6.2	10.9	20.3	50.0	3.1	5.5	10.2
BED 2	26.3	58.6	107.8	100	26.3	58.6	107.8	50.0	13.2	29.3	53.9
BED 3	13.4	28.1	46.3	100	13.4	28.1	46.3	50.0	6.7	14.1	23.2
BED 19/20	0.0	0.0	0.0	100	0.0	0.0	0.0	50.0	0.0	0.0	0.0
Sitra	0.0	0.0	0.0	100	0.0	0.0	0.0	50.0	0.0	0.0	0.0
NAES	118.6	219.1	347.9	100	118.6	219.1	347.9	50.0	59.3	109.6	174.0
NEAG Tiba	1.2	1.8	3.1	52	0.6	0.9	1.6	26.0	0.3	0.5	0.8
NEAG Ext	0.0	0.0	0.0	52	0.0	0.0	0.0	26.0	0.0	0.0	0.0
AESW	76.7	92.8	117.4	40	30.7	37.1	47.0	20.0	15.4	18.6	23.5
Total	322.3	531.4	816.8		275.7	474.8	744.9		137.9	237.4	372.5

Figure 3.27: Contingent Resources as reported by GCA

The quantities of Contingent Resources should be used with caution. Since these are Contingent Resources and not Reserves there is no requirement for them to be produced prior to the licence expiry (a contingency could be extending the licence). GCA does not state if the Contingent Resources are evaluated to licence expiry or to some other future date.

GCA does not sub-divide the Contingent Resources into project maturity sub-class. The total 50% of the Shell working interest of the 2C Contingent Resources sum to 53 MMboe.

In addition to the GCA value of Contingent Resources, Capricorn has published on its website production profiles for Contingent Resources on an area-by-area basis and these production profiles extend to 2050. The sum of these is 48.7 MMboe which is reasonably consistent with the figure in the GCA Report. Capricorn has also published in the 2021 Annual Report an

opening balance of 2C Contingent Resources of 49.7 MMboe which again is reasonably consistent with the other published figures.

The closing balance of 2C Contingent Resources at end 2021 presented by Capricorn is 70.3 MMboe. The 2C Contingent Resources are shown to have increased by 9.8 MMboe due to a reclassification of volumes which previously were carried as Reserves and also a technical revision of 10.7 MMboe. Details of both of these revisions are not forthcoming in any published data. Of interest at the start of 2021, the 2P Reserves made up 69% of the sum of the 2P Reserves and 2C Contingent Resources, and at the end of the year, the 2P Reserves made up only 59% of the sum of the 2P Reserves and 2C Contingent Resources.

4. Valuation Methodology

International Financial Reporting Standards (IFRS) 13 defines Fair Value as 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. The Organisation for Economic Co-operation and Development (OECD) defines Fair Market Value (FMV) as the price a willing buyer would pay a willing seller in a transaction on the open market.

One of the most broadly accepted definitions of Fair Market Value states that FMV is the price at which an asset would change hands between a willing buyer and a willing seller when the former is not under any compulsion to buy and the latter is not under any compulsion to sell, both parties having reasonable knowledge of relevant facts. It is not a subjective value to either the buyer or seller, rather a value that can be determined based on objective metrics.

According to International Valuation Standards (IVS), consideration must be given to the relevant and appropriate valuation approaches. The principal valuation approaches are: (a) market approach, (b) income approach, and (c) cost approach. They are all based on the economic principles of price equilibrium, anticipation of benefits or substitution. The goal in selecting valuation approaches and methods for an asset is to find the most appropriate method under the particular circumstances.

According to IVS, when different approaches and/or methods result in widely divergent indications of value, a valuer should perform procedures to understand why the value indications differ, as it is generally not appropriate to simply weight two or more divergent indications of value. In such cases, valuers should reconsider the guidance to determine whether one of the approaches/methods provides a better or more reliable indication of value.

While each valuation is time- and circumstance-specific, the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (The VALMIN Code) outlines a general guide to the applicability of each valuation approach:

Valuation Approach	Exploration Projects	Pre-development Projects	Development Projects	Production Projects
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No

Figure 4.1: VALMIN's general guide to the applicability of valuation approaches

According to the VALMIN Code, a practitioner must make use of valuation methods that are suitable for the mineral assets under consideration. Selection of an appropriate valuation method will depend on such factors as the: (a) nature of the valuation; (b) development status of the mineral assets; and (c) extent and reliability of available information.

4.1. Income-based Valuation Approach

According to IVS, “the income approach provides an indication of value by converting future cash flow to a single current value”. The income approach should be applied under the following circumstances:

- the income-producing ability of the asset is the critical element affecting value from a participant perspective, and/or,
- reasonable projections of the amount and timing of future income are available for the subject asset, but there are few, if any, relevant market comparables.

Under the Discounted Cash Flow (DCF) method the forecasted cash flow is discounted back to the valuation date, resulting in a present value of the asset. The key steps in the DCF method for an oil & gas asset include:

- calculating free cash flow (post opex, capex and tax) in nominal terms based on estimations of production and development and operating costs
- a determination of the economic limit of the asset
- a determination of the appropriate discount rate taking into account the valuation date
- discounting the free cash flows using the appropriate rate to arrive at the net present value (NPV) of the asset.

4.2. Market-based Valuation Approach

According to IVS, “the market approach provides an indication of value by comparing the asset with identical or comparable assets for which price information is available”. To perform the market-based valuation of the Capricorn fields, ERCE used the Comparable Transactions Method (CTM). The CTM utilises information on transactions involving assets that are the same or similar to the subject asset to arrive at an indication of value.

The market approach should be applied under the following circumstances:

- the subject asset has recently been sold in a transaction appropriate for consideration under the basis of value
- the subject asset or substantially similar assets are actively publicly traded, and/or
- there are frequent and/or recent observable transactions in substantially similar assets.

Finding appropriate recent transactions can be challenging, thus, when choosing comparable transactions, a valuer should consider:

- evidence of several transactions is generally preferable to a single transaction or event
- evidence from transactions of very similar assets (ideally identical) provides a better indication of value than assets where the transaction prices require significant adjustments
- transactions that happen closer to the valuation date are more representative of the market at that date than older/dated transactions, particularly in volatile markets

- for most bases of value, the transactions should be “arm’s length” between unrelated parties
- sufficient information on the transaction should be available to allow the valuer to develop a reasonable understanding of the comparable asset and assess the valuation metrics/comparable evidence
- information on the comparable transactions should be from a reliable and trusted source, and
- actual transactions provide better valuation evidence than intended transactions.

4.3. Cost-based Valuation Approach

According to IVS, “*the cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved*”. In this approach, the current replacement cost of an asset is calculated and deductions for physical deterioration are made.

The cost approach should be applied under the following circumstances:

- participants would be able to recreate an asset with substantially the same utility as the subject asset, without regulatory or legal restrictions, and the asset could be recreated quickly enough that a participant would not be willing to pay a significant premium for the ability to use the subject asset immediately
- the asset is not directly income-generating and the unique nature of the asset makes using an income approach or market approach unfeasible, and/or
- the basis of value being used is fundamentally based on replacement cost, such as replacement value.

4.4. Approach selected for Capricorn FMV

Capricorn’s portfolio consists of assets in different stages of their development. For Production assets (Egypt), given that their income-producing ability is the critical element of value, ERCE selected the income-based approach as the primary method and used the market-based approach to investigate if different approaches diverge or corroborate. ERCE notes that the income-based approach is based on the GCA CPR with adjustments that were necessary to reflect the events that occurred between the two effective dates.

For Exploration assets, given the high uncertainty of their existence and/or commercial potential, ERCE used the market-based approach and concluded that exploration should be valued using the cost-based approach.

5. Income-based Approach: Discounted Cash Flow Valuation

ERCE undertook a DCF valuation of the producing Egypt assets, based on the fiscal regime in Egypt, production and cost profiles based on the GCA CPR (see Section 3) and other public information from Capricorn, and several commercial assumptions listed below. ERCE constructed an economic model and the results are presented on a Gross, Net Working Interest and Net Entitlement basis.

5.1. Valuation Assumptions

The following commercial parameters have been assumed in the modelling of discounted cash flows for the Egypt assets.

- ERCE assumes the following Brent deck (see Appendix 10.2 for the derivation of the deck). We note that 2022 oil price forecast in the Base case was adjusted to reflect the latest actuals.

Table 5.1: Assumed Brent crude oil price deck (Base, Low and High)

ERCE (Base Case) Brent Assumptions (\$/bbl)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032+
Real (Constant \$, 2022)	96	92	83	75	75	75	75	75	75	75	75
Nominal (\$ of the day)	108	94	86	80	82	83	85	87	88	90	+2.0% pa

ERCE (Low Case) Brent Assumptions (\$/bbl)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032+
Real (Constant \$, 2022)	87	74	66	60	60	60	60	60	60	60	60
Nominal (\$ of the day)	87	75	69	64	65	67	68	69	71	72	+2.0% pa

ERCE (High Case) Brent Assumptions (\$/bbl)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032+
Real (Constant \$, 2022)	130	111	99	90	90	90	90	90	90	90	90
Nominal (\$ of the day)	130	113	103	96	98	100	102	104	106	108	+2.0% pa

- For realised oil price, ERCE assume Brent minus \$1.50/b discount based on public information from Capricorn from March 2022⁴.

⁴ <https://www.capricornenergy.com/umbraco/surface/media/mediaitem/analyst-information-pack-march-2022?path=/media/3217/analyst-information-pack-march-2022.pdf>

- ERCE assumed a fixed price gas of ~\$2.9/Mscf based on public information from Capricorn from March 2022⁵. ERCE notes that the underlying Gas Sales Agreement (GSA) that determines the gas price is not available publicly and thus, ERCE has not reviewed any GSAs related to the Egypt assets.
- Capital and operating costs have been determined in 2022 real terms and inflated at the 2.0 per cent inflation rate.
- ERCE presented Net Present Values discounted at 0%, 5%, 10%, 12.12%, 15% and using estimated Weighted Average Cost of Capital (WACC) at the various levels of uncertainty (1P, 2P, 3P) as of 01 July 2022.

5.2. Fiscal Terms

The Egypt assets are governed by various Concession Agreements. ERCE notes that while the agreements governing the licenses are named Concession Agreements, they function similarly to global Petroleum Sharing Contracts (PSCs) and will be referred to as PSCs throughout this report. Each concession agreement has its expiry date which ERCE took into account in the valuation.

The main common elements include:

- Cost Recovery Ceilings
- Treatment of Excess Cost Oil/Gas
- Historical Capex balances
- Profit Oil and/or Gas Splits (fixed or on a sliding scale).

Corporate Income Tax (40.55%) is paid by Egyptian General Petroleum Corporation (EGPC) on behalf of the Contractor. For detailed terms see Appendix 10.3.

For historical capex balances, ERCE used the latest publicly available information from Capricorn⁶.

⁵ <https://www.capricornenergy.com/umbraco/surface/media/mediaitem/analyst-information-pack-march-2022?path=/media/3217/analyst-information-pack-march-2022.pdf>

⁶ <https://www.capricornenergy.com/investors/results-reports-and-presentations/#Tab2021=1>

Table 5.2: Cost balances

As at 31 December 2020						
Historical Capex Amortisation (\$ mln)	2020	2021	2022	2023	2024	2025
Obaiyed		12.6	10	7.8	3.7	0.4
NUMB		2.6	2.6	1.6	0.2	0
BED Area		52.3	45.3	36.9	21.8	4.9
NEAG Tiba		1.7	1.4	0.7	0.3	0
NEAG Ext		4.2	3.5	2.2	0.9	0.2
AESW		4.8	4.4	3.7	2	0.3
NM		0	0	0	0	0
NAES		5.1	5.1	2.5	1.1	0
Unrecovered Cost Balance (\$ mln)	2020	2021	2022	2023	2024	2025
Obaiyed	0					
NUMB	1.2					
BED Area	33.9					
NEAG Tiba	0					
NEAG Ext	1.9					
AESW	56.8					
NM	0					
NAES	9.4					

5.3. Discount Rate

In an income-based valuation method (ERCE used DCF approach), the expected free cash flows (before consideration of debt servicing costs) are discounted to their present value equivalent using a rate of return that reflects the time value of money and the relative risk of the investment. This discount rate, or WACC, is calculated by weighting the required returns on both common equity capital (Cost of Equity) and interest-bearing debt (Cost of Debt) in proportion to the expected capital structure.

The discount rate is expressed in nominal terms and ERCE carried out the valuation in US dollars and using US market rates of return (prior to application of project-specific and country-specific adjustments). This is justified because the industry convention is to express in US dollars; and the commodity prices, including natural gas prices, are commonly expressed in US dollars.

5.3.1. Weighted Average Cost of Capital Summary

In Table 5.3, ERCE provides a summary of all inputs that constitute WACC calculation.

ERCE based its Cost of Equity calculations on the Modified Capital Asset Pricing Model (Modified CAPM) in order to account for both systematic and unsystematic risks.

Capricorn carries \$178 MM in debt as of 30 June 2022, based on the Half Yearly Results 2022⁷. Capricorn has two debt facilities:

- a US\$325 million senior debt facility agreement entered into by Capricorn Egypt Limited (50%) and its partner Cheiron with Société Générale and other syndicated banks, dated 24 June 2021
- a US\$80 million junior debt facility agreement entered into by Capricorn Egypt Limited (50%) and its partner Cheiron with Trafigura Ventures V B.V. and Deutsche Bank AG, dated 24 June 2021.

Interest on debt drawn is charged at the appropriate LIBOR for the currency drawn plus an applicable margin. ERCE estimated the interest on debt to be 5.36%.

Table 5.3: Weighted Average Cost of Capital Calculation Summary

Weighted Average Cost of Capital (WACC)						
The weighted average cost of capital is a weighted average of the after-tax marginal costs of each source of capital (Debt & Equity):						
$WACC = c_e \times \frac{E}{D + E} + c_d \times (1 - t) \times \frac{D}{D + E}$						
Cost of Equity (Ce)						
To determine the Cost of Equity, ERCE uses Modified Capital Asset Pricing Model (CAPM) to account for unsystematic risks as well:						
$c_e = r_f + \beta \times MRP + CRP$						
Input	Value	Definition	Source			
r_f	3.00%	The yields on US government-issued treasury bonds are used as a proxy for the risk-free rate. As at the Valuation Date, Duff & Phelps' US guidance recommended the use of a "normalized" risk-free rate of 3.0%.	https://www.kroll.com/en/insights/publications/cost-of-capital/kroll-us-normalized-risk-free-rate-increased-april-2022			
MRP	5.50%	Market Risk Premium represents the premium investors demand to invest in the market portfolio as opposed to the risk-free asset. As at the Valuation Date, Duff & Phelps' US guidance recommended the use of an ERP of 5.5%.	https://www.kroll.com/en/insights/publications/cost-of-capital/kroll-us-normalized-risk-free-rate-increased-april-2023			
β	0.93	Beta is a measure of the subject entity's sensitivity to systematic risk as a result of general market movements.	Capricorn's Beta; Source: Bloomberg; Average Raw Beta, 5 Years and 1 year, Monthly			
CRP	5.44%	Country Risk Premium captures the risks of international investment: political, financial, economic and other risks.	Based on Damodaran's estimations for CRP for Egypt: http://pages.stern.nyu.edu/~adamodar/			
Cost of Debt (Cd)						
The rate of return on debt capital is the rate that a prudent debt investor would require on interest-bearing debt. ERCE estimation is based on the interest of Capricorn's debt facilities.						
Input	Value	Definition	Source			
t	0%	Corporate Tax Rate	Contractor's tax is paid by EGPC			
Capital Structure (D & E)						
To determine the target capital structure, ERCE assumes 83% equity (E/D+E) and 17% debt (D/D+E). This capital structure is based on Capricorn's market capitalisation and debt.						
Final WACC Calculation						
Cost of Equity (Ce):	3.00%	+ 0.93 x 5.50%	+ 5.44%	=	13.54%	
Cost of Debt (Cd):	Interest on debt facilities			=	5.36%	
Weighted Average Cost of Capital (WACC):	13.54%	x 83%	+ 5.36%	x (1 - 0%) x 17%	=	12.12%

⁷ <https://www.capricornenergy.com/news-media/news/2022/half-yearly-results-2022/#Tabundefined=1>

5.4. Discounted Cash Flow Results

ERCE's DCF calculations are based on production and cost profiles from the GCA CPR (see Section 3) and public information from Capricorn to bridge between the GCA CPR's effective date (31.12.2019) to this report's effective date (01.07.2022).

Table 5.4 presents the oil, gas and total Reserves (gross, Capricorn's working interest and Capricorn's entitlement) at the 1P, 2P and 3P levels of confidence as at 1 July 2022 together with the NPVs at varying discount rates for the Developed (NFA) and Undeveloped (Activities) forecasts in aggregate and separately for each of the assets. The NPV calculations are based on the fiscal regime described above and are shown in US dollars.

Table 5.4: Discounted Cash Flow Analysis Results

Cluster/Asset	Category	Economic	Gross Reserves			Net Working Interest Reserves			Net Entitlement Reserves			Post-tax NPV				
		Limit	Oil	Gas	Total	Oil	Gas	Total	Oil	Gas	Total	0%	5%	10%	12.12%	15%
		(Year)	(MMstb)	(Bscf)	(MMboe)	(MMstb)	(Bscf)	(MMboe)	(MMstb)	(Bscf)	(MMboe)	(US\$MM)	(US\$MM)	(US\$MM)	(US\$MM)	(US\$MM)
Obaiyed	1P (Developed + Undeveloped)	2029	10.0	207.6	50.0	5.0	103.8	25.0	1.9	39.0	9.4	129	108	92	86	79
	2P (Developed + Undeveloped)	2029	13.6	250.0	61.8	6.8	125.0	30.9	2.3	42.9	10.6	173	146	125	118	109
	3P (Developed + Undeveloped)	2029	17.0	291.4	73.1	8.5	145.7	36.6	2.7	46.6	11.7	215	182	157	148	138
	1P (Undeveloped)		5.1	85.1	21.5	2.5	42.6	10.7	0.9	15.2	3.8	54	42	33	30	26
	2P (Undeveloped)		7.8	111.6	29.3	3.9	55.8	14.7	1.2	16.9	4.5	86	70	58	54	49
	3P (Undeveloped)		10.5	137.9	37.1	5.3	69.0	18.5	1.5	18.9	5.2	118	98	82	77	71
	1P (Developed)	2029	4.9	122.4	28.5	2.5	61.2	14.3	1.0	23.7	5.5	75	66	59	56	53
	2P (Developed)	2029	5.8	138.4	32.5	2.9	69.2	16.2	1.1	26.0	6.1	87	76	68	64	61
3P (Developed)	2029	6.5	153.5	36.0	3.2	76.8	18.0	1.2	27.7	6.5	97	85	75	71	67	
Badr El Din (BED)	1P (Developed + Undeveloped)	2026	9.8	38.5	17.0	4.9	19.2	8.5	2.4	9.6	4.2	27	24	21	20	19
	2P (Developed + Undeveloped)	2028	16.8	68.3	29.6	8.4	34.1	14.8	3.7	15.5	6.7	142	128	117	113	107
	3P (Developed + Undeveloped)	2033	25.6	115.8	47.3	12.8	57.9	23.6	4.8	23.2	9.3	225	201	181	174	165
	1P (Undeveloped)		8.4	27.5	13.6	4.2	13.8	6.8	2.0	6.0	3.1	34	31	28	27	26
	2P (Undeveloped)		15.1	54.6	25.3	7.6	27.3	12.7	3.2	11.4	5.4	142	129	117	113	108
	3P (Undeveloped)		22.6	92.0	39.9	11.3	46.0	19.9	4.0	16.6	7.2	219	195	176	169	161
	1P (Developed)	2023	1.3	10.9	3.4	0.7	5.5	1.7	0.4	3.5	1.1	(7)	(7)	(7)	(7)	(7)
	2P (Developed)	2023	1.7	13.7	4.3	0.9	6.8	2.1	0.5	4.1	1.3	0	(0)	(0)	(0)	(0)
3P (Developed)	2024	3.0	23.8	7.4	1.5	11.9	3.7	0.8	6.6	2.1	6	6	5	5	5	
Alam El Shawish West (AESW)	1P (Developed + Undeveloped)	2029	11.9	308.0	69.5	2.4	61.6	13.9	0.9	23.3	5.3	50	42	36	34	31
	2P (Developed + Undeveloped)	2032	22.7	426.4	102.3	4.5	85.3	20.5	1.5	28.6	6.9	98	80	67	62	57
	3P (Developed + Undeveloped)	2033	34.2	553.8	137.7	6.8	110.8	27.5	2.0	32.0	8.0	143	115	95	88	80

	1P (Undeveloped)		11.8	299.1	67.7	2.4	59.8	13.5	0.9	22.5	5.1	54	46	40	38	35
	2P (Undeveloped)		22.6	416.7	100.4	4.5	83.3	20.1	1.5	27.7	6.7	102	84	71	66	61
	3P (Undeveloped)		34.1	543.5	135.7	6.8	108.7	27.1	2.0	31.2	7.8	146	119	99	92	84
	1P (Developed)	2022	0.1	8.9	1.8	0.0	1.8	0.4	0.0	0.7	0.1	(4)	(4)	(4)	(4)	(4)
	2P (Developed)	2022	0.1	9.7	1.9	0.0	1.9	0.4	0.0	0.8	0.2	(4)	(4)	(4)	(4)	(4)
	3P (Developed)	2022	0.1	10.3	2.0	0.0	2.1	0.4	0.0	0.9	0.2	(4)	(4)	(4)	(4)	(4)
North East Abu Gharadig (NEAG)	1P (Developed + Undeveloped)	2028	8.8	6.9	10.1	2.3	1.8	2.6	1.2	1.0	1.4	15	13	11	11	10
	2P (Developed + Undeveloped)	2028	13.4	11.8	15.6	3.5	3.1	4.1	1.6	1.5	1.9	46	39	34	32	30
	3P (Developed + Undeveloped)	2031	21.1	18.7	24.6	5.5	4.9	6.4	2.3	2.1	2.7	82	70	60	57	53
	1P (Undeveloped)		6.6	4.3	7.4	1.7	1.1	1.9	0.9	0.6	1.0	9	7	6	5	5
	2P (Undeveloped)		10.8	8.5	12.4	2.8	2.2	3.2	1.2	1.0	1.4	36	30	25	24	22
	3P (Undeveloped)		17.3	13.9	19.9	4.5	3.6	5.2	1.7	1.4	2.0	68	57	49	45	42
	1P (Developed)	2024	2.3	2.6	2.7	0.6	0.7	0.7	0.3	0.4	0.4	6	6	6	6	5
	2P (Developed)	2024	2.7	3.3	3.3	0.7	0.8	0.8	0.4	0.5	0.5	10	9	9	9	8
3P (Developed)	2025	3.8	4.8	4.7	1.0	1.3	1.2	0.5	0.7	0.7	13	13	12	12	11	
North Matruh (NM)	1P (Developed + Undeveloped)	2032	4.3	39.6	11.7	2.2	19.8	5.9	0.9	7.9	2.3	17	9	4	2	(0)
	2P (Developed + Undeveloped)	2035	8.7	66.7	21.2	4.3	33.3	10.6	1.5	11.6	3.7	77	56	41	36	30
	3P (Developed + Undeveloped)	2041	18.5	117.5	40.5	9.3	58.8	20.3	2.6	16.8	5.8	173	128	97	87	75
	1P (Undeveloped)		4.3	39.6	11.7	2.2	19.8	5.9	0.9	7.9	2.3	17	9	4	2	(0)
	2P (Undeveloped)		8.7	66.7	21.2	4.3	33.3	10.6	1.5	11.6	3.7	77	56	41	36	30
	3P (Undeveloped)		18.5	117.5	40.5	9.3	58.8	20.3	2.6	16.8	5.8	173	128	97	87	75
	1P (Developed)	2022	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-	-	-	-
	2P (Developed)	2022	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-	-	-	-
3P (Developed)	2022	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-	-	-	-	
	1P (Developed + Undeveloped)	2023	0.05	3.10	0.63	0.02	1.55	0.31	0.01	0.72	0.15	2.39	2.30	2.23	2.20	2.16

North Um Baraka (NUMB)	2P (Developed + Undeveloped)	2024	0.08	4.78	0.97	0.04	2.39	0.49	0.02	1.11	0.22	2.65	2.55	2.46	2.42	2.38
	3P (Developed + Undeveloped)	2024	0.08	5.04	1.02	0.04	2.52	0.51	0.02	1.17	0.24	2.86	2.74	2.64	2.60	2.55
	1P (Undeveloped)		0.00	0.17	0.03	0.00	0.08	0.02	0.00	0.04	0.01	0.17	0.17	0.16	0.16	0.16
	2P (Undeveloped)		0.00	0.17	0.03	0.00	0.08	0.02	0.00	0.04	0.01	0.17	0.17	0.16	0.16	0.16
	3P (Undeveloped)		0.00	0.17	0.03	0.00	0.08	0.02	0.00	0.04	0.01	0.17	0.16	0.16	0.16	0.16
	1P (Developed)	2023	0.04	2.93	0.59	0.02	1.46	0.30	0.01	0.68	0.14	2.22	2.14	2.06	2.03	1.99
	2P (Developed)	2024	0.08	4.61	0.94	0.04	2.30	0.47	0.02	1.07	0.22	2.48	2.38	2.29	2.26	2.21
	3P (Developed)	2024	0.08	4.88	0.99	0.04	2.44	0.49	0.02	1.13	0.23	2.69	2.58	2.48	2.44	2.39
North Alam El Shawish (NAES)	1P (Developed + Undeveloped)	2022	0.00	0.05	0.01	0.00	0.02	0.00	0.00	0.01	0.00	-0.32	-0.31	-0.31	-0.31	-0.31
	2P (Developed + Undeveloped)	2029	0.00	18.76	3.51	0.00	9.38	1.75	0.00	4.13	0.77	2.56	1.72	1.12	0.92	0.68
	3P (Developed + Undeveloped)	2030	0.00	29.63	5.54	0.00	14.82	2.77	0.00	6.52	1.22	7.34	5.56	4.24	3.78	3.25
	1P (Undeveloped)		0.00	0.02	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.01	0.01	0.01	0.01	0.01
	2P (Undeveloped)		0.00	18.66	3.49	0.00	9.33	1.74	0.00	4.10	0.77	2.83	2.00	1.39	1.19	0.95
	3P (Undeveloped)		0.00	29.47	5.51	0.00	14.74	2.75	0.00	6.48	1.21	7.58	5.79	4.47	4.02	3.48
	1P (Developed)	2022	0.00	0.03	0.01	0.00	0.02	0.00	0.00	0.01	0.00	-0.33	-0.32	-0.32	-0.32	-0.32
	2P (Developed)	2022	0.00	0.10	0.02	0.00	0.05	0.01	0.00	0.02	0.00	-0.28	-0.27	-0.27	-0.27	-0.27
3P (Developed)	2022	0.00	0.16	0.03	0.00	0.08	0.01	0.00	0.03	0.01	-0.24	-0.24	-0.23	-0.23	-0.23	
Total Portfolio (2P Developed)			10	170	43	5	81	20	2	32	8	95	84	74	71	67
Total Portfolio (2P Undeveloped)			65	677	192	23	211	63	9	73	22	445	371	314	294	270
Total Portfolio (2P Developed + Undeveloped)			75	847	235	28	293	83	11	105	31	540	454	388	365	337

5.5. Valuation of Contingent Resources

All Contingent Resources are attributed to assets in Egypt. According to the GCA CPR, as at 31 December 2019, Capricorn was assigned c.50 MMboe of unrisks Contingent Resources. At year-end 2021, Capricorn reported 70.2 MMboe of Contingent Resources, of which 9.8 MMboe came from re-classification of 2P Reserves into 2C Contingent Resources and 10.7 MMboe of technical revisions (see Section 3)⁸. According to public information from Capricorn⁹, the company estimates that Contingent Resources start to contribute in 2023, but more material contribution happens in 2025 and 2026.

Table 5.5: Valuation of 2C Contingent Resources

Portion out of Total	Asset	W. I. Resources			Total 2P Reserves	Risking	Risky Value
		Oil	Gas	Total			
		(MMstb)	(Bscf)	(MMboe)	NPV12/Boe	%	US\$ MM
20%	Obaiyed	2.1	36.3	9.1	3.8	35%	18.6
		3.5	53.1	13.7			
		4.9	75.3	19.4			
14%	Badr El Din (BED)	0.8	19.9	4.5	7.6	35%	25.8
		1.5	43.4	9.6			
		2.4	77.1	16.8			
3%	Alam El Shawish West (AESW)	0.2	6.1	1.3	3.0	35%	1.9
		0.4	7.4	1.8			
		0.6	9.4	2.4			
0%	North East Abu Gharadig (NEAG)	0.1	0.2	0.2	8.0	35%	0.5
		0.1	0.2	0.2			
		0.2	0.4	0.3			
3%	North Matruh (NM)	0.5	3.1	1.1	3.4	35%	2.4
		1.0	5.5	2.0			
		2.1	10.2	4.1			
2%	North Um Baraka (NUMB)	0.0	3.7	0.7	5.0	35%	2.5
		0.0	7.0	1.4			
		0.0	11.7	2.3			
29%	North Alam El Shawish (NAES)	0.1	59.3	11.1	0.5	35%	3.8
		0.1	109.6	20.6			
		0.3	174.0	32.8			
29%	Technical Revisions and Re-classification			20.5	4.5	17%	15.6
Total 2C				70			71

⁸ <https://www.capricornenergy.com/umbraco/surface/media/mediaitem/results-8th-march-2022-final?path=/media/3213/results-8th-march-2022-final.pdf>

⁹ <https://www.capricornenergy.com/umbraco/surface/media/mediaitem/results-8th-march-2022-final?path=/media/3213/results-8th-march-2022-final.pdf>

ERCE valued the 2C estimates of Contingent Resources based on metrics derived from the assessment of 2P Reserves for each individual asset, which is then discounted for risk of delay (three years assumed) and Chance of Development (50%), giving a combined risk of 35%.

The additional 20.5 MMboe that result from Capricorn's internal revision and re-classification is risked at 17% (assuming 5-year delay and 30% Chance of Development). In the public sources quoted, there is lack of detailed explanation around the re-classification of 9.8 MMboe from Reserves to Contingent Resources and the addition of 10.7 MMboe from technical revision. There is a risk that these re-classified volumes may not be developed within the licence duration, if at all. Thus, ERCE applied higher risking to this portion of Contingent Resources that were internally estimated by Capricorn.

6. Market-based Approach

To perform the market-based valuation of the Egypt assets, ERCE used the Comparable Transactions Method. The comparable transactions method utilises information on transactions involving assets that are the same or similar to the subject asset to arrive at an indication of value.

The factors that impact transaction multiples include but are not limited to:

- Reserves/Resources volume
- the split between Reserves and Resources categories
- the stage of development and access to infrastructure
- pricing forecasts at the time of transactions
- fiscal regime, etc.

ERCE compiled all relevant oil & gas transactions onshore Egypt and then selected the most comparable transactions, in order to establish a suitable multiple range.

ERCE performed both the income-based and market-based approaches in this evaluation to estimate the ranges of value and investigate if different approaches diverge or corroborate. In Section 8, ERCE explains which approach is selected to establish the FMV.

Table 6.1: Relevant Oil & Gas Transactions onshore Egypt

Primary Countries	Announced Date	Buyers	Sellers	Key Assets	Development Stage	Total Transaction Value US\$MM	2P Reserves (MMb)	2P Reserves (Bcf)	2P Reserves (MMboe)	2P Implied Value US\$/Boe	2C Resources (MMb)	2C Resources (Bcf)	2C Resources (MMboe)	2P+2C Implied Value US\$/Boe	Oil Price (Brent) at the announcement date
Egypt	2022-02-01	Energy Flow Global Limited	SDX Energy	33% of South Disouq	Production	6			2.0	2.7				n/a	94
Egypt	2021-09-15	IPR Energy	Pharos Energy	55% WI in the Egyptian El Fayum and North Beni Suef Concessions	Production	115			74.2	1.6				n/a	75
Egypt	2021-03-09	Cairn Energy	Royal Dutch Shell	Portfolio of upstream oil and gas assets in the Western Desert, onshore Egypt: the Obaiyed Area; Badr El Din (BED); North East Abu Gharadig (NEAG); and Alam El Shawish West (AESW); as well as three newly awarded exploration blocks (South East Horus, West El Fayum and South Abu Sennan)	Production/Development/Exploration	463			113.0	4.1			49	2.9	66
Egypt	2021-03-09	Cheiron	Royal Dutch Shell	Portfolio of upstream oil and gas assets in the Western Desert, onshore Egypt: the Obaiyed Area; Badr El Din (BED); North East Abu Gharadig (NEAG); and Alam El Shawish West (AESW); as well as three newly awarded	Production/Development/Exploration	463			113.0	4.1			49	2.9	66

				exploration blocks (South East Horus, West El Fayum and South Abu Sennan)											
Egypt	2020-07-14	Gulf Energy	SDX Energy	50% working interest in North West Gemsa licence	Development/Exploration	3				n/a				n/a	43
Egypt	2019-07-23	United Oil & Gas	Rockhopper Exploration	Non-operated 22% interest in the Abu Sennan concession onshore Egypt, and the existing assets of Rockhopper Egypt	Production	16		2.6	6.1					n/a	
Egypt	2019-06-03	Dragon Oil	BP	interests in Gulf of Suez oil concessions in Egypt, including BP's interest in the Gulf of Suez Petroleum Company (GUPCO)	Production					n/a				n/a	63
Egypt	2018-09-20	SOCO International	Merlon International, LLC; Yorktown Partners LLC	Egypt Western desert El Fayum concession	Production	233		24.0	8.9			37	3.8		79
Egypt	2017-06-15	Nostra Terra Oil & Gas Company PLC	Echo Energy Inc.	25% of Egypt East Ghazalat	Production	0	0.5	0.5	0.2					n/a	48
Egypt	2017-05-01	Cheiron Holdings Limited; PICO International Petroleum	ENGIE	Nile Delta West El Burullus Concession	Development/Exploration	n/a				n/a				n/a	51
Egypt	2017-01-27	SDX Energy Inc.	Circle Oil Plc	Egypt and Morocco producing assets	Production	30	3.8	5.4	4.7	6.4				n/a	

Egypt	2015-10-02	Echo Energy Plc; Nostra Terra Oil & Gas Company PLC	TransGlobe Energy Corporation	50% nonoperated interest in a producing East Ghazalat concession in Egypt	Production	4			1.0	3.5				n/a	
Egypt	2015-08-19	Sea Dragon Energy Inc.	Madison PetroGases Ltd	Africa oil assets and acreage	Production	11			2.2	4.9				n/a	47
Egypt	2015-08-10	Rockhopper Exploration plc	Beach Energy Limited	Nonoperated working interest in Abu Sennan (22%, producing) and El Qa'a (25%, exploration) concessions in Egypt	Production	19			3.9	5.0		4.5	4.3	47	
Egypt	2014-09-09	SacOil Holdings Limited	MENA Hydrocarbons Inc.	100% interest in undeveloped Lagia heavy oil field, located onshore Sinai Peninsula	Development/Exploration	15	6.2			2.4				n/a	97
Egypt	2013-09-10	Undisclosed private company(ies)	Sea Dragon Energy Inc.	50% interest in Kom Ombo Concession	Production	6	0.7			9.2				n/a	112
Egypt	2013-08-29	China Petrochemical Corporation; Sinopec International Petroleum Exploration & Production Corporation	Apache Corporation	33.33% interest in Apache's Egypt oil and gas assets	Production	3100	424.2			7.3				n/a	111

Egypt	2012-02-13	Naftogaz of Ukraine	Ganoub El-Wadi Petroleum Holding Company	E&D agreements covering two Egypt Eastern Desert concessions	Development/Exploration	n/a				n/a			n/a	119
Egypt	2008-12-03	Edison Spa	Egyptian General Petroleum Corporation	40% stake in Abu Qir Concession	Production	1405		953.5		8.8			n/a	40
Average										5.0			3.5	

Source: ERCE Research; Various company websites

ERCE notes that the most comparable metric is US\$4.1/boe for 2P Reserves and US\$2.9/boe for 2P+2C which is based on the deal when Capricorn acquired their assets in Egypt from Shell in March 2021. This is the last time the Egypt assets exchanged hands on the market.

Based on relevant transaction onshore Egypt, the average metric for 2P Reserves is around US\$5.0/boe and for 2P+2C it is around US\$3.5/boe. ERCE notes that metrics have a wide range and comparability is impaired for reasons described above. If we only look at transactions over the past 5 years and ignore the outliers, the average metric for 2P Reserves is US\$4.3/boe.

ERCE notes that these transactions metrics are calculated based on Net Working Interest Reserves and Resources.

ERCE summarises the US\$/Boe (2P and 2P+2C) metrics in the tables below.

Table 6.2: Comparable Transaction Metrics

Peer Group	2P Implied Value US\$/Boe	2P+2C Implied Value US\$/Boe
Onshore Egypt Average	5	3.5
Onshore Egypt Average (last 5 years; excl. outliers)	4.3	2.9
Capricorn's acquisition	4.1	2.9
<i>Average of the metrics</i>	4.6	3.2

Based on the metrics for Capricorn's acquisition and onshore Egypt (all and for the last five years), the value of Capricorn's Net Working Interest 2P Reserves of 84 MMboe for onshore Egypt (estimated as of 01.07.2022) will range:

- Capricorn's acquisition metric: US\$342 MM
- Onshore Egypt Average metric (last 5 years; excl. outliers): US\$359 MM
- Average of all metrics: US\$373 MM
- Onshore Egypt Average metric: US\$419 MM.

Based on the average metrics for Capricorn's acquisition metrics and onshore Egypt, the value of Capricorn's Net Working Interest 2P+2C Reserves & Resources of 153 MMboe for onshore Egypt (estimated as of 01.07.2022) will range:

- Capricorn's acquisition metric: US\$438 MM
- Onshore Egypt Average metric (last 5 years; excl. outliers): US\$445 MM
- Average of all metrics: US\$471 MM
- Onshore Egypt Average metric: US\$530 MM.

7. Cost-based Approach

Capricorn has exploration assets in Egypt, UK, Mexico, Mauritania, Israel and Suriname. According to the VALMIN Code, exploration assets can be assessed using market- or cost-based approach. This is due to a range of uncertainty surrounding the physical size and properties of the underlying hydrocarbons, or even their existence (see Appendix 10.4).

According to Capricorn, in Egypt the company is targeting 810 MMboe of gross unrisksed exploration resource potential, with nine firm commitment wells and two seismic acquisition programmes. For 2022, Capricorn plans Egypt exploration expenditure of US\$30-35 MM, which includes two exploration wells and seismic acquisition.

In ERCE's analysis of transactions for onshore Egypt, there were no public metrics for prospective resources. Capricorn's acquisition of its assets in Egypt, valued exploration as contingent payment with the following terms: *"up to US\$80 million (US\$40 million net to Capricorn) based on the amount of commercially recoverable liquid hydrocarbons discovered in the first nine exploration wells drilled following signing of the Sale and Purchase Agreement. The amount to be paid is determined by a calculation of US\$0.4 per barrel of independently audited 2P reserves following the award of a Development Lease in respect of such discovery or discoveries, subject to the above cap."*¹⁰ From this transaction ERCE understands that the payment is contingent upon the success of the wells and the transaction value for exploration can range anywhere between \$0 and \$40 MM. There is, however, no other information available to determine how to evaluate the success of all nine wells in the program and what risking to apply to the targeted gross prospective resource volume of 810 MMboe.

The same is true for the rest of exploration assets in UK, Mexico, Mauritania, Israel and Suriname. While there are Capricorn's internal estimates of gross unrisksed Prospective Resource estimates for selective targets, there is no definite public information on comparable market-based transaction metrics that can be applied or risking estimates.

In order to value the exploration assets, ERCE based its conclusion on the cost-based approach. In 2022, Capricorn has committed to spend US\$20-25 MM in Egypt, and US\$75-80 MM elsewhere. Thus, combined value for visible exploration is estimated to be \$105 MM. As of end of June, Capricorn has spent c.US\$58 MM on unsuccessful exploration, with c.US\$47 MM left for the remainder of the year. With 2022 E&A Committed Spend deducted from our valuation, exploration is essentially given zero value. In general, it is consistent with the latest trend in the industry when exploration is acquired "for free" – as part of a larger portfolio.

¹⁰ <https://tools.eurolandir.com/tools/Pressreleases/GetPressRelease/?ID=4014197&lang=en-GB&companycode=uk-cne&v=>

8. Fair Market Valuation Conclusion

ERCE selected the valuation approach based on International Valuation Standards (IVSC) and Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (The VALMIN Code) guidelines. ERCE used an income-based approach (see Section 5) to value assets in Egypt (Reserves and Contingent Resources). ERCE also performed a market-based approach to investigate if it supports its income-based valuation (see Section 6). ERCE used the cost-based approach to value Capricorn's exploration assets (see Section 7). ERCE performed a range of scenarios and sensitivities in order to demonstrate the range of values.

Income Approach

We base DCF valuation of Egyptian Reserves on production and cost profiles based on the GCA CPR and public information from Capricorn to bridge between the GCA CPR's effective date (31 December 2019) to this report's effective date (1 July 2022). ERCE presents the Net Present Values discounted at the estimated WACC of 12.12% p.a. (as well as sensitivities of 5%, 10% and 15% p.a.) at the various levels of uncertainty as of 1 July 2022.

Table 8.1 summarises the inputs to the valuation of Capricorn and the resulting FMV of US\$1,131 MM as at 1 July 2022. Table 8.1 also presents sensitivities of the FMV to low and high oil prices and different discount rates.

Table 8.1: Summary of FMV as at 1 July 2022

Sum of Parts FMV			
Scenario	Egypt 1P	Egypt 2P	Egypt 3P
Net Present Value_to Capricorn:	US\$MM	US\$MM	US\$MM
Egypt (Developed Reserves or NFA; Unrisked)	53	71	86
Egypt (Undeveloped Reserves or Activities; Unrisked)	102	294	475
Total Egypt Net Present Value	155	365	561
FMV Derivation:			
Egypt (Developed Reserves or NFA)	53	71	86
Egypt (Undeveloped Reserves or Activities - 2P Undeveloped risked at 90%)	102	264	475
Total Egypt	155	335	561
Cash (Net Debt)	631	631	631
Current Receivable from EGPC	61	61	61
Present Value of G&A	(211)	(211)	(211)
Remainder of 2022 E&A Committed Spend	(47)	(47)	(47)
UK Disposal Contingent Payments	241	241	241
Senegal Contingent Payments	73	73	73
Egypt Contingent Payments	(70)	(70)	(70)
	833	1,014	1,240
Egypt Risked Contingent Resources (2C)	71	71	71
Exploration Value	47	47	47
	951	1,131	1,357
Fair Market Value Conclusion		1,131	
Oil Price Sensitivity	ERCE's Low Case Brent	ERCE's Base Case Brent	ERCE's High Case Brent
FMV	1,112	1,131	1,149
Magnitude	-2%		2%
WACC Sensitivity	15%	12.12%	10%
FMV	1,106	1,131	1,153
Magnitude	-2%		2%

Notes

1. FMV is based on publicly available information only
2. Reserves are evaluated by Gaffney Cline & Ryder Scott as of December 31st, 2019. ERCE reviewed the GCA profiles, information from Capricorn and updated to 01.07.2022 by assuming a delay in Activities and incorporating a reduction in Reserves as advised by Capricorn
3. Long term Brent oil price forecast is assumed at \$75/b (from 2025 onwards) and gas price assumption is \$2.9/MMBtu
4. All asset values are NPV @ WACC of 12.12% After Tax as at 1 July 2022 in US dollars (US\$) unless otherwise noted
5. NFA stands for No Further Action and represents the Developed portion of Reserves; Activities represent the Undeveloped portion of Reserves

In Section 3 of this report, ERCE summarises the breakdown of Reserves into the Developed (No Further Action) and Undeveloped (Activities). ERCE notes that the ratio of High to Low estimates of recoverable volumes is higher for the Undeveloped than the Developed

recoverable volumes, indicating that GCA considers there to be a higher level of uncertainty attached to the Undeveloped volumes.

Table 8.2 demonstrates that majority of value is attributed to the Undeveloped (Activities) portion of the Reserves.

Table 8.2: Split into Developed and Undeveloped Reserves

Cluster/Asset	Net Working Interest Reserves			Net Entitlement Reserves			Post-tax NPV				
	Oil	Gas	Total	Oil	Gas	Total	0%	5%	10%	12.12%	15%
	(MMstb)	(Bscf)	(MMboe)	(MMstb)	(Bscf)	(MMboe)	(US\$MM)	(US\$MM)	(US\$MM)	(US\$MM)	(US\$MM)
Total Portfolio (2P (Developed + Undeveloped))	28	293	83	11	105	31	540	454	388	365	337
Total Portfolio (2P (Developed))	5	81	20	2	32	8	95	84	74	71	67
Total Portfolio (2P (Undeveloped))	23	211	63	9	73	22	445	371	314	294	270
Total Portfolio (1P (Developed + Undeveloped))	17	208	56	7	81	23	240	198	166	155	141
Total Portfolio (1P (Developed))	4	71	17	2	29	7	72	63	55	53	50
Total Portfolio (1P (Undeveloped))	13	137	39	6	52	15	167	135	110	102	91

Market Approach

Based on the metrics for Capricorn's acquisition and onshore Egypt (all and for the last five years), the value of Capricorn's Net Working Interest 2P Reserves of 84 MMboe for onshore Egypt (estimated as at 1 July 2022) will range:

- Capricorn's acquisition metric: US\$342 MM
- Onshore Egypt Average metric (last 5 years; excl. outliers): US\$359 MM
- Average of all metrics: US\$373 MM
- Onshore Egypt Average metric: US\$419 MM.

Based on the average metrics for Capricorn's acquisition metrics and onshore Egypt, the value of Capricorn's Net Working Interest 2P+2C Reserves and Contingent Resources of 153 MMboe for onshore Egypt (estimated as at 1 July 2022) will range:

- Capricorn's acquisition metric: US\$438 MM
- Onshore Egypt Average metric (last 5 years; excl. outliers): US\$445 MM
- Average of all metrics: US\$471 MM
- Onshore Egypt Average metric: US\$530 MM.

ERCE notes that the most comparable transaction is Capricorn's acquisition of their assets in Egypt from Shell in March 2021. This is the last time the Egypt assets exchanged hands on

the market. All these metrics carry a level of imprecision as they were conducted in the past in different price and risk environment.

Other elements

A large portion of Capricorn's value lies in its cash position, which consists of the following:

- Net Cash position as of 30 June 2022 was sourced from Capricorn's Half Yearly Results 2022 (US\$809 MM in cash and US\$178 MM in debt) and US\$61 MM due for payment from EGPC¹¹.
- Following the resolution in 2021 of the India tax dispute, Capricorn received a tax refund of US\$1.06 billion from the Government of India in Q1 2022. Capricorn committed to return US\$500 MM by way of a tender offer to close in April 2022 (additional \$29 MM completed). The cash position above reflects both the tax refund and the buyback.
- Based on the 2021 actual G&A spend, ERCE forecasts US\$40 MM of G&A per annum into the future. Given that production declines over time, ERCE decreases G&A starting from 2028, in line with the decrease in production. The present value of this G&A expense stream (based on WACC of 12.12%) is then taken into account in the valuation.
- In 2022, Capricorn has committed to spend US\$20-25 MM in Egypt, and US\$75-80 MM elsewhere. Thus, combined value for visible Exploration is estimated to be \$105 MM. As of end of June, Capricorn has spent c.US\$58 MM on unsuccessful exploration, with c.US\$47 MM left for the remainder of the year¹².
- For the present value of the contingent payment due to Capricorn from the sale of assets in the UK, ERCE accepted the value disclosed by Capricorn in the Half Yearly Results 2022. Capricorn stated "*2022-2025 earn out consideration at 30 June 2022 had a risk-weighted fair value of US\$240.9 MM*"¹³.
- ERCE estimates the present value of the contingent payment due to Capricorn from the sale of assets in Senegal. Based on the terms of the deal, ERCE forecasts the stream of contingent payments to be received and calculates the present value of these cash flows based on WACC of 12.12% discount rate.
- ERCE estimates the present value of the contingent payment that Capricorn is to pay after the acquisition of assets in Egypt. Based on the terms of the deal, ERCE forecasts the stream of contingent payments to be paid out and calculates the present value of these cash flows based on WACC of 12.12% discount rate.

¹¹ <https://www.capricornenergy.com/news-media/news/2022/half-yearly-results-2022/#Tabundefined=1>

¹² <https://www.capricornenergy.com/news-media/news/2022/half-yearly-results-2022/#Tabundefined=1>

¹³ <https://www.capricornenergy.com/umbraco/surface/media/mediaitem/half-year-report-announcement-final-060922?path=/media/3377/half-year-report-announcement-final-060922.pdf>

FMV Conclusion

ERCE's Fair Market Valuation complies with a universal definition of FMV, which can be summarised as the price at which an asset would change hands between a willing buyer and a willing seller when the former is not under any compulsion to buy and the latter is not under any compulsion to sell, both parties having reasonable knowledge of relevant facts. Thus, FMV is not a subjective value to either the buyer or seller, rather a value that can be determined based on objective metrics.

According to IVS, when different approaches and/or methods result in widely divergent indications of value, a valuer should perform procedures to understand why the value indications differ, as it is generally not appropriate to simply weight two or more divergent indications of value. In such cases, valuers should reconsider the guidance to determine whether one of the approaches/methods provides a better or more reliable indication of value.

ERCE based the Egypt Reserves valuation on an income-based (DCF) approach. ERCE based its derivation of FMV on 2P Developed (NFA) + 2P Undeveloped (Activities) but took into account the higher risk that the Undeveloped category carries. ERCE applied a 10% discount to the 2P Undeveloped (Activities) value recognising that to reflect uncertainty in the timing of development, uncertainty as well as quantum.

ERCE risked the valuation of Contingent Resources to reflect uncertainty in timing and chance of development (Section 5.5).

Based on all of the above, ERCE estimates the fair market value of Capricorn to be US\$1,131 MM as at 1 July 2022, as set out in Table 8.1.

Any valuations or projections included in this FMV Report are produced for the purposes of economic analysis and should not be taken either as a recommendation to engage in any kind of investment activity or as advice about the merits or demerits of engaging in any kind of investment activity (see full Disclaimer on page 2).

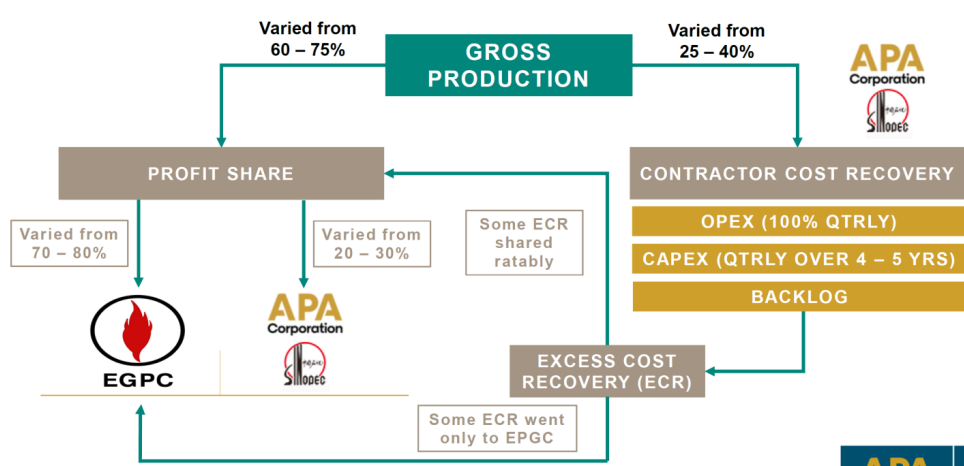
9. Fiscal Terms Scenario Analysis

At Palliser’s request, ERCE performed a scenario analysis implementing “modernised” Production Sharing Contract (PSC) fiscal terms that were negotiated by Apache in Egypt. This is a hypothetical scenario and does not impact ERCE’s FMV conclusion which is based on current fiscal terms applicable to Capricorn’s assets. ERCE does not exercise any opinions on the likelihood of fiscal terms changes for Capricorn’s assets. In this “what-if” situation, ERCE simply demonstrates the impact of a similar change in fiscal terms in Egypt on the value of Capricorn’s Reserves in Egypt.

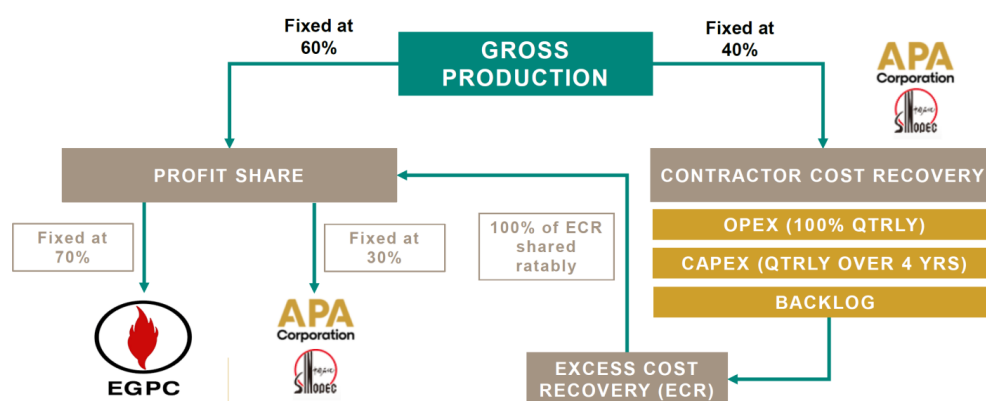
On 4 May 2021, Apache announced that it had reached an agreement in principle with Egypt’s Ministry of Petroleum and Mineral Resources (MOP) and the Egyptian General Petroleum Corporation (EGPC) as part of its efforts to modernize the country’s petroleum sector. The new PSC will consolidate the majority of APA’s concessions in the Western Desert into a single new concession, accounting for more than 90% of the company’s gross production volumes. The changes to the fiscal terms were disclosed as follows:

Figure 9.1: Comparison of Egypt PSC terms pre- and post-modernization

Production Allocation Under Previous PSCs



Production Allocation Under Modernized PSC



Source: APA Corporation

ERCE also notes that Apache paid a \$100 MM signature bonus to EGPC.

The main elements that changed from “Previous” terms to “Modernised” terms for Apache are:

- Cost recovery ceiling fixed at 40%
- Profit Oil split 30% contractor/70% government
- Capex depreciated over 4 years
- Excess cost recovery is treated as Profit Oil.

ERCE summarises the results of these hypothetical fiscal changes on the value of Capricorn’s Reserves in Table 9.1. ERCE notes that Capricorn would almost certainly be required to pay a signature bonus in the event that “Modernised” terms are negotiated. The quantum of this signature bonus cannot be estimated as will depend on commercial negotiations with the Egyptian authorities.

From public sources, it is known that Apache paid a US\$100 MM signature bonus and consolidated the majority of Apache’s concessions (at end-2021 Apache had six concessions with production from Egypt in 2021 of around 116 Mboe/d) in the Western Desert into a single new concession. Transglobe Energy paid the initial modernisation payment of \$15 million and signature bonus of \$1 million, amending its three existing Eastern Desert concessions (with production from them of around 10.5 Mboe/d in 2021). Capricorn holds seven concession areas that produced around 36 Mboe/d in 2021.

Table 9.1: Discounted Cash Flow Analysis Results for the Hypothetical “Modernised” Fiscal Terms

Cluster/Asset	Category	Economic Limit (Year)	Gross Reserves			Net Working Interest Reserves			Net Entitlement Reserves			Post-tax NPV				
			Oil	Gas	Total	Oil	Gas	Total	Oil	Gas	Total	0%	5%	10%	12.12%	15%
			(MMstb)	(Bscf)	(MMboe)	(MMstb)	(Bscf)	(MMboe)	(MMstb)	(Bscf)	(MMboe)	(US\$MM)	(US\$MM)	(US\$MM)	(US\$MM)	(US\$MM)
Obaiyed	1P (Developed + Undeveloped)	2029	10.1	207.9	50.1	5.0	104.0	25.1	2.3	47.6	11.5	193	165	144	136	127
	2P (Developed + Undeveloped)	2029	13.9	251.6	62.4	7.0	125.8	31.2	2.9	53.8	13.3	264	228	200	190	178
	3P (Developed + Undeveloped)	2029	17.6	294.4	74.3	8.8	147.2	37.2	3.5	59.7	15.0	335	291	256	244	229
	1P (Undeveloped)		5.2	85.5	21.6	2.6	42.8	10.8	1.1	19.1	4.8	88	72	61	57	52
	2P (Undeveloped)		8.1	113.2	29.9	4.0	56.6	14.9	1.6	22.4	5.9	141	120	104	99	92
	3P (Undeveloped)		11.2	140.9	38.3	5.6	70.4	19.2	1.3	13.2	3.9	87	73	62	59	54
	1P (Developed)	2029	4.9	122.4	28.5	2.5	61.2	14.3	1.1	28.5	6.6	106	93	83	79	75
	2P (Developed)	2029	5.8	138.4	32.5	2.9	69.2	16.2	1.3	31.4	7.4	123	108	96	91	86
	3P (Developed)	2029	6.5	153.5	36.0	3.2	76.8	18.0	1.4	33.9	8.0	138	120	106	101	95
Badr El Din (BED)	1P (Developed + Undeveloped)	2026	9.0	39.0	16.3	4.5	19.5	8.1	2.8	12.4	5.2	90	83	76	74	71
	2P (Developed + Undeveloped)	2030	16.6	76.4	30.9	8.3	38.2	15.4	4.5	21.2	8.6	234	215	199	193	185
	3P (Developed + Undeveloped)	2034	25.9	120.3	48.4	12.9	60.1	24.2	6.1	29.6	11.8	376	342	313	303	290
	1P (Undeveloped)		7.1	23.2	11.5	3.6	11.6	5.7	2.0	5.7	3.1	76	69	63	61	58
	2P (Undeveloped)		14.1	56.3	24.6	7.0	28.1	12.3	3.5	13.5	6.1	206	188	173	168	160
	3P (Undeveloped)		22.8	94.3	40.5	11.4	47.2	20.2	3.6	14.5	6.4	197	176	160	154	146
	1P (Developed)	2024	1.9	15.7	4.8	0.9	7.9	2.4	0.8	6.7	2.1	14	14	13	13	13
	2P (Developed)	2024	2.5	20.2	6.2	1.2	10.1	3.1	0.9	7.7	2.4	28	27	26	25	25

	3P (Developed)	2024	3.0	23.8	7.4	1.5	11.9	3.7	1.1	8.6	2.7	38	37	35	34	33
Alam El Shawish West (AESW)	1P (Developed + Undeveloped)	2030	12.2	319.0	71.8	2.4	63.8	14.4	1.2	32.3	7.3	101	87	77	73	68
	2P (Developed + Undeveloped)	2033	22.7	429.6	103.0	4.5	85.9	20.6	2.0	38.5	9.2	171	145	125	119	110
	3P (Developed + Undeveloped)	2033	34.3	558.7	138.8	6.9	111.7	27.8	2.8	45.6	11.3	255	212	181	170	157
	1P (Undeveloped)		12.0	295.2	67.1	2.4	59.0	13.4	1.2	28.1	6.4	98	85	74	70	66
	2P (Undeveloped)		22.4	403.3	97.8	4.5	80.7	19.6	2.0	34.0	8.3	168	142	122	115	107
	3P (Undeveloped)		34.0	530.5	133.2	6.8	106.1	26.6	1.9	27.4	7.1	139	114	95	89	81
	1P (Developed)	2023	0.2	23.8	4.7	0.0	4.8	0.9	0.0	4.2	0.8	3	3	3	3	3
	2P (Developed)	2023	0.3	26.3	5.2	0.1	5.3	1.0	0.0	4.4	0.9	3	3	3	3	3
	3P (Developed)	2023	0.3	28.3	5.6	0.1	5.7	1.1	0.1	4.6	0.9	4	4	4	4	4
North East Abu Gharadig (NEAG)	1P (Developed + Undeveloped)	2027	8.6	6.6	9.8	2.2	1.7	2.5	1.3	1.0	1.4	30	27	24	23	22
	2P (Developed + Undeveloped)	2028	13.6	11.5	15.7	3.5	3.0	4.1	1.8	1.5	2.1	67	59	53	50	47
	3P (Developed + Undeveloped)	2032	21.8	18.3	25.2	5.7	4.8	6.6	2.6	2.2	3.1	113	99	88	84	79
	1P (Undeveloped)		6.3	4.0	7.1	1.6	1.0	1.8	0.9	0.6	1.0	20	18	15	14	13
	2P (Undeveloped)		10.3	7.5	11.7	2.7	1.9	3.0	1.3	0.9	1.4	53	46	40	38	35
	3P (Undeveloped)		16.5	12.7	18.9	4.3	3.3	4.9	1.5	1.1	1.7	66	56	49	46	43
	1P (Developed)	2024	2.3	2.6	2.7	0.6	0.7	0.7	0.4	0.4	0.4	10	9	9	9	8
	2P (Developed)	2025	3.3	4.0	4.1	0.9	1.0	1.1	0.5	0.6	0.6	14	13	13	12	12
3P (Developed)	2026	4.5	5.6	5.5	1.2	1.4	1.4	0.7	0.9	0.9	18	17	16	16	15	
North Matruh (NM)	1P (Developed + Undeveloped)	2032	4.3	39.7	11.7	2.2	19.8	5.9	1.1	10.0	2.9	42	31	22	19	16

	2P (Developed + Undeveloped)	2035	8.7	66.7	21.2	4.3	33.3	10.6	1.9	14.3	4.5	112	88	69	63	55
	3P (Developed + Undeveloped)	2041	18.5	117.6	40.5	9.3	58.8	20.3	3.5	22.1	7.6	257	199	157	143	126
	1P (Undeveloped)		4.3	39.7	11.7	2.2	19.8	5.9	1.1	10.0	2.9	42	31	22	19	16
	2P (Undeveloped)		8.7	66.7	21.2	4.3	33.3	10.6	1.9	14.3	4.5	112	88	69	63	55
	3P (Undeveloped)		18.5	117.5	40.5	9.3	58.8	20.3	2.6	16.8	5.8	171	130	100	90	79
	1P (Developed)	2022	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-	-	-	-
	2P (Developed)	2022	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-	-	-	-
	3P (Developed)	2022	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-	-	-	-
North Um Baraka (NUMB)	1P (Developed + Undeveloped)	2024	0.08	4.27	0.87	0.04	2.13	0.44	0.02	1.32	0.27	3.80	3.65	3.51	3.45	3.38
	2P (Developed + Undeveloped)	2024	0.08	4.61	0.94	0.04	2.30	0.47	0.02	1.41	0.29	4.07	3.89	3.74	3.68	3.60
	3P (Developed + Undeveloped)	2037	0.14	49.20	9.33	0.07	24.60	4.67	0.04	14.98	2.84	13.98	9.41	6.55	5.67	4.71
	1P (Undeveloped)		-0.06	-1.71	-0.38	-0.03	-0.85	-0.19	-0.02	-0.54	-0.12	-0.29	-0.25	-0.21	-0.20	-0.18
	2P (Undeveloped)		-0.03	-1.12	-0.24	-0.02	-0.56	-0.12	-0.01	-0.35	-0.07	-0.24	-0.21	-0.18	-0.17	-0.16
	3P (Undeveloped)		-0.06	-2.14	-0.46	-0.03	-1.07	-0.23	-0.03	-1.01	-0.21	-2.10	-1.96	-1.84	-1.79	-1.74
	1P (Developed)	2026	0.14	5.97	1.25	0.07	2.99	0.63	0.04	1.86	0.39	4.10	3.89	3.72	3.65	3.56
	2P (Developed)	2025	0.11	5.73	1.18	0.05	2.86	0.59	0.03	1.76	0.36	4.31	4.10	3.92	3.85	3.76
	3P (Developed)	2026	0.14	7.02	1.45	0.07	3.51	0.72	0.04	2.15	0.44	4.68	4.44	4.23	4.14	4.04
North Alam El Shawish (NAES)	1P (Developed + Undeveloped)	2028	0.00	10.30	1.93	0.00	5.15	0.96	0.00	4.05	0.76	3.14	2.67	2.34	2.23	2.11
	2P (Developed + Undeveloped)	2029	0.00	18.94	3.54	0.00	9.47	1.77	0.00	6.29	1.18	8.95	7.46	6.33	5.94	5.47

	3P (Developed + Undeveloped)	2030	0.00	29.92	5.59	0.00	14.96	2.80	0.00	9.13	1.71	14.90	12.29	10.30	9.60	8.76
	1P (Undeveloped)		0.00	10.24	1.91	0.00	5.12	0.96	0.00	3.12	0.58	1.03	0.60	0.30	0.20	0.09
	2P (Undeveloped)		0.00	18.71	3.50	0.00	9.36	1.75	0.00	5.33	1.00	6.73	5.27	4.18	3.80	3.35
	3P (Undeveloped)		0.00	28.67	5.36	0.00	14.34	2.68	0.00	5.39	1.01	4.56	3.03	1.88	1.49	1.01
	1P (Developed)	2023	0.00	0.06	0.01	0.00	0.03	0.01	0.00	0.92	0.17	2.10	2.07	2.04	2.03	2.02
	2P (Developed)	2023	0.00	0.23	0.04	0.00	0.11	0.02	0.00	0.96	0.18	2.22	2.19	2.15	2.14	2.12
	3P (Developed)	2023	0.00	0.38	0.07	0.00	0.19	0.04	0.00	0.99	0.19	2.32	2.29	2.25	2.24	2.22
Total Portfolio (2P Developed)			12	195	49	5	89	22	3	47	12	175	157	142	137	130
Total Portfolio (2P Undeveloped)			64	661	188	23	208	62	10	90	27	675	569	488	459	425
Total Portfolio (2P Developed + Undeveloped)			76	856	237	28	296	84	13	137	39	850	726	630	596	555
Increase compared to Table 5.4 (2P Developed + Undeveloped)			1	9	2	0	3	1	2	32	8	310	272	242	231	218

10. Appendix

10.1. Glossary of terminology relating to FMV

Term	Definition
Beta	A measure of the sensitivity of a given investment or portfolio to movements in the overall market.
Bottom-Up Beta	Estimated from the betas of firms in the specified business and levered using the company's current financial leverage. This methodology reduces standard errors from regression betas and represents the company's current financial leverage.
Capital Asset Pricing Model (CAPM)	An equation describing the expected return on an asset as a linear function of its beta relative to the market portfolio.
Cost of debt	The required rate of return on debt.
Cost of equity	The required rate of return on common stock.
Credit spreads	The difference between the yields on default-free and credit risky zero-coupon bonds.
Discount rate	Any rate used in finding the present value of a future cash flow.
Discounted cash flow method	Income approach that values an asset based on estimates of future cash flows discounted to present value by using a discount rate reflective of the risks associated with the cash flows.
Fair Market Value (FMV)	The price at which an asset would change hands between a willing buyer and a willing seller when the former is not under any compulsion to buy and the latter is not under any compulsion to sell.
Fair Value	Price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measured date.
Industry Risk Premium	A risk premium that investors expect the future return of the industry to exceed that of the whole market.
Internal Rate of Return (IRR)	The discount rate that makes net present value equal 0; the discount rate that makes the present value of an investment's cost (outflows) equal to the present value of the investment's benefits (inflows).
Market approach	Approach that values an asset based on pricing multiples from sales of assets viewed as similar to the subject asset.
Market Capitalisation of Equity	Approach that values an asset based on pricing multiples from sales of assets viewed as similar to the subject asset.
Market Risk Premium (MRP)	The expected return on equities minus the risk-free rate; the premium that investors demand for investing in equities.
Modified CAPM	An adaptation of the CAPM model that adds a premium for small size and company specific risk.
Net Present Value (NPV)	Future cash inflows less all cash outflows calculated using an appropriate discount rate.
Project Specific Risk Premium	A risk premium that reflects the business risk of the investment project.

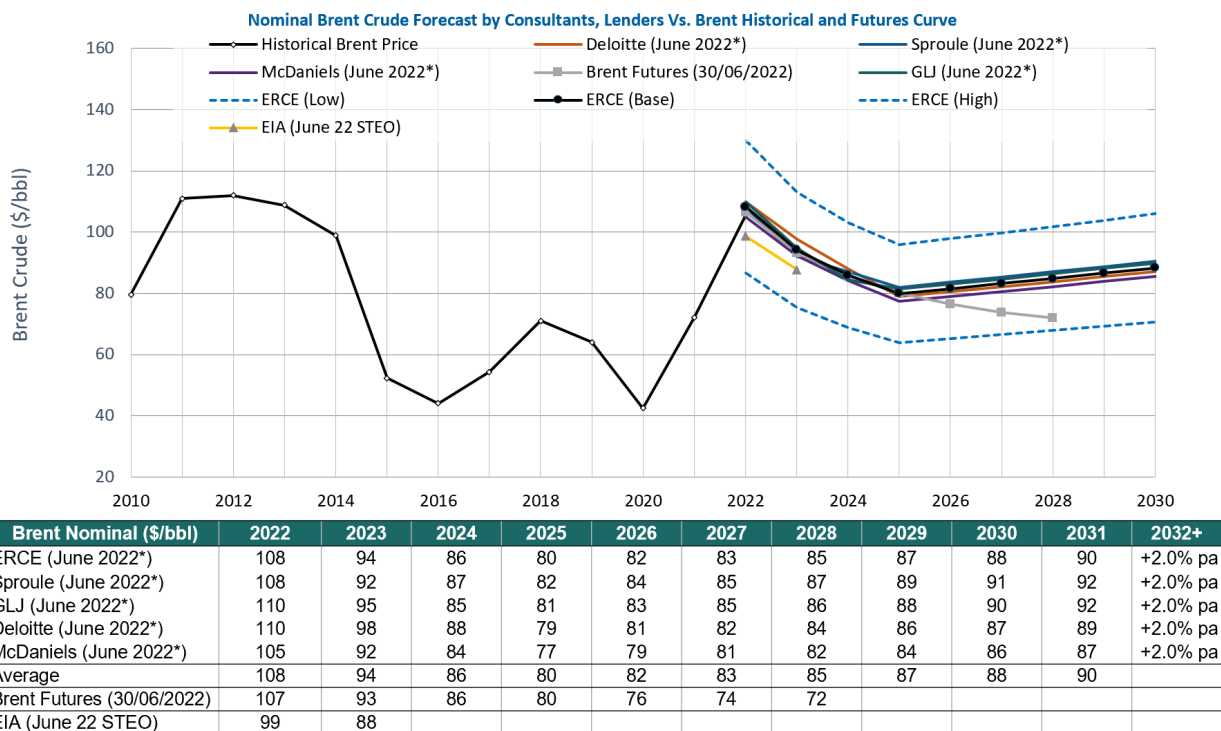
Size Premium	A premium for small market capitalisation that reflects an adjustment for differences in beta between small and large capitalisation stocks.
Weighted Average Cost of Capital (WACC)	A weighted average of the after-tax required rates of return on a company's common stock, preferred stock, and long-term debt, where the weights are the fraction of each source of financing in the company's target capital structure.
Yield to Maturity (YTM)	Annual return that an investor earns on a bond if the investor purchases the bond today and holds it until maturity. It is the discount rate that equates the present value of the bond's expected cash flows until maturity with the bond's price.

10.2. ERCE Brent Price Deck

2 ERCE Oil and Gas Price Forecast



Brent Crude Oil Price Deck



Inflation Assumptions: Sproule: 2%, GLJ: 3% in 2023 and 2% thereafter. Deloitte: 2%, McDaniel: 2%, ERCE: 2%

*Source: Sproule, GLJ, McDaniel, Deloitte, Intercontinental Exchange, Reuters, EIA, ERCE Estimates. Note: *publication date. Note: ERCE's low and high case is calculated based on a standard deviation of the forecasts and Coefficient of Variation – Range increases for the first five years. Note: *Estimates for 2022 are for the remaining year's balance.*

Figure A: Excerpt from the ERCE Energy Review, Q3/22

10.3. Fiscal Terms

Obaiyed

Cost Recovery and Profit Oil / Gas Mechanism Overview

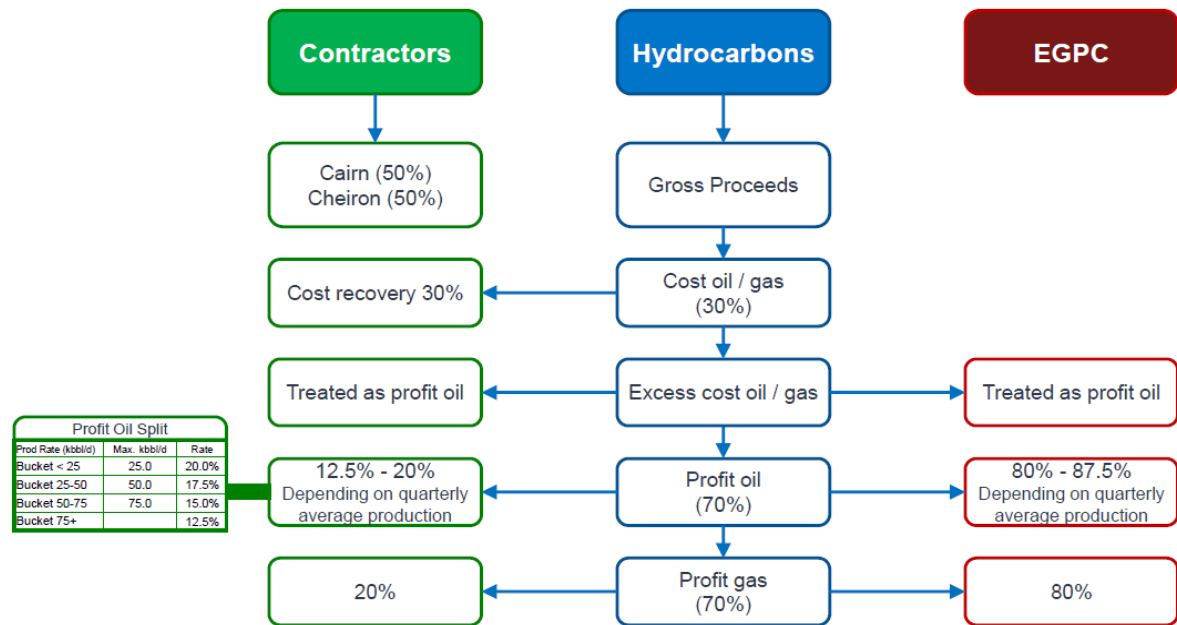


Figure B: Obaiyed Fiscal Terms Schematic

BED (BED and Sitra)

Cost Recovery and Profit Oil / Gas Mechanism Overview

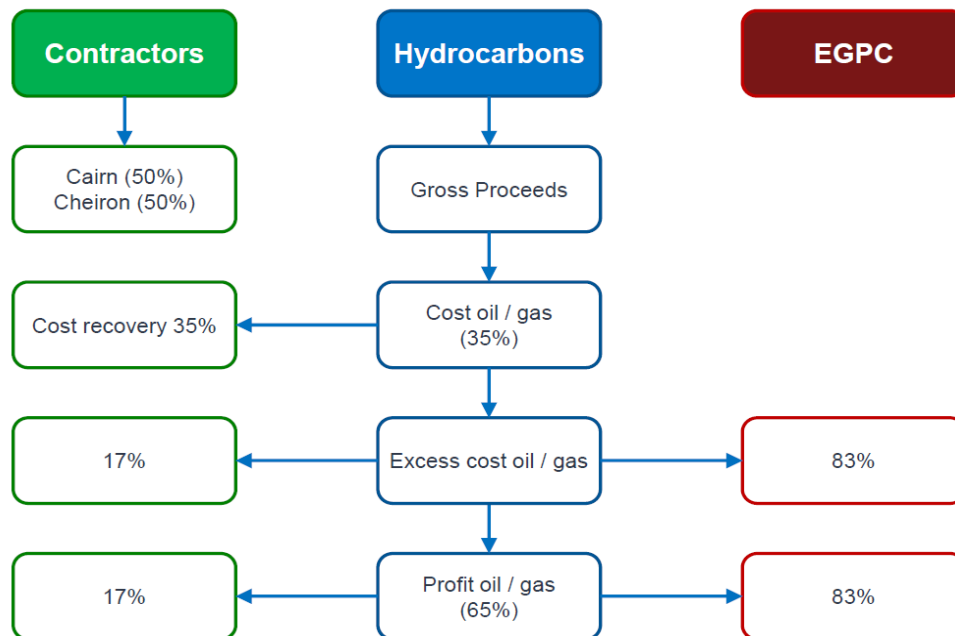


Figure C: BED Fiscal Terms Schematic

NEAG Tiba and NEAG Ext

Cost Recovery and Profit Oil / Gas Mechanism Overview

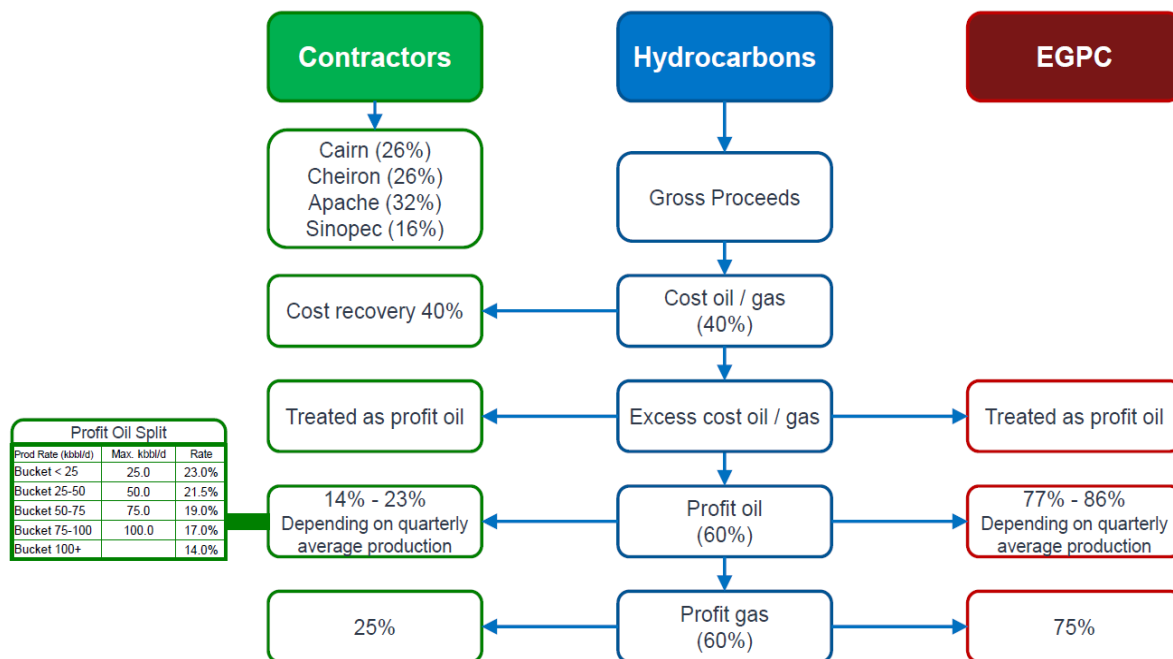


Figure D: NEAG Tiba and Extension Fiscal Terms Schematic

AESW

Cost Recovery and Profit Oil / Gas Mechanism Overview

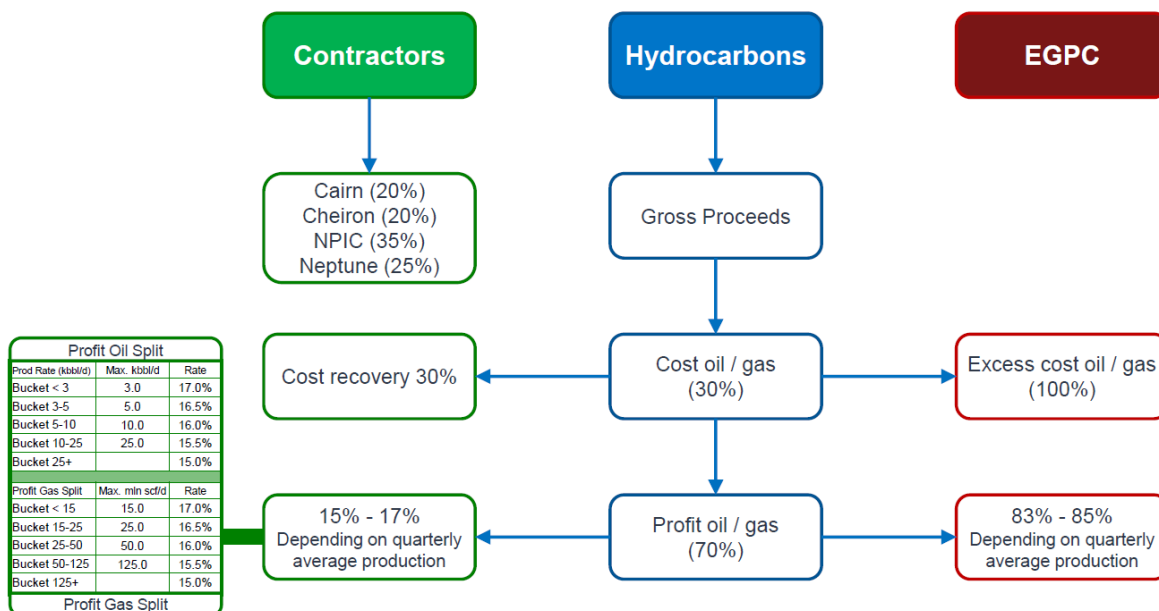


Figure E: AESW Fiscal Terms Schematic

NM

Cost Recovery and Profit Oil / Gas Mechanism Overview

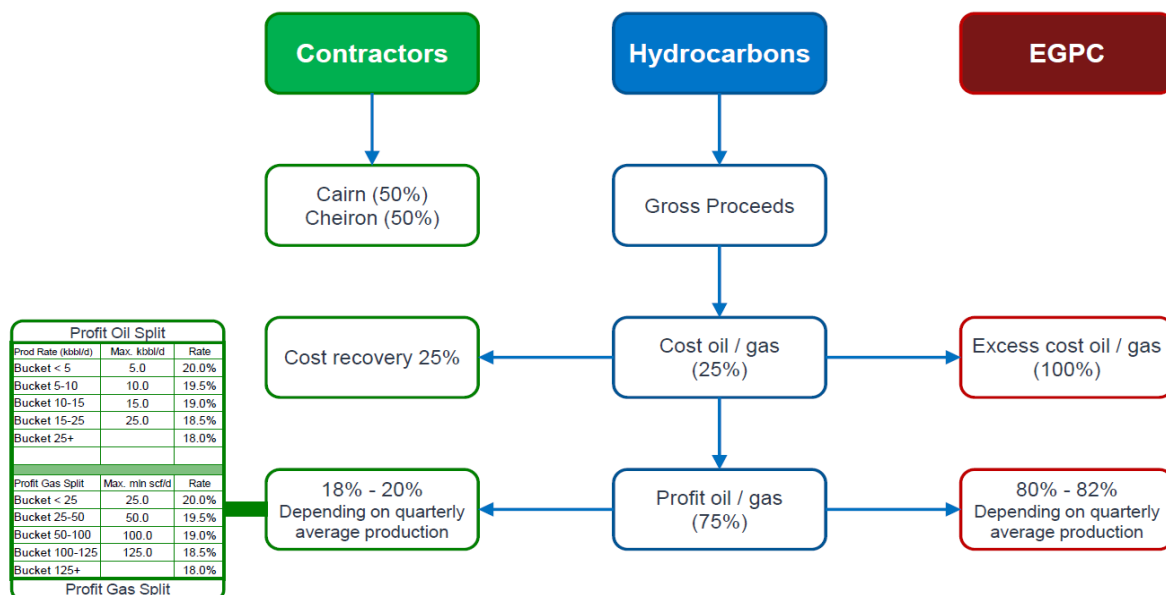


Figure F: NM Fiscal Terms Schematic

NAES

Cost Recovery and Profit Oil / Gas Mechanism Overview

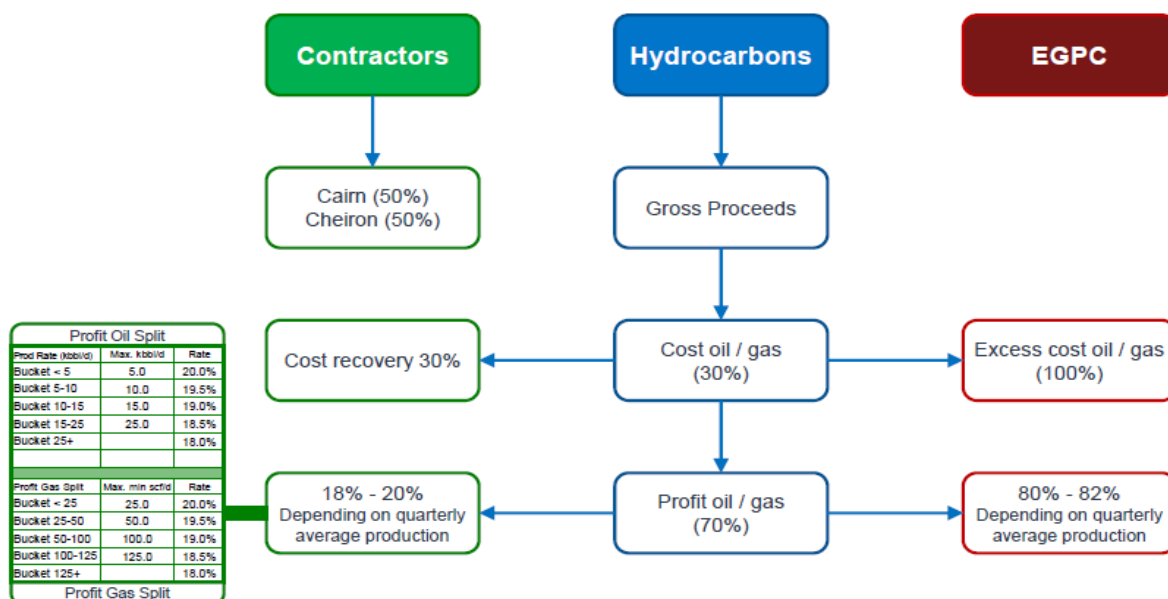


Figure G: NAES Fiscal Terms Schematic

NUMB

Cost Recovery and Profit Oil / Gas Mechanism Overview

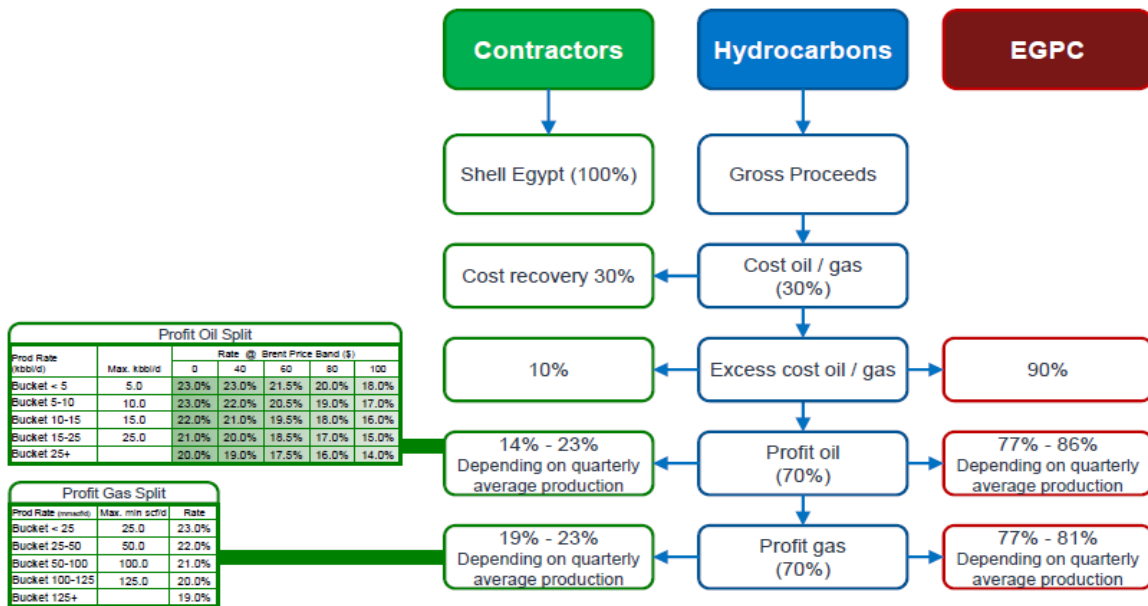


Figure H: NUMB Fiscal Terms Schematic

10.4. SPE PRMS Guidelines

This report references the SPE/WPC/AAPG/SPEE/SEG/SPWLA/EAGE Petroleum Reserves and Resources Classification System and Definitions, as revised in June 2018 (PRMS). The full text of the PRMS document can be viewed at:

<https://www.spe.org/en/industry/petroleum-resources-management-system-2018/>

Definitions of the key PRMS Reserves and Resource classes, categories and a glossary of related terms can be found at the above address.

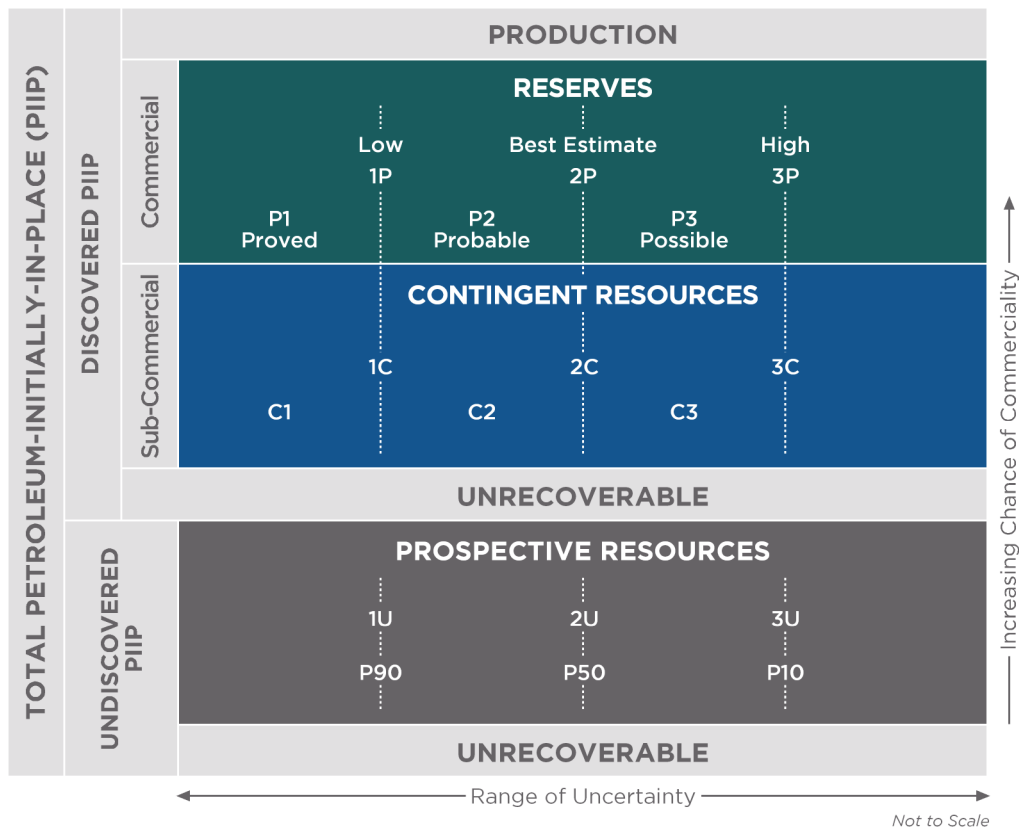


Figure I: PRMS Resources classification framework

(Modified from Petroleum Resources Management System (PRMS) Revised June 2018, page 8, Figure 1.1)

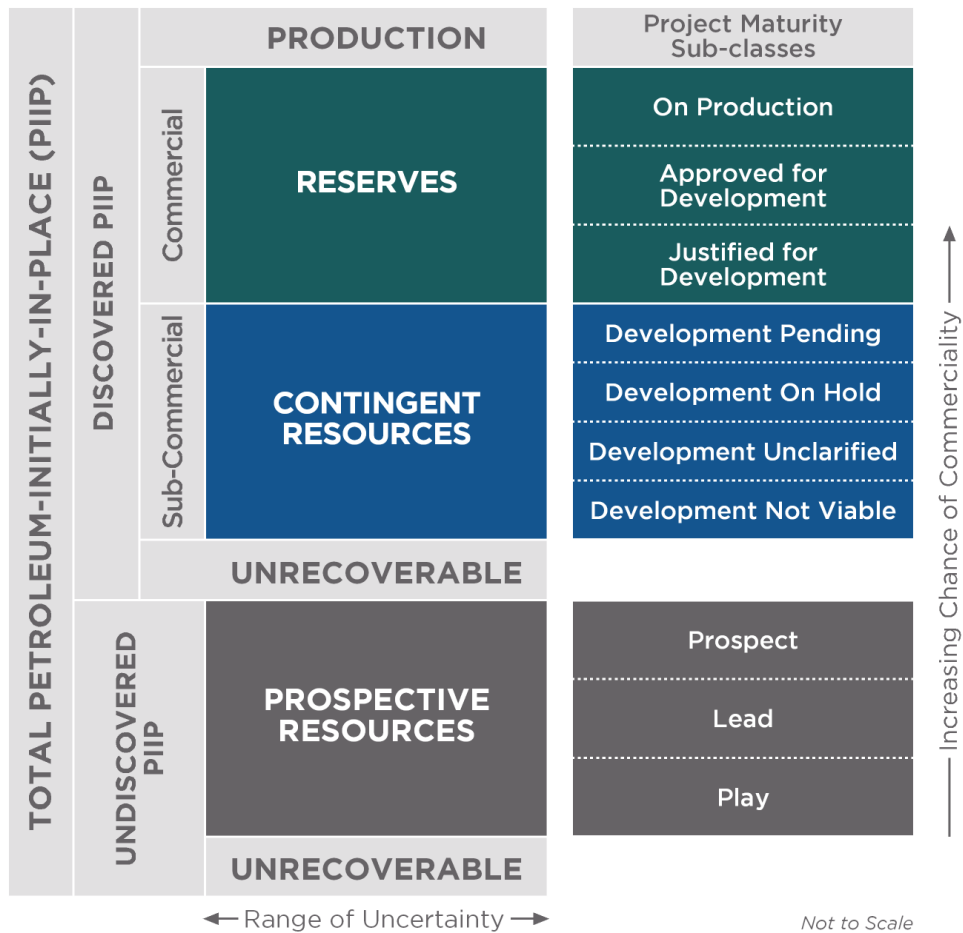


Figure J: PRMS Resources sub-classes

(Modified from Petroleum Resources Management System (PRMS) Revised June 2018, page 8, Figure 2.1)

10.5. Nomenclature

1C	Low estimate of contingent resources
2C	Best estimate of contingent resources
3C	High estimate of contingent resources
ABEX	abandonment cost
Bscf	thousands of millions of standard cubic feet
FDP	field development plan
km	kilometres
LNG	liquefied natural gas
LPG	liquefied petroleum gas
m	metre
M MM	thousands and millions respectively
NPV xx	net present value at xx discount rate
OPEX	operating cost
P90	low case (probabilistic) estimate (there should be a 90% probability of exceeding this estimate)
P50	mid or best case (probabilistic) estimate (there should be a 50% probability of exceeding this estimate)
P10	high case (probabilistic) estimate (there should be a 10% probability of exceeding this estimate)
POD	plan of development
Possible	Possible Reserves, as defined in Appendix 9.4
Probable	Probable Reserves, as defined in Appendix 9.4
Proved	Proved Reserves, as defined in Appendix 9.4
PSA	production sharing agreement
scf	standard cubic feet measured at 14.7 pounds per square inch and 60 degrees Fahrenheit
stb	stock tank barrel (42 US gallons measured at 14.7 pounds per square inch and 60 degrees Fahrenheit)