

LETTER TO THE BOARD OF CAPRICORN ENERGY PLC (“CAPRICORN” OR THE “COMPANY”) SENT ON BEHALF OF CAPRICORN SHAREHOLDERS AND INVESTORS REPRESENTING OVER 32% OF THE COMPANY’S ISSUED SHARE CAPITAL

8 January 2023

The Board of Directors
Capricorn Energy PLC
50 Lothian Road
Edinburgh, EH3 9BY

Dear Members of the Board

Timing of forthcoming general meetings

This letter is sent to you by Palliser Capital Master Fund Limited (managed and advised by Palliser Capital (UK) Ltd), together with the other key Capricorn investors identified below whose combined interests in the Company represent over 32% of Capricorn’s issued share capital.

We refer to the Company’s announcement that it intends to hold a general meeting of the Company’s shareholders (“**NewMed GM**”) regarding the approval of the combination with NewMed Energy LP (the “**NewMed Transaction**”) on or around the same date as the general meeting (“**Board Change GM**”) requisitioned by Palliser (the “**Requisition Proposal**”).

We are concerned by this decision of the Capricorn board of directors (“**Board**”) to coincide the timing of the two general meetings, the effect of which is to conflate two distinct matters: shareholder consideration of the NewMed Transaction and shareholder consideration of the Requisition Proposal.

In the absence of any other plausible explanation, the Board’s decision seems self-serving - aimed at protecting many of the existing directors against removal. Fundamentally, the sequencing of the general meetings unnecessarily limits shareholder optionality and is inconsistent with shareholders’ best interests, judged from our respective viewpoints as significant investors in the Company’s shares.

We wish to highlight the following:

- The proposed sequencing of the general meetings pays no regard to a groundswell of shareholder opinion on the appropriate pathway forward for the Company. Holders of more than 40% of Capricorn’s issued share capital have lost confidence and trust in the current Board and have indicated, by signing letters of intent or otherwise, that they support the Requisition Proposal.
- The Requisition Proposal is necessary for many reasons, one of which is to facilitate a review that shareholders can trust is conducted thoroughly, thoughtfully and transparently, of all strategic options, including the NewMed Transaction.
- The effect of holding the general meetings so close together deprives any reconstituted Capricorn board a proper opportunity to independently re-assess the merits and terms of the NewMed transaction as part of such a review and in parallel with a consideration of a range of other options.
- There is seemingly no compelling commercial basis, or any other justifiable basis, for conflating the two general meetings given the current, publicly known, timetable of the NewMed Transaction. NewMed has, for instance, requested an extension until 31 March 2023 for the purpose of approvals

needed from NewMed unitholders and the longstop date for transaction is not until 30 June 2023. We also note that the terms of the NewMed Transaction contemplate the NewMed GM occurring around the same time as the vote by NewMed unitholders. As such, we see no basis for the NewMed GM to take place so soon. Certainly there appears to be no good reason why the Board Change GM should not take place first, and in good time ahead of the NewMed GM, which the market understood would take place on or around the date of the NewMed unitholders meeting.

- The Board is therefore showing a lack of rectitude in our view towards holders of Capricorn securities, which is consistent with an absence of constructive, good faith engagement with material shareholders over the last six months or so.
- The proposed date of the Board Change GM, being 1 February 2023, also extends beyond the six-week deadline imposed by Article 59 of the Company’s articles of association (the “**Articles**”), in breach of the Articles. The Board Change GM must be held no later than 30 January 2023, being the date falling six weeks after the requisition notice was sent to Capricorn’s registered office – receipt of which was acknowledged by the Company on the same day, 19 December 2022.

In the circumstances, we view the board’s tactical decision to rush forward with the NewMed GM to align with the Board Change GM as contrary to shareholders’ best interests. We also understand that it raises questions about the Company’s compliance with the Premium Listing Principles and the UK Corporate Governance Code.

Within the context of concerns raised by holders of a material portion of the Company’s issued share capital, we believe that any reasonable board acting with integrity towards its shareholders and wishing first and foremost to promote the success of the Company with shareholders’ best interests in mind would, in the circumstances, ensure that the Board Change GM is held in adequate time ahead of the NewMed GM.

We therefore call on the Board urgently to (i) reconsider the timing of the NewMed GM such that it ultimately takes place on a date which is at least 4 weeks after the date of the Board Change GM, which should be held no later than 30 January 2023; and (ii) announce the Board’s intention to proceed in this way accordingly.

Yours sincerely,

Palliser Capital (UK) Ltd

Madison Avenue Partners, LP

Kite Lake Capital Management (UK) LLP

Newtyn Management, LLC

VR Global Partners, L.P.

Irenic Capital Management, L.P.