Reform Capricorn Energy
A Call for Board Change

www.ReformCapricorn.com

12 January 2023

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I. Reform Capricorn: The Need For Change

Urgent Need For Board Reform

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The Incumbent Board's Legacy – Underperformance, Mismanagement and Poor Governance

1	Chronic Underperformance	*The Board has presided over a* ***decade-plus period of sustained TSR underperformance relative to any pertinent benchmark****: -68% in absolute terms and -219% vs. E&P peers measured from the CEO taking office up to just before the recent deal announcements.*
2	Incoherent Strategy Littered with Waste and Failure	*The Board has pursued a series of* ***costly strategic pivots*** *and* ***capital allocation blunders****: failed exploration projects alone have cost shareholders ~US$3 billion since 2011, representing a ~90% capital loss.*
3	Excessive Compensation and Irresponsible Expenditure	*The Board has overseen a company that appears to be* ***run for the benefit of its executives and staff and to the detriment of its shareholders****. Executive pay has been out-of-sync with Capricorn's sub-par business performance and overhead spending has escalated to irresponsible levels.*
4	Failure to Recognise Intrinsic Value	*The Board* ***fails to recognise Capricorn's straightforward intrinsic value*** *– comprising a substantial net cash position, low-risk contingent receivables and high-quality assets in Egypt capable of delivering low-cost and sustainable production with significant upside potential – while* ***disingenuously claiming Capricorn is worth up to 42% less than broker consensus NAV****.*
5	Loss of Credibility in Pursuing Defunct Tullow Merger	*The Board* ***recommended a value destructive merger with Tullow*** *which lacked any credible strategic logic and backpedaled on prior capital deployment promises. Not a single investor we interacted with saw merit in this Board-recommended proposal,* ***the terms of which today are worth 44% less than Capricorn's share price****.*
6	Pivot to Another One-Sided Deal with NewMed	*The Board* ***rapidly pivoted to another one-sided deal****, this time with NewMed, which still materially undervalues the Company, whilst* ***holding hostage US$620 million of excess and idle cash to pressure shareholders*** *into supporting their recommendation.*
7	Unwillingness to Sincerely Respond to Shareholder Concerns	*The Board has failed to acknowledge that the Tullow deal grossly undervalued Capricorn and has* ***repeatedly ignored calls for:*** *i)* ***a meaningful and transparent strategic review;*** *ii)* ***a return of excess and idle cash; and;*** *iii)* ***a fair vote on Board change ahead of the NewMed deal vote.*** ***>40% of Capricorn shareholders have already indicated their support for urgent change****.*

Source: Company disclosures, Broker research, Bloomberg
Note: Statements concerning the Board's performance represent the opinions of Palliser based on the information available

Enough is enough. The Board is filled with directors who are over-committed on other mandates and have failed to hold management to account during an extended period of chronic underperformance, woeful capital allocation and bloated costs.

This decade-long experience has culminated in the recommendation of two value destructive deals that have irreparably broken shareholder trust and confidence in the judgement of the incumbent Board.

Comprehensive reform of the Board is required to rebuild trust and enable a better path forward for shareholders.

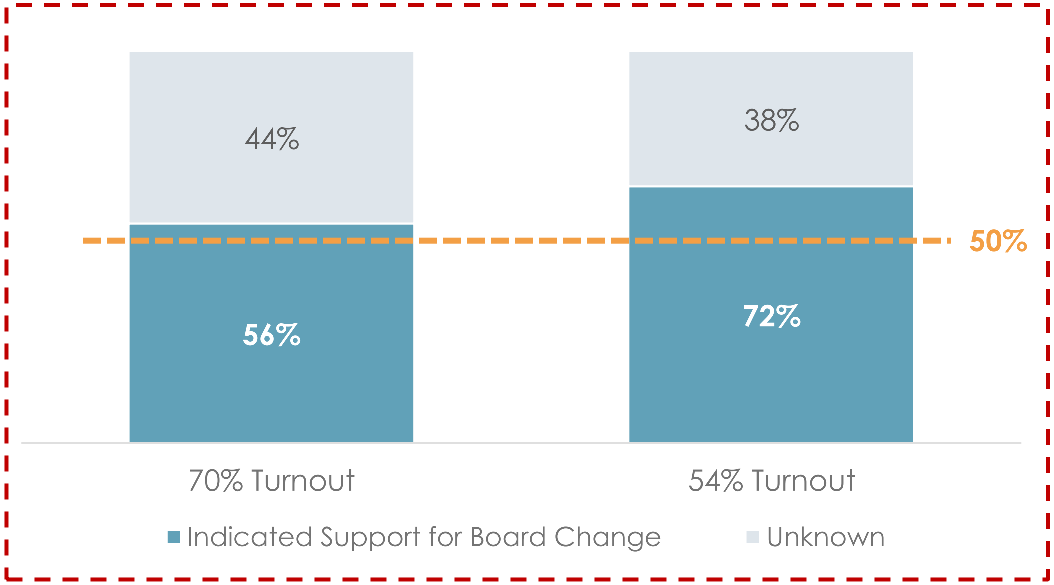
Reform Capricorn

Overwhelming Support for Board Change (1/2)

Over **40%** of shareholders support board change at Capricorn

This level of support alone would typically represent a majority at Capricorn general meetings

Palliser	7%
Letters of Intent (6 Funds)[1]	28%
Legal & General Investment Management	4%
Other Investors	1%



50% approval (present and voting) required for director appointments and removals

~70% average turnout at Capricorn general meetings since 2010

~54% average turnout at Capricorn general meetings in 2022

Source: Company disclosures
(1) Letters of Intent supporting Palliser's proposals have been signed by a number of Capricorn's top investors, including Madison Avenue, Kite Lake, Newtyn, VR Capital, Irenic and an additional undisclosed shareholder

Overwhelming Support for Board Change (2/2)

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The market's support for Board change is resounding

Legal & General Investment Management	Dec-2022	"We believe there has been a substantial breakdown in relations between the current Capricorn board and Capricorn shareholders…therefore, we believe a change of directors is now warranted."
	Jan-2023	"We remain of the view that meaningful board change is urgently needed to restore investor confidence."
Madison — Madison Avenue Partners, LP	Jan-2023	"We are disappointed and confused that the board continues to act in direct contravention to the desires of the largest shareholders of the company."
Kite Lake Capital	Jan-2023	Kite Lake told Reuters the NewMed deal terms were inadequate and Palliser's slate of board nominees was the best way forward.
Irenic	Jan-2023	"Capricorn's flawed analysis of the NewMed merger's potential value only reinforces the need for shareholders to support Palliser's efforts to facilitate a reconstitution of Capricorn's Board… Palliser has Irenic's full support for its Requisition Proposal at the upcoming general meeting of shareholders."
Unnamed Shareholder *(The Times)*	Dec-2022	"The board's position was pretty untenable after Tullow; now, with this NewMed deal, it has worsened. This board cannot carry on if, as we expect, this deal is terminated. All this has been a huge waste of company resources."
Reuters	Dec-2022	"Capricorn needed to outperform on ESG issues, not underperform. The combination of black marks makes it easier for other shareholders to back Palliser's call for a board overhaul."
The Times	Jan-2023	"Fresh blood is urgently required. First for a cold look at the NewMed deal, struck on the rebound from Tullow. Second, to stop the Capricorn board monkeying around and trying to conflate a vote on that with the February 1 shareholder meeting that aims to oust most of them." "The only question is which of Giadrossi and Thomson should be the first to go."
The Guardian	Dec-2022	"The board's options look limited at this point…. Giadrossi will have to go as chair to make room, and probably the long-serving Thomson too."

Our Board Change Proposal

Palliser

Palliser strongly believes that board reform is firmly in the best interests of all Capricorn shareholders

Removal of 7 Directors from the Capricorn Board(1)

THAT the following directors be **removed** from office as directors of the Company with immediate effect:

1. **Simon Thomson**
2. **James Smith**
3. **Nicoletta Giadrossi**
4. **Keith Lough**
5. **Peter Kallos**
6. **Alison Wood**
7. **Luis Araujo**

Appointment of 6 Highly Qualified Independent Nominees(2)

THAT the following independent nominees be **appointed** as directors of the Company with immediate effect:

1. **Hesham Mekawi**
2. **Christopher Cox**
3. **Maria Gordon**
4. **Craig van der Laan**
5. **Richard Herbert**
6. **Tom Pitts**

We urge our fellow shareholders to **VOTE FOR** each of the resolutions at the upcoming general meeting to effect this overdue Board refresh and set Capricorn in the right direction

(1) Two of the existing independent non-executive directors (Catherine Krajicek and Erik Daugbjerg) would remain on the Board to ensure a degree of continuity
(2) Given their professional backgrounds and track-records, Palliser is confident that the nominees possess the relevant skills and experience to fill any senior executive vacancies as required

First-Rate Director Candidates to Catalyse Change

Palliser

Six highly qualified and experienced independent director candidates

Hesham Mekawi

- ✓ Over 30 years' oil & gas experience, most recently as Regional President of BP North Africa
- ✓ Negotiated the modernisation of fiscal and commercial terms of BP's Egyptian concessions
- ✓ Exceptional local business and political relationships

Craig van der Laan

- ✓ Dynamic change agent as a driver of strategic initiatives, complex transactions, portfolio reconstructions and capital market activities
- ✓ Most recently CEO of the Barangaroo Delivery Authority
- ✓ Public board experience with track record as a consensus builder

Chris Cox

- ✓ Over 40 years' experience in global oil & gas upstream sector, most recently as CEO of Spirit Energy
- ✓ Deep knowledge of disciplines relevant to Capricorn's portfolio, including subsurface, drilling, projects, operations, M&A and JV management

Maria Gordon

- ✓ Over 20 years' direct investment experience including as Head of Emerging Markets at PIMCO and Goldman Sachs
- ✓ Experienced public company director with strong governance focus

Richard Herbert

- ✓ Over 40 years' experience in global oil & gas upstream sector, most recently as CEO of Frontera Energy and COO of exploration at BP
- ✓ Proven operator with wealth of leadership and M&A experience

Tom Pitts

- ✓ Over 25 years' experience in investment banking and private equity, most recently as partner at Lion Rock Capital
- ✓ Broad experience in emerging markets, capital markets and structuring of complex financial products

Priorities for a Refreshed Board

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Leadership with an acute focus on governance reform and value optimisation

1 Comprehensive and Transparent Strategic Review

We are confident that, if appointed, the candidates will **carefully, thoughtfully and transparently assess all go-forward strategic options available to Capricorn**, including, but not limited to, all aspects of Palliser's Value Optimisation Plan.

These six outstanding candidates possess the **necessary mix and depth of skills and experience to spearhead this review which Capricorn desperately needs**.

2 Appoint New Executive Leadership

The director candidates are well-positioned to source candidates for, or themselves fill, any senior executive vacancies at Capricorn.

A number of the candidates are **more than qualified to lead the Company and have signalled a willingness to serve as CEO on a full-time or interim basis as needed** – so immediate term solutions are available.

3 Governance Reform

Decade-long **persistent underperformance** and unanimous Board recommendations of misconceived deals are **symptomatic of governance shortcomings** currently at Capricorn.

The candidates, leveraging their diverse skillsets, backgrounds and prior executive and board experience, stand ready to commit themselves to **governance reform and stakeholder accountability**. Furthermore, they understand the need to focus on building a comprehensively balanced and diverse board.

4 Shareholder Engagement

The incumbent directors have shown themselves to be **unresponsive to Capricorn shareholders and unwilling to engage constructively**.

The candidates understand the **urgent need to rebuild trust and confidence** with Capricorn shareholders through **transparent and sincere engagement**.

Addressing Capricorn's 9th January Letter to Palliser

Palliser

The Board's offer to add only some of Palliser's candidates to the Board whilst rushing a vote on the NewMed deal is the latest tactical manoeuvre designed to limit shareholder optionality and insulate the existing directors

On 9th January 2023, Capricorn said publicly that (i) it was ready to add a number of candidates to the Board to enable them to consider for themselves the merits of the NewMed transaction and (ii) a shareholder vote on the deal itself would take place on or around the date of the vote on Palliser's Board change proposal.

Attempting to conflate the two general meetings is tactical, inappropriate and wrong

1 The Board's Offer is Self-Serving

"We are ready to add a number of your nominees to the Board promptly and well before the general meetings – there is no need to wait until next month"

In this situation, it is **Capricorn's shareholders – not the existing directors – who should decide which directors, if any, to remove, and which of Palliser's candidates, if any, to appoint to the Board**.

Appointing certain of Palliser's candidates **alone does not reconstitute the Board** in accordance with the wishes of all shareholders we have communicated with. It also **fails to address the loss of trust and confidence in the underperforming incumbent directors**.

Selectively appointed nominees would barely have any time before a rushed vote on the NewMed deal to evaluate the work undertaken to date by the existing Board let alone conduct the **comprehensive and transparent strategic review that shareholders are calling for**.

Each of the candidates takes the view that it would be **inappropriate and serve little use at this stage to engage with the incumbent Board who has lost the trust of shareholders**.

2 The NewMed Deal Vote is Being Inappropriately Rushed

"We will be holding a general meeting asking shareholders to approve the proposed combination with NewMed on or around the same date as the requisitioned general meeting"

Holders of **over 40% of Capricorn's shares have publicly or privately indicated that they intend to vote in favor of comprehensive Board changes**. Based on historic turnout rates, the probability of comprehensive Board changes being approved at the forthcoming general meeting is very high.

In this context, we view the Board's desire to rush forward the NewMed vote as a **desperate manoeuvre to irreversibly bind the company to a transaction that a significant number of shareholders reject, possibly moments before shareholders approve a new set of directors who would be expected to take office immediately and begin a thorough, fresh review of all strategic options for Capricorn**.

Capricorn and NewMed previously agreed that the NewMed deal vote should take place on or around the date of NewMed's unitholder meeting, the deadline for which has just been extended to **2 April 2023** by the Supreme Court of Israel. Based on Israeli regulations, NewMed likely needs to give its unitholders at least 35 days notice prior to its scheme meeting which would mean that it could only take place in mid/late February at the earliest.

Source: Capricorn Energy – Letter to shareholder Palliser (9 January 2023)

II. Observations on the Board's Response Materials

Leadership Propaganda Hides the Reality

Palliser

The Board's claims in response to shareholder concerns simply fail to stack up

NEWMEDENERGY

5 Capricorn TSR Has Strengthened and Outperformed Peers

Capricorn

Capricorn performance has demonstrated consistent strengthening over the last 5-years relative to London-listed E&P peers and has outperformed its peers over the Last 1- and 3-years

Delivered Shareholder Returns

Capital recycled to Shareholders

- US$5.5bn returned in last 15 years[3]
- US$257m special dividend paid in H1 2021 following Senegal sale
- Secured Indian tax refund following arbitration and received US$1.06 bn in February 2022
- US$500m tender offer and buyback announced with US$529m returned to shareholders in H1 2022
- US$631m of net cash on the balance sheet at H1 2022
- Combination facilitates cash return of US$620m[4]

Efficient Initiatives Executed and Underway

- Capricorn has **one of the lowest G&A to market cap ratios of its London-listed E&P peer group**
- Capricorn **has already implemented G&A reductions**, reducing headcount by one-third in 2022 we expect to deliver an annual G&A saving of ~US$7.5m[5] per year from 2024, while other cost-saving measures are ongoing

Not in Reality

*"We estimate the "46% premium to theoretical ex-dividend price" CNE shareholders were exposed to at the time of deal announcement within "total value of 271 pence per Capricorn share" is **now a 14% discount** within total value of 235p/sh."*

Jefferies — *- 5th January 2023*

Rationalised the Portfolio and Secured Arbitration Award

Exited High Capex & Mature Basin Assets

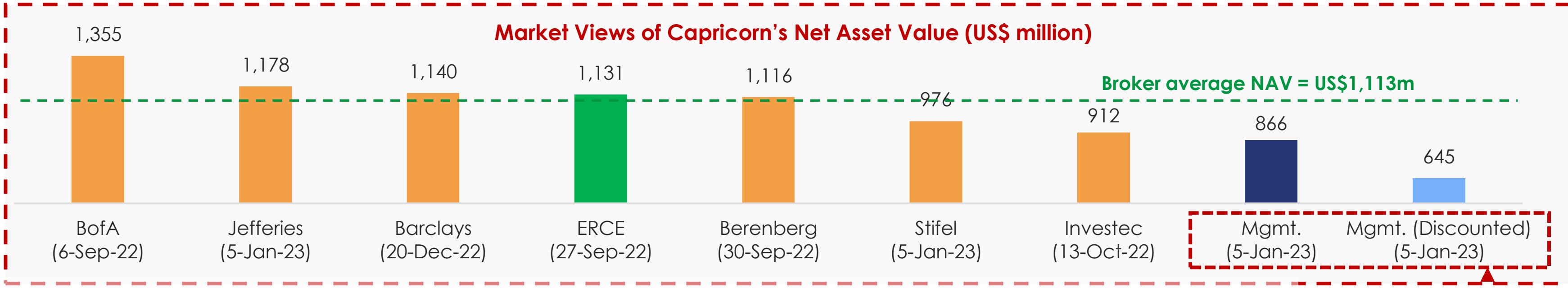
Repositioned the Portfolio via Egypt Acquisition

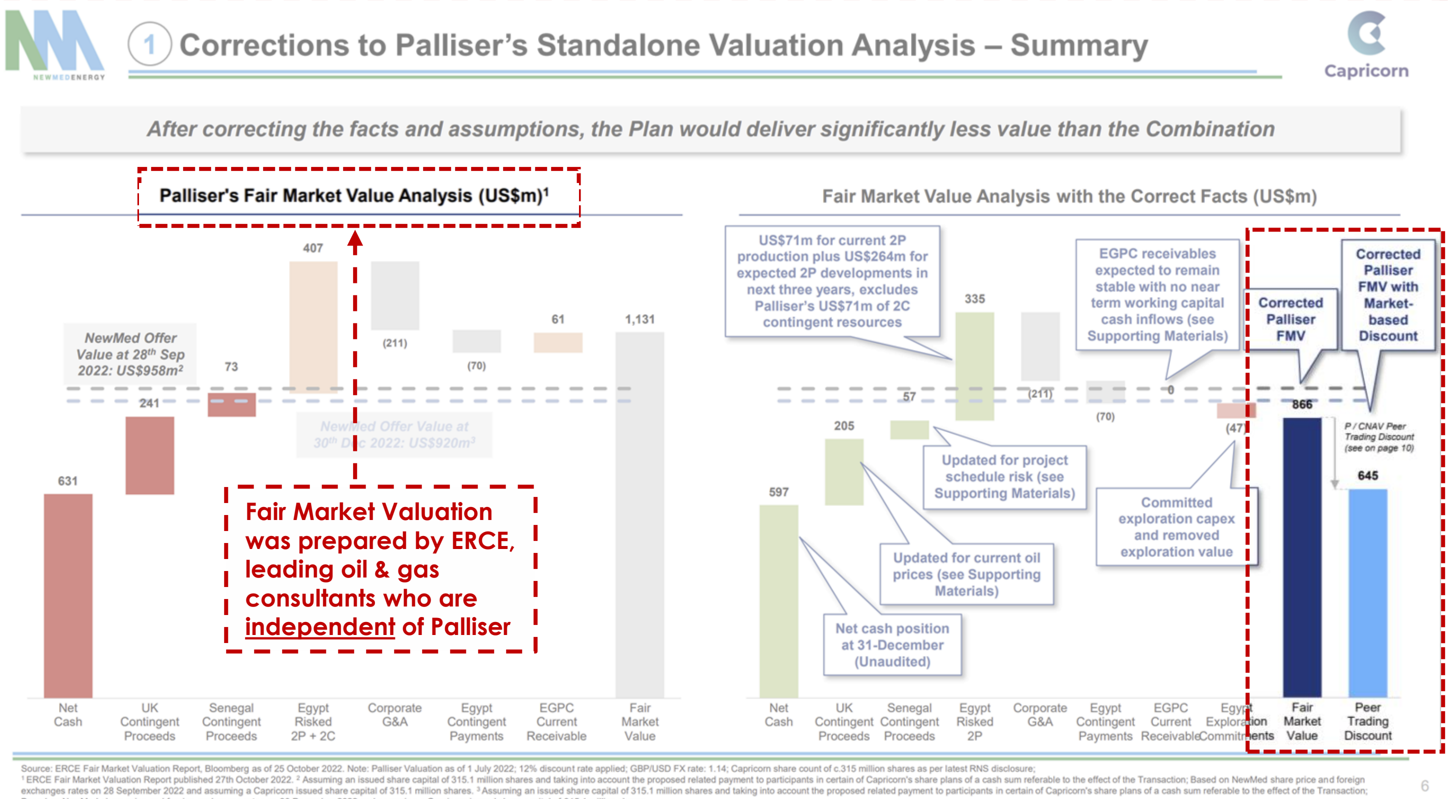
Reset Strategic Priorities & Asset Base

Capricorn's independent Board oversaw a robust and thorough process that resulted in a transaction it believes maximises value for shareholders at a ~46% premium (ex. dividend)[1] having considered the strategic alternatives for the Company

Source: Capricorn Energy – Investor Update (5 January 2023)

Management Appear Singularly Focused on Diminishing the Market's Perception of Capricorn's Value (1/2)





Fair Market Valuation was prepared by ERCE, leading oil & gas consultants who are <u>independent</u> of Palliser

ERCE's Fair Market Valuation of Capricorn is in-line with the sell-side average NAV. Capricorn management apparently believe the value of their own company is well below this level. <u>We are deeply concerned by this self-serving attempt to slash the market's perception of Capricorn's highly transparent value</u> to justify the latest flawed deal recommended by Capricorn's Board.

Source: Capricorn Energy – Investor Update (5 January 2023), ERCE Fair Market Valuation Report , Broker research

Management Appear Singularly Focused on Diminishing the Market's Perception of Capricorn's Value (2/2)

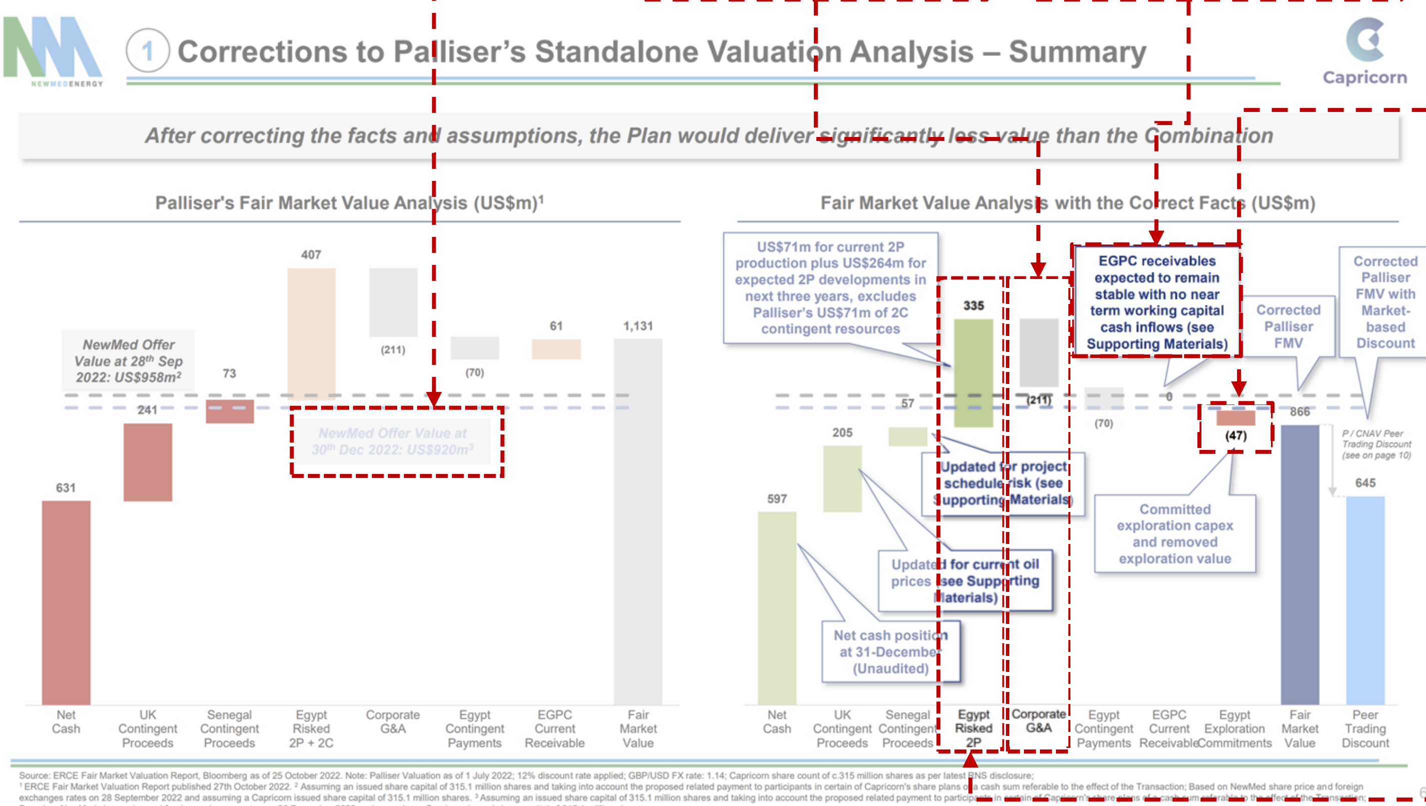
Palliser

NewMed Offer Value at 6th Jan 2023 is only US$882m(1)

"Capricorn has already implemented G&A reductions, reducing headcount by one-third in 2022…while other cost-saving measures are ongoing" **but fails to reduce capitalised G&A which would by definition increase NAV**

Capricorn attributes zero value to >US$100m of EGPC receivables, effectively saying this money is lost. We disagree, our checks indicate that better stakeholder relationships can resolve the working capital issue and preserve value at Capricorn

Again, Capricorn attributes zero value (even on a risked basis) to the *"significant exploration growth potential"* **in Egypt that management themselves recently promoted. Given their operatorship of these concessions, we are troubled by this signal to the market. Rather than pick up the tab for another wasted investment, we believe that shareholders can realise a real investment return in Egypt with the right management team in place.**



Every Capricorn sell-side analyst includes risked value for 2C contingent resources in their valuation of Capricorn. The approach pursued by ERCE is no different. Predictably, management once more attributes zero value to the *"near-term growth opportunities"* **from this resource base that they themselves talked up at the time of the Egypt acquisition.**

Source: Capricorn Energy – Investor Update (5 January 2023), Bloomberg as of 6 January 2023
(1) Implied NewMed offer consideration for existing Capricorn shareholders; adjusted for disclosed US$15 million payout to Capricorn management

Arbitrary Discounts and Basic Mathematical Errors

While management were at pains to point out that Capricorn's cash-rich NAV could trade at a discount, they conveniently failed to apply the same logic to NewMed. Their own analysis implies that NewMed should also trade at a typical E&P market discount once London-listed. The single research analyst (Barclays) covering NewMed has a NAV estimate of ILS 7.7/sh. Applying the average P / Core NAV of 74% to this implies a likely trading price for NewMed of ILS 5.7/sh – 22% below NewMed's current share price – and suggesting significant downside risk for Capricorn shareholders.

1 Palliser's Valuation Analysis Fails to Account for a Typical E&P Market Discount

Capricorn

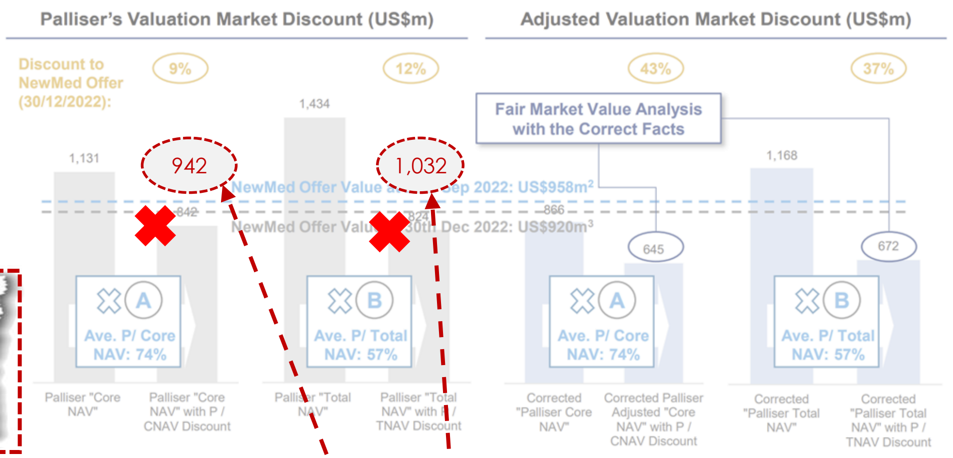
- Listed Oil & Gas companies typically trade at a discount to their intrinsic value measured as the discount to Net Asset Value (NAV), which reflect the market's view of the risk associated with the asset valuation
- Smaller, more geographically concentrated companies tend to trade at deeper discounts
- Capricorn's key London listed peers trade at a P / Core NAV of 74%
- Capricorn's key London listed peers trade at a P / Total NAV of 57%
- If you apply average market discounts, the value of the Combination exceeds the value of Palliser's Plan – even when applying Palliser's incorrect facts and assumptions

P / Total Risked and Core NAV Benchmarking (Based on Sell-Side Analyst Research)[1]

	P / CNAV	P / TNAV
Peer 1	101%	90%
Peer 2	97%	47%
Peer 3	96%	63%
Peer 4	86%	82%
Peer 5	73%	55%
Peer 6	61%	52%
Peer 7	57%	46%
Peer 8	54%	45%
Peer 9	46%	37%
Average	74% A	57% B

"(I)f we strip out a $500m special dividend, Capricorn would be trading at a ~30% discount to our pro forma Tangible NAV. The challenge for a potential new management team would be to narrow the valuation gap overtime through implementation and execution of a value optimisation plan for the Egyptian assets."

– Barclays, December 2022



Source: FactSet as at 30-Dec-2022, Broker research, Company disclosures, Equity research reports. (Permission to quote neither sought or provided)
[1] Peers include Energean, Enquest, Genel, GKP, Harbour, Pharos, Seplat, Serica and Tullow. [2] Assuming an issued share capital of 315.1 million shares and taking into account the proposed related payment to participants in certain of Capricorn's share plans of a cash sum referable to the effect of the Transaction; Based on NewMed share price and foreign exchanges rates on 28 September 2022 and assuming a Capricorn issued share capital of 315.1 million shares. [3] Assuming an issued share capital of 315.1 million shares and taking into account the proposed related payment to participants in certain of Capricorn's share plans of a cash sum referable to the effect of the Transaction; Based on NewMed share price and foreign exchanges rates on 30 December 2022 and assuming a Capricorn issued share capital of 315.1 million shares.

10

Barclays wrote: "*if we strip out a $500m special dividend, Capricorn would be trading at a ~30% discount…*" **Why is management applying this discount to distributable cash in their analysis? A clear error which further understates Capricorn's value.**

Even by ignoring management's basic errors and applying Barclays' estimated market discount, the implied valuation of Capricorn from this analysis is still above the value of NewMed's offer.

Source: Capricorn Energy – Investor Update (5 January 2023), Bloomberg as of 6 January 2023, Broker research

A Marketing Campaign for NewMed's Backdoor Listing, Not the Proposed Combination

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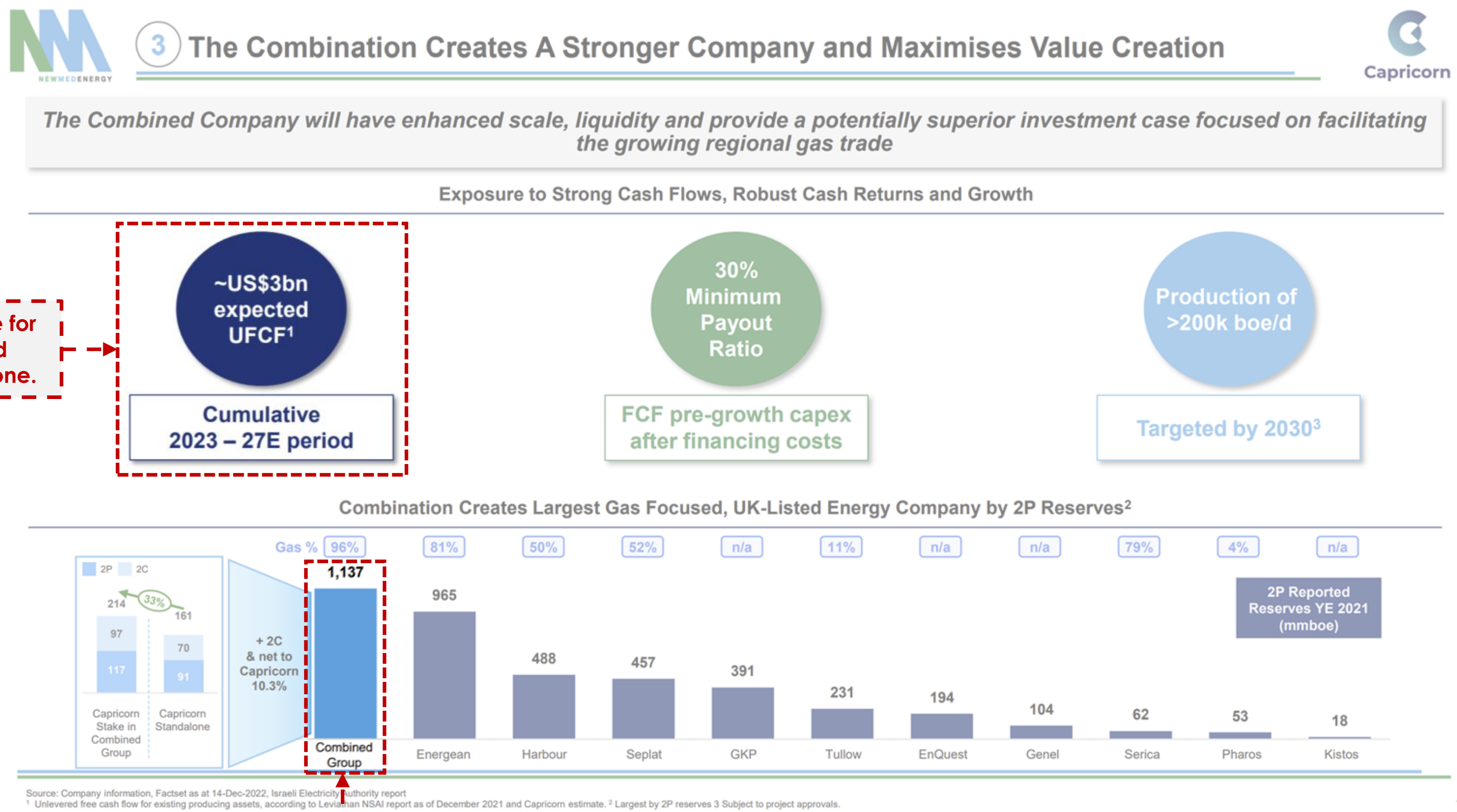


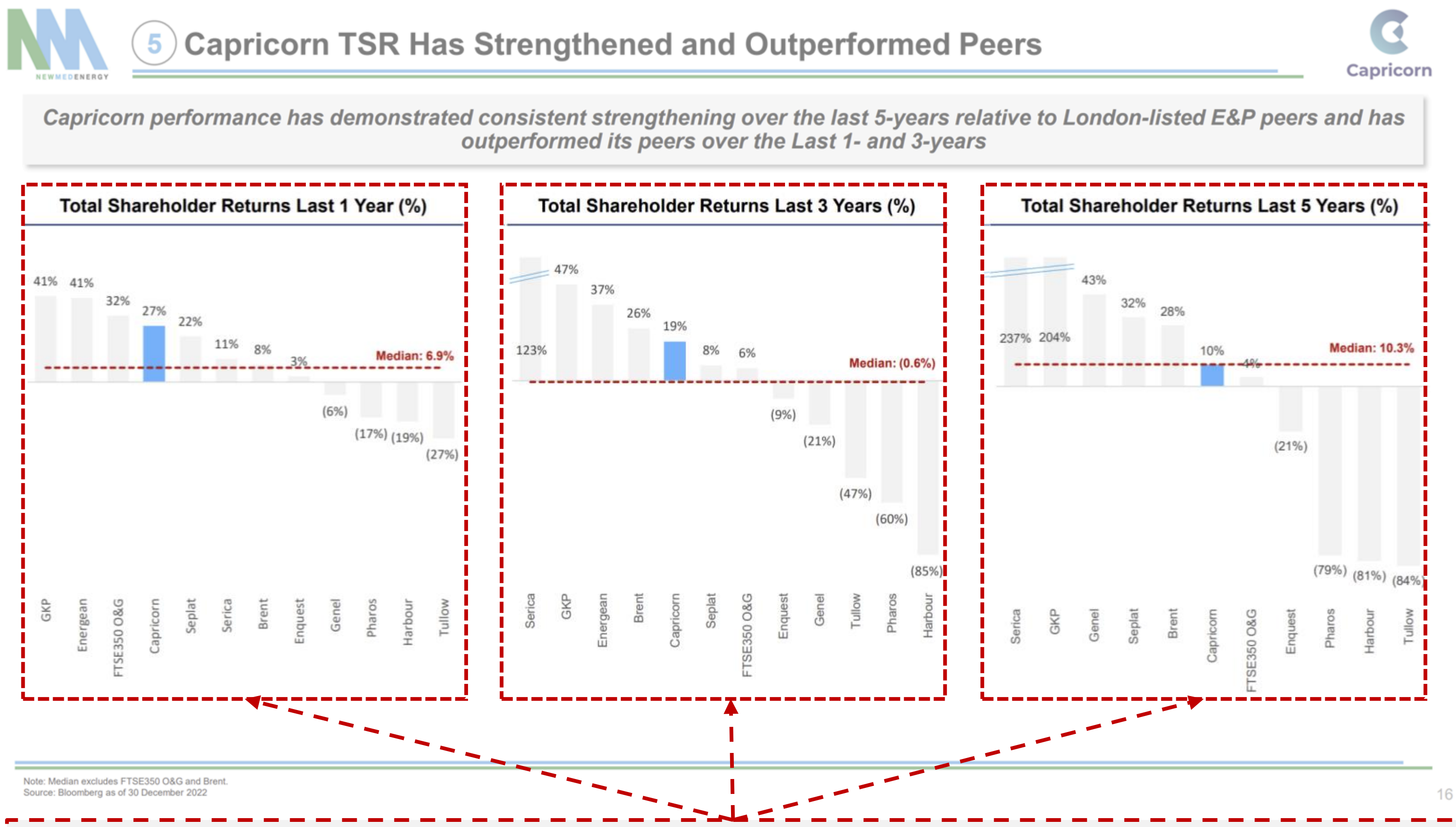
Also true for NewMed standalone.

Even without Capricorn, NewMed's standalone 2P reserves (1,046 mmboe) would already make it the "largest gas focused, UK-listed energy company by 2P reserves". Capricorn shareholders can already invest in NewMed directly if they wish to, despite its lack of London listing today. <u>So what benefit does the proposed combination bring which is not true of NewMed already?</u> What's stopping NewMed from listing in London as a standalone entity? At the very least, we believe that Capricorn's London listing has value which management regrettably fails to see.

Source: Capricorn Energy – Investor Update (5 January 2023)

The Ultimate Insult: Claiming TSR Has Been Good

Palliser



The current Board is attempting to take credit for share price appreciation in the wake of: 1) shareholders' opposition to the Board-recommended Tullow deal; 2) shareholders' subsequent opposition to the Board-recommended NewMed deal, and 3) Palliser's call for Board change. The reality is that <u>any TSR outperformance is very recent and only thanks to Capricorn shareholders taking matters into their own hands</u>. This strikes us as a poor attempt to place the current management team's track record in a more favourable light. However, Capricorn shareholders are well aware that no amount of post-mortem spin can rectify the billions of dollars in shareholder value that this management team has destroyed over its decade-long tenure at the helm (see page 24).

Source: Capricorn Energy – Investor Update (5 January 2023)

More Spin and More Contradiction, This Time on Costs

G&A spend has failed to shrink with Capricorn's portfolio simplification – selective backward-looking data fails to disguise a culture of excess that management has effectively admitted by announcing recent steps to cut costs pursuant to shareholder pressure (see page 27)

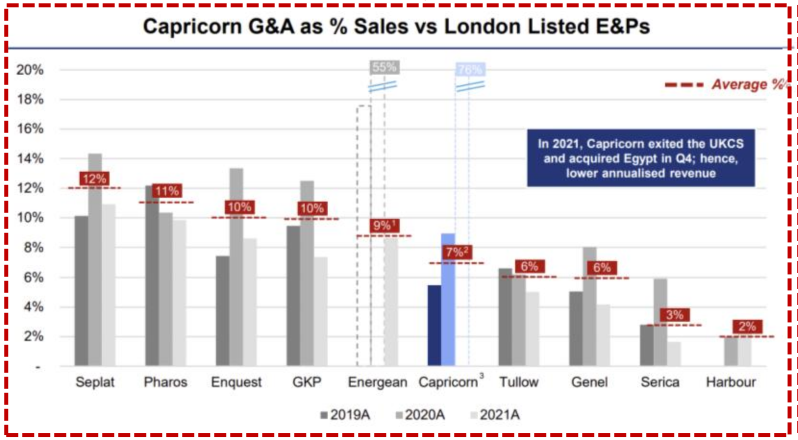
Another creative statistic – we have never seen G&A benchmarked in this way before. The majority of Capricorn's market cap comprises its cash and cash-like assets. Why does this require any G&A at all?

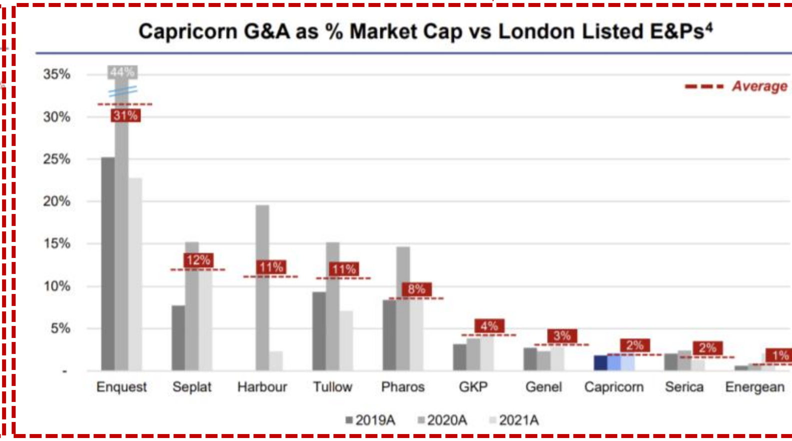
NEWMEDENERGY

6 G&A is Inline with Peer E&Ps

Capricorn

Capricorn has maintained a disciplined approach to costs, with one of the lowest G&A as a percentage of market cap versus London-listed E&P peers and is executing on previously announced initiatives to substantially reduce variable staff costs





Efficient Initiatives Executed and Underway

- Capricorn has **one of the lowest G&A to market cap ratios of its London-listed E&P peer group**
- Capricorn **has already implemented G&A reductions**, reducing headcount by one-third in 2022 we expect to deliver an annual G&A saving of ~US$7.5m[5] per year from 2024, while other cost-saving measures are ongoing

Source: Company disclosure, Factset as at 30-Dec-2022
[1] 2019A and 2020A excluded for Energean as Karish & Tanin came onstream in H1 2022 and not reflective of Edison transaction; [2]Excluded 2021A from Capricorn average as FY2021 revenues are not reflective of Capricorn business due to Egyptian acquisition closing during 2021; [3]Caprigorn G&A figures exclude Indian tax arbitration costs and costs incurred on business combination; [4]Average market cap across the full calendar year; [5] Excluding one-off costs to be incurred in 2023.

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The Board deny there is a cost issue but are implementing cost savings. In our view, this contradictory logic and lack of acknowledgment is a real concern and a prime example of the striking lack of accountability at Capricorn.

Source: Capricorn Energy – Investor Update (5 January 2023)

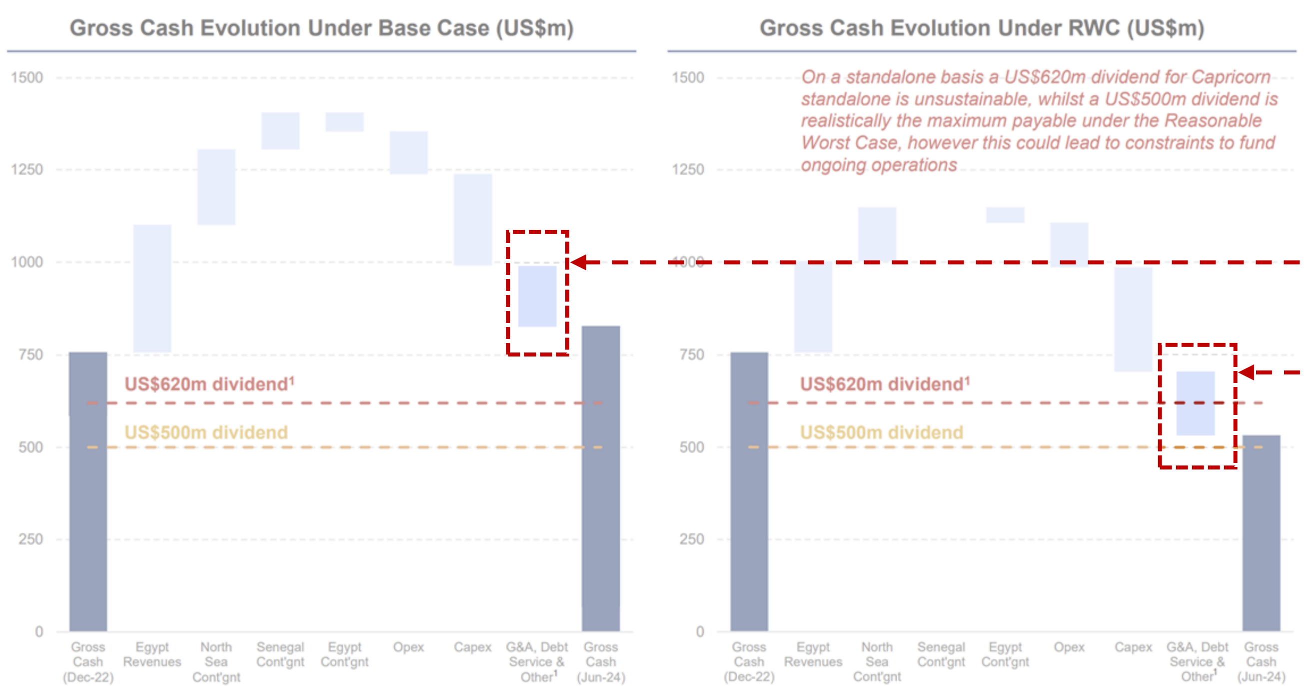
A Masterclass in How to Make Cash Disappear

<u>Management's Base Case suggests that US$620 million can easily be returned to Capricorn shareholders on a standalone basis</u>. This is in line with our perspectives and that of Capricorn investors and research analysts alike. In our view, management's contrary opinion is based on an exaggerated 'doomsday' scenario and fails to take into account Capricorn's capacity to raise modest additional debt under any reasonable worst case state of the world.

Working Capital Requirements (Being Independently Verified for Prospectus)

Capricorn

Under the Reasonable Worst Case (RWC) paying a US$500m dividend is challenging whilst paying a US$620m dividend is unrealistic given cash balance in June 2024



"<u>The assumed US$160m-plus of G&A and 'other' costs under both base-case and worst-case scenarios looks high compared to the current G&A run rate of US$42m/yr (which is itself, we think, high)</u>. This figure appears to include not just debt interest but also debt principal repayment costs, thereby implicitly <u>assuming that no additional 2P reserves developed by the capex will be included in the reserves based lending facility</u>, and that the facility will have to be repaid in line with the declining reserves base."

- Stifel, 5th January 2023

Source: Independent Working Capital Report Currently in Progress
Note: [1] Other includes G&A, debt drawn (repaid) and financing costs, FX, purchase of own shares and other.
[1] Proposed pre-completion special dividend of US$620m paid to Capricorn's existing shareholders which includes pay out of ~US$15m to participants in certain of Capricorn's share plans, which are referable to the effect of the proposed transaction.

22

Source: Capricorn Energy – Investor Update (5 January 2023), Broker research

III. Over a Decade of Failure and Wasted Resources

Direction of Travel Informed by Strategic Failure

Palliser

Capricorn shareholders have endured several major strategic pivots throughout management's decade-long tenure

Strategic pivots have served to distract from the fact that this **management team has been unable to successfully execute any coherent strategy**

Critically, these pivots **were informed by strategic failure, not good management**

2011

Simon Thomson
Appointed as CEO

Current Tenure: 12 Years

PIVOT 1

Risk Appetite

High

Asset Mix

Frontier Exploration

"Cairn wishes to offer investors exposure to transformational organic growth potential through securing **high equity exploration positions in prospective frontier geological basins**."

- Annual Report 2011

"Our clear focus is to operate exploration positions and opportunities..."

- FY Results 2013

2014

James Smith
Appointed as CFO

Current Tenure: 9 Years

2016

PIVOT 2

Risk Appetite

Moderate

Asset Mix

Balanced

"Cairn's strategy is to deliver value for stakeholders by **building and maintaining a balanced portfolio of exploration, development and production assets**."

- Annual Report 2017

"As you would expect, exploration activity in new basins is higher risk and not every well is going to be successful."

- Investor Presentation 2017

2021

PIVOT 3

Risk Appetite

Low

Asset Mix

Production

"In 2021, Capricorn actively managed its asset portfolio to **refocus on cashflow generation from sustainable production with shorter capital cycles**."

- FY Results 2021

"We continued the high-grading of our exploration portfolio… reinforcing our focus on shorter capital cycle, lower-cost infrastructure-led opportunities, whilst **limiting our capital allocation to more frontier positions**."

- FY Results 2021

Source: Company disclosures
Note: Statements concerning the Board and management's performance represent the opinions of Palliser based on Palliser's judgements relating to the issues discussed in this presentation

Chronic Underperformance Relative to Peers

Palliser

Management's woeful capital allocation has contributed to Capricorn's significant underperformance over time

- Capricorn has pursued a series of value destructive initiatives under the current management team's tenure:
  - **~US$3 billion wasted on failed exploration** and the reckless pursuit of new business ventures
  - **A spurious track record of capital returns** despite management's attempt to take credit for their predecessors' success
  - **A culture of excessive pay and out-of-control administrative spend** unsupported by underlying cash flow generation

Total Shareholder Return and Relative Performance until 31 May 2022 (Day Prior to Announcement of Tullow Transaction)

	1-Year	2-Year	3-Year	4-Year	5-Year	10-Year	CEO Tenure
Capricorn Energy	4%	60%	27%	(17%)	(3%)	(42%)	(68%)
E&P Peers [1][2]	56%	160%	54%	56%	156%	94%	151%
(Under) / Over Performance	(52%)	(100%)	(27%)	(73%)	(159%)	(137%)	(219%)
FTSE 350 Oil & Gas	49%	86%	5%	(2%)	33%	50%	32%
(Under) / Over Performance	(44%)	(26%)	22%	(15%)	(36%)	(92%)	(100%)
Brent	70%	206%	82%	51%	133%	19%	10%
(Under) / Over Performance	(66%)	(146%)	(55%)	(69%)	(136%)	(62%)	(78%)

Palliser does not credit management for shareholder returns post the Tullow deal announcement as share price appreciation beyond this point is a reflection of shareholder intervention to push Capricorn to unlock value

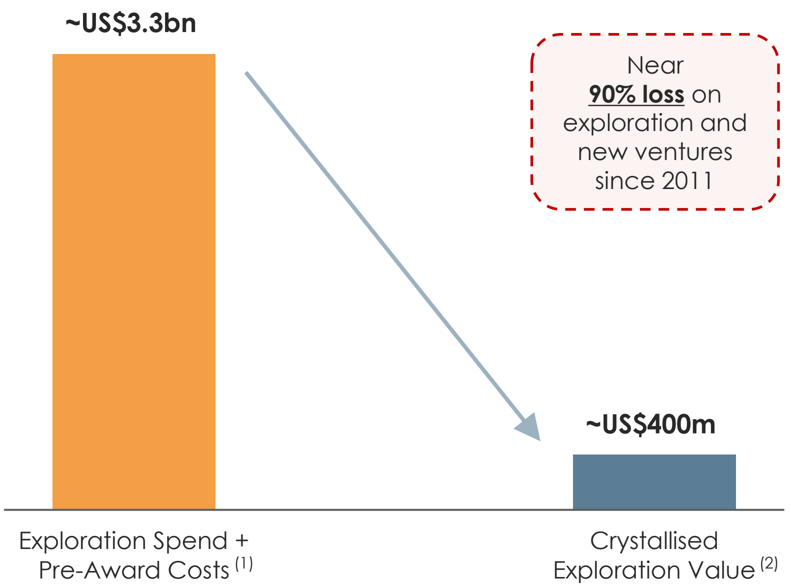
Source: Bloomberg as of 31 May 2022
Note: Cumulative daily total shareholder return assumes net dividends are reinvested and converted to US$ at daily foreign exchange rates
(1) E&P Peers: Africa Oil, Aker BP, DNO, Energean, EnQuest, Genel Energy, Gulf Keystone Petroleum, Harbour Energy, Kosmos Energy, Seplat Energy, Serica Energy and Var Energi
(2) Longer-term benchmarks include incremental peers which have since been acquired and/or de-listed (Dragon Oil, Faroe Petroleum, Lundin Energy, Ophir Energy and Salamander Energy)

An Abysmal Exploration Track Record

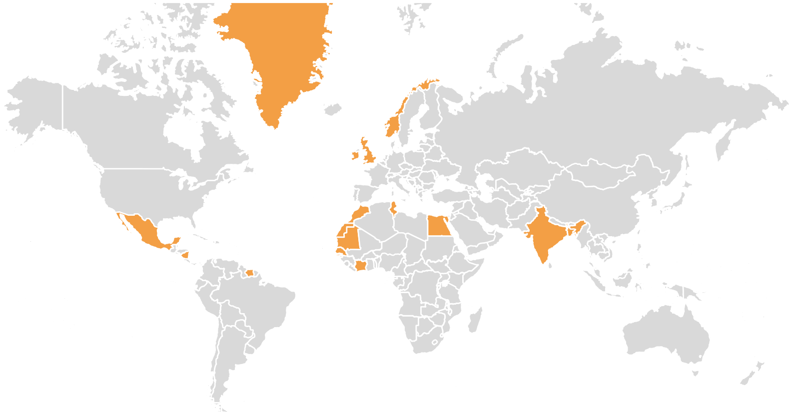
Management has squandered billions of dollars of shareholder value on failed exploration adventures around the globe

- Capricorn has spent ~US$3.3 billion on exploration under the current management's tenure from which little value has been created
- In our view, this so-called "strategy" has lacked focus and has been characterised by a laundry list of exploration pursuits around the globe, almost all of which have resulted in failure
- Nevertheless, management continues to show little regard for preserving shareholder value by continuing to spend cash on exploration in the hope of replicating the prolific Indian discoveries of Capricorn's former executive team which occurred more than 18 years ago
- Management has lost its mandate for exploration-led growth and we call on Capricorn to immediately cut all non-committed exploration spending outside of Egypt

Exploration Value Destruction Since 2011 (CEO Tenure)



Global Nature of Exploration Efforts Exhibits Lack of Focus



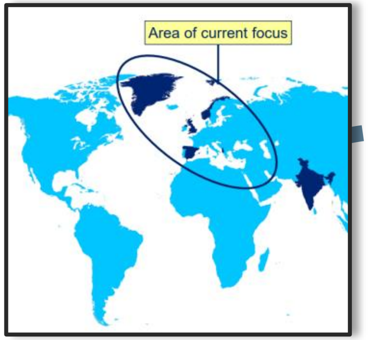
Greenland	Egypt	UK	India	Senegal	Tunisia
Mauritania	Nicaragua	Mexico	Norway	Israel	Morocco
Côte d'Ivoire	Suriname	Western Sahara	Bangladesh	Ireland	

Source: Company disclosures
(1) Cumulative expenditure on intangible exploration/appraisal assets and pre-award costs (2011 – 1H 2022)
(2) Based on sum of proceeds on disposal of intangible exploration/appraisal assets (2011 – 1H 2022) and up-front acquisition consideration for sale of Sangomar asset to Woodside (US$300 million)

Shareholders Have Picked Up the Bill for Management's Global Exploration Adventures

Palliser

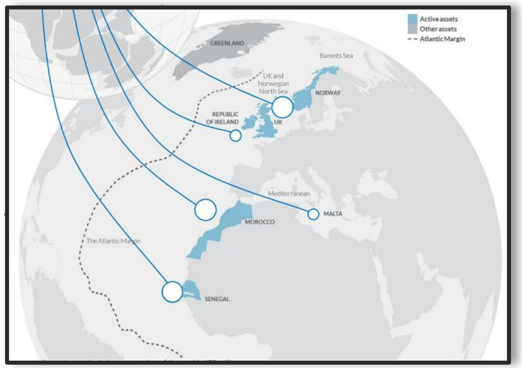
A lack of geographic focus has characterised management exploration-led growth initiatives



Over One Decade

Capricorn

Under the Current Management Team



***No* Clear Identity**

***No* Geographic Focus**

> ***"At all times, we seek to apply strategic and capital discipline across the business** in both existing operations and in reviewing new opportunities"*
>
> **- Simon Thomson, 2012**

Shareholders' Bill for Management's Waste

Country	Start	End	Wasted Spend[1]
Greenland	2010	2013	US$1,337m
UK	2012	Ongoing	US$335m
Norway	2012	2020	US$308m
Malta	2012	2017	US$14m
Morocco[2]	2013	2017	US$262m
Ireland	2013	2019	US$81m
Senegal	2013	2020	-
Mauritania	2013	Ongoing	US$32m
Mexico	2017	Ongoing	US$152m
Cote d'Ivoire	2018	2021	US$27m
Suriname	2018	Ongoing	-
Nicaragua	2019	2019	US$31m
Israel	2019	2022	US$3m
(+) Pre-Award Costs[3]			US$287m
Total			**US$2,868m**

Source: Company disclosures
(1) Cumulative unsuccessful exploration costs and impairment of intangible exploration/appraisal assets
(2) Includes Western Sahara
(3) Pre-award costs reflect new venture-related activities and expenses incurred prior to obtaining the legal rights to explore an area

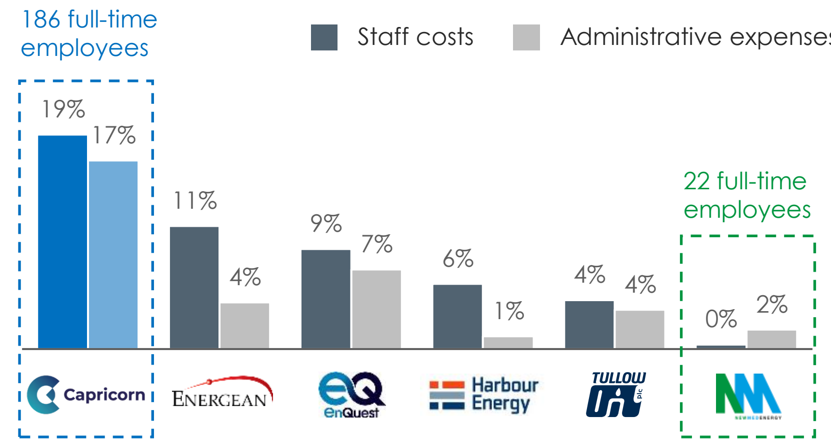
A Total Lack of Cost Discipline

palliser

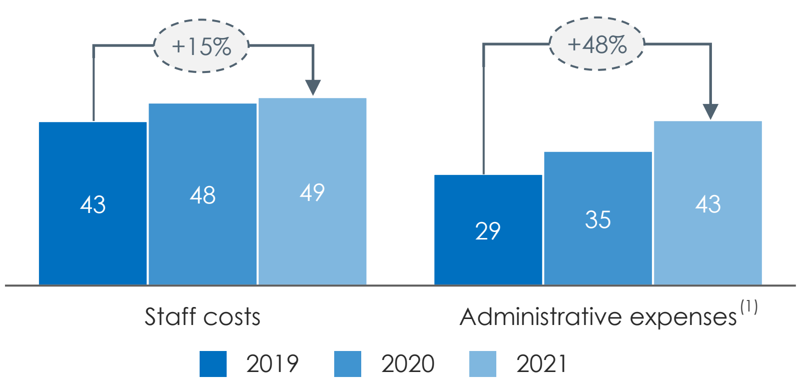
Sudden initiatives to cut costs are too little, too late for Capricorn shareholders – G&A spend remains astronomically high

- Management's irresponsible level of spending on overheads leads to an ongoing erosion of capital for shareholders
- <u>Staff and administrative expenses have continued to rise materially despite a substantial simplification of the portfolio</u> following the disposal of Capricorn's UK and Senegal assets between 2020-21
- <u>We fail to see why Capricorn needs to maintain such a bloated administrative function to oversee a non-operated interest in a single joint venture in Egypt</u>
- By way of comparison, NewMed runs an extremely lean organisation of 22 full-time employees to oversee its non-operated interest in Leviathan
- Pursuant to shareholder pressure, <u>Capricorn management announced initial steps to cut costs last month but the benefits would accrue largely to NewMed shareholders if the deal proceeds</u>

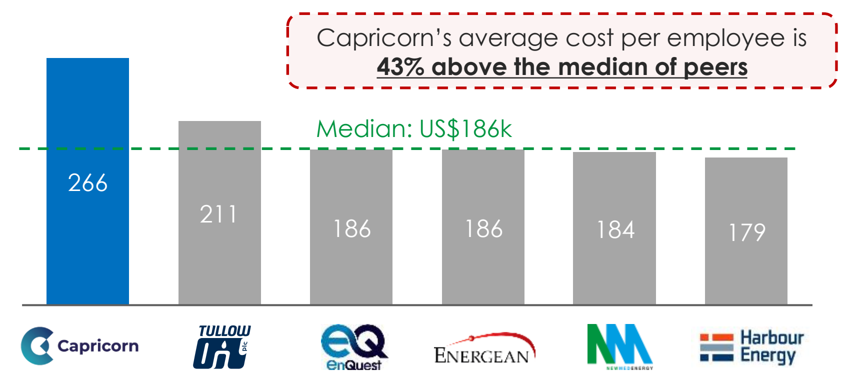
Staff Costs & Administrative Expenses (% of Revenue)(2)



Capricorn: Staff Costs & Administrative Expenses (US$ million)



Average Cost per Employee (US$k)(3)



Source: Company disclosures, Bloomberg as of 6 January 2023

(1) Recurring departmental expenses and corporate projects; excludes expenses associated with Indian tax arbitration, costs incurred on business combination or any other one-off items

(2) Calculated as 2021 reported staff costs and administrative expenses divided by 2022E Bloomberg consensus revenue to reflect full year of Egypt operations for Capricorn

(3) Reflects 2021 reported staff costs divided by reported number of employees

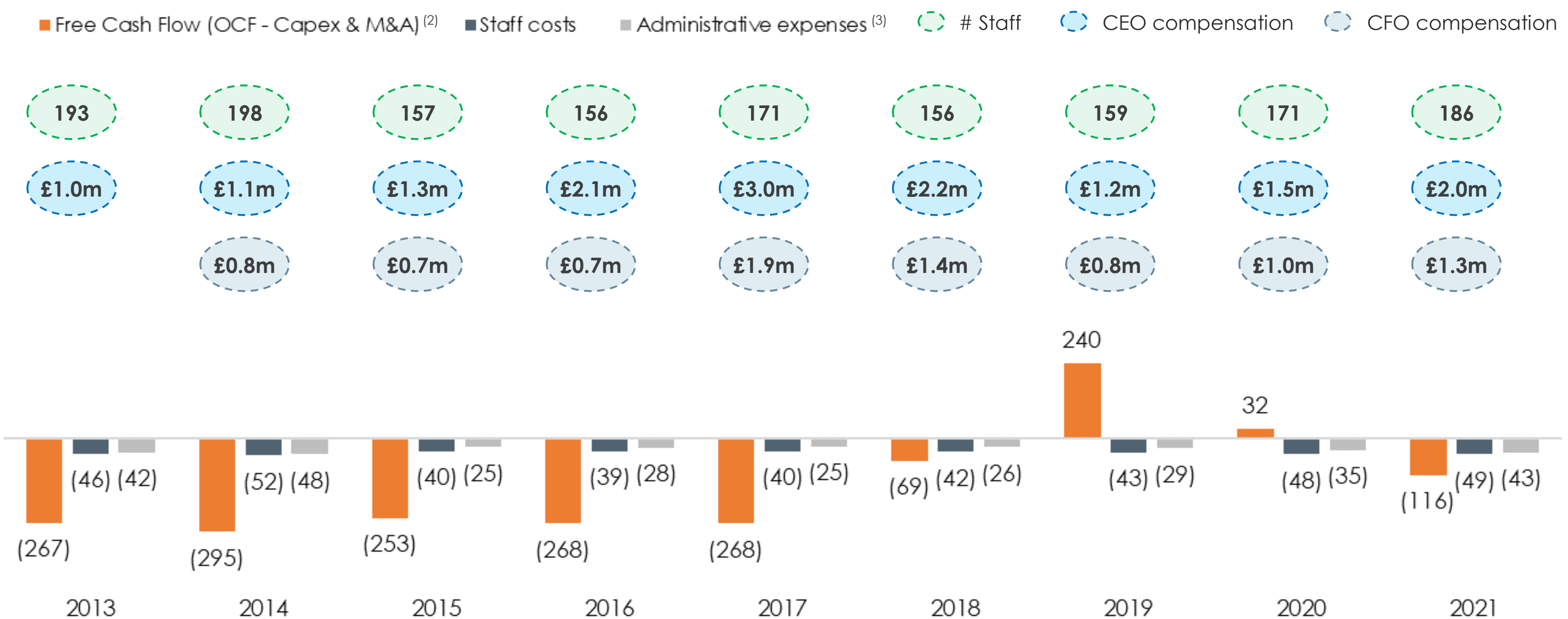
A Culture of Excessive Pay and Wasteful Administrative Spend

Palliser

Capricorn appears to be a company run for the benefit of its executives and staff and to the detriment of shareholders

- Capricorn's portfolio today represents a listed investment vehicle with a non-operated financial interest in a single joint venture in Egypt
- The Company has not operated a single producing asset for over a decade yet headcount has remained at broadly the same level since 2013
- Capricorn's poor relative performance cannot possibly justify senior management's substantial pay packages
- The CEO and CFO have been paid a collective £25 million (US$34 million)[1] since they took on their respective roles despite overseeing US$1.3 billion of cumulative free cash flow losses since the sale of Cairn India

Free Cash Flow vs. Staff Costs & Administrative Expenses since Cairn India Exit (US$ million)



Source: Company disclosures
(1) Cumulative reported remuneration converted to US$ at average annual exchange rate
(2) Calculated as sum of reported annual net cash flows from operating activities less net cash flows from investing activities
(3) Recurring departmental expenses and corporate projects; excludes expenses associated with Indian tax arbitration, costs incurred on business combination or any other one-off items

A Spurious Track Record of Shareholder Returns

Shareholder returns delivered by the current management team have been nowhere near the often cited US$5.5 billion amount

What Capricorn Management Takes Credit For

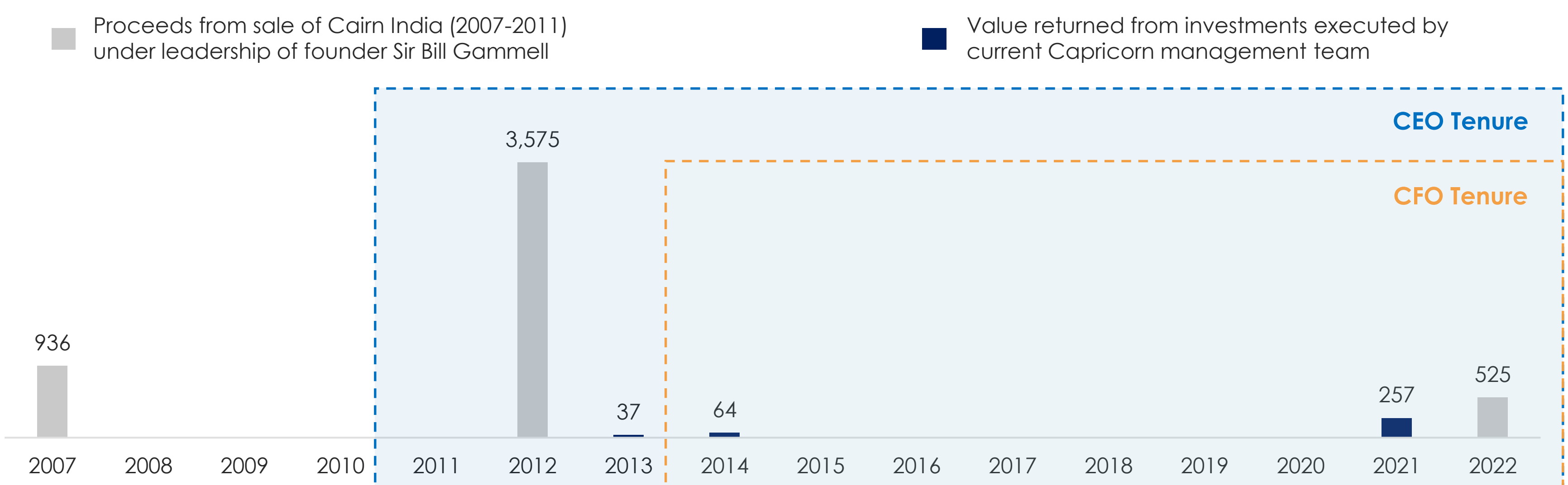
*"We continue to see a **commitment to shareholder returns** as being a **strong differentiator** in our E&P investor offering. Since 2007, we have returned, or have committed to return more than **US$5.5bn from monetisation of exploration and production successes** through a combination of special dividends, tender offers and share repurchase programmes."*

- Capricorn 2021 Annual Report

Palliser's View of Reality

- Management should not be credited for the Cairn India success which was led by an entirely different group of executives
- The vast majority of headline capital returns took place in two tranches which were returned to shareholders over a decade ago
- Excluding returns from the sale of Cairn India, cumulative value returned from investments executed by Capricorn's existing management team is just US$358 million over an 11 year period
- This represents less than 7% of the claimed US$5.5bn amount

Annual Cash Return to Capricorn Shareholders (US$ million)



Source: Company disclosures
Note: Total annual cash returns to shareholders include dividends, tender offers and completed on-market share buybacks

Return of Indian Arbitration Proceeds – Discounts and Delays

Palliser

After 8 years of arbitration (and patience from Capricorn shareholders), management settled with the Indian government at a >US$600m discount and decided to return only half of the proceeds to shareholders

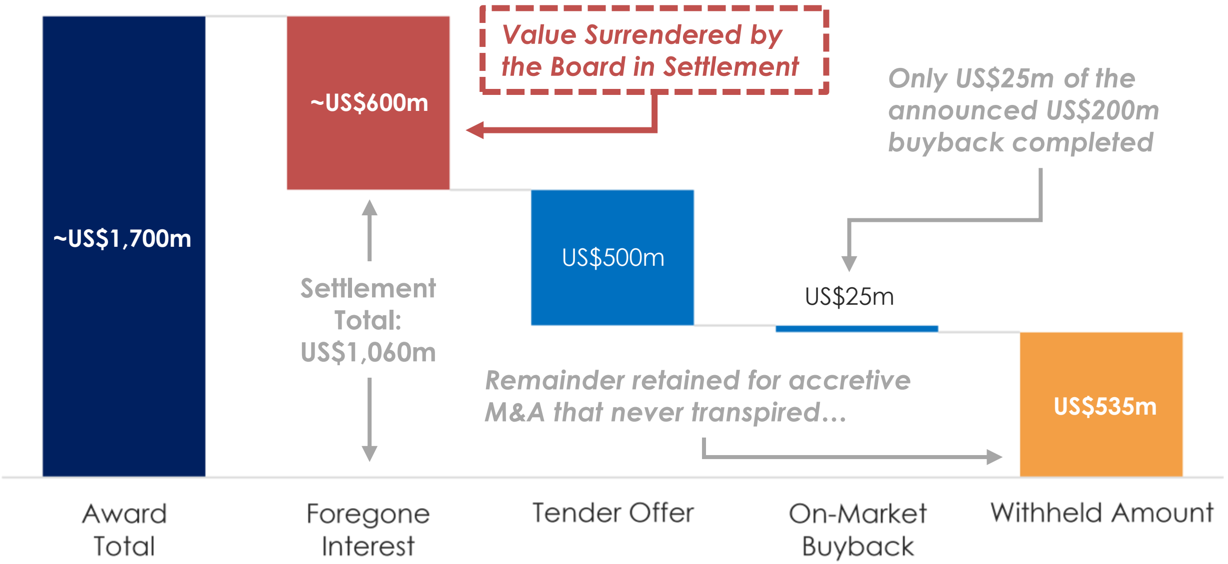
December 2020: after 8 years of arbitration, Capricorn achieved an award in its favour under the UK-India Bilateral Investment Treaty.

The total value of the **award was ~US$1.7bn,** representing the original value of the assets seized plus accrued interest and costs.

2021: Capricorn sought to enforce the award; however, it later settled the matter for US$1.06bn – **a >US$600m discount** to the value of the award.

February 2022: the **Company said it would distribute US$500m via a tender offer, launch a US$200m buyback program (only US$25m completed) and planned to hold on to US$300m** to "pursue accretive expansion" and "opportunities with similar characteristics to … Egypt".

Prior to the award, the Company had repeatedly stated that its ***"portfolio was managed and financed excluding the value of the Indian arbitration."***



Key Questions Left Unanswered

Accepting a heavily discounted settlement implied there was an urgent use of funds, the Board's subsequent decision-making was entirely at odds with market expectations:

Why, just months later, did the Board recommend a deal where the India proceeds would be immediately applied towards repaying Tullow's junk-rated creditors?

Why, following the Tullow deal's subsequent failure, did the Board not proceed to immediately return the US$535 million of residual proceeds to shareholders?

Source: Company disclosures

Why is the Board so Desperate for an Exit?

Palliser

Just over a year after making its investment in Egypt and trumpeting the opportunity to target high-quality disposal candidates from the Majors, Capricorn suddenly downplayed its standalone prospects and pivoted again to effectively sell the Company

2021 Pivot: Exit UK – Enter Egypt

In March 2021, the Board lurched Capricorn into another pivot, seeking value in another entirely **new geography**, and switching focus from **offshore oil to onshore gas**.

Furthermore, instead of running a competitive sale process for the UK assets, the Board hastily divested these without testing broader market appetite.

*"The divestment of our UK producing assets as they move into decline phase, will further strengthen our ability to **pursue Cairn's strategic goals and position the company robustly for the decade ahead**"* - Simon Thomson, March 2021

*"It's perfectly natural to **reinvest** in a region where we see **considerable growth potential**"* - Simon Thomson, March 2021

*"[We see] numerous other opportunities to acquire **high-quality upstream assets** from legacy operators"* - Annual Report 2021

March 2021

June 2022

TULLOW plc

"Leading African Energy Company"

The Board announced a merger between Tullow and Capricorn, setting out a **vision rooted in Africa**

September 2022

NEWMEDENERGY

"MENA Gas and Energy Champion"

Only a few months later, the Board recommended yet another deal, this time rooted in **the MENA region**

*"Capricorn may face greater risks as a **subscale** E&P company with a non-operated asset base, **fewer growth options** and expected **reduced investor appeal**"* - Investor Update, December 2022

Despite management's strategic confidence after entering Egypt, the Board proceeded to undermine the integrity of the standalone story, which they had built, in order to **effectively sell Capricorn to any willing counterparty**.

2022 Pivot: Sell, Sell, Sell

Source: Company disclosures

Value Destructive Transactions Called Out by Shareholders

palliser

Tullow – Creating a "Leading African Energy Company"

Management's Claim

*"The [Tullow] Combination is expected to result in **material value creation for Capricorn Shareholders**… The Capricorn Board believes that the **terms of the Combination fairly reflect Capricorn's and Tullow's respective standalone businesses and their prospects**."*

Shareholders' Reaction

*"In our capacity as a responsible investor, **we have strong reservations about the proposed transaction."***

*"It is our opinion that there is **no clear rationale for the combination."***

*"[The tie-up] would **increase financial leverage** and increase the probability of the combined entity growing oil production over time, potentially in higher cost basins."*

"We do not believe there are material synergies between the two companies, their strategies or their business models."

- Legal & General Investment Management (June 2022)

*"**In our view, the deal doesn't make any sense**…it's a classic deal for scale, and there's no reason for it. **I don't understand why Capricorn's board would support a deal like this.**"*

- Kite Lake Capital Management (August 2022)

Capricorn Energy shareholder Schroders would vote against the oil and gas producer's planned merger with Tullow Oil…

- Schroders (Extract from Reuters, September 2022)

NewMed – Creating a "MENA Gas and Energy Champion"

Management's Claim

*"The Combination with NewMed and a cash special dividend represent the **delivery of significant value** for Capricorn shareholders. We believe this is a **compelling transaction** which combines near term value realisation with ongoing participation and **value creation in a world class gas company**."*

Shareholders' Reaction

*"The Proposed Merger – much like the previously contemplated Scheme – **seeks to compel Capricorn shareholders to contribute their high-quality assets at a bargain valuation** to a combined company, this time using an upfront cash payment as a carrot and a lower acceptance threshold as a stick."*

- Irenic Capital Management (October 2022)

*"We are not convinced that this proposal is the best path forward to maximize shareholder value and minimize future **environmental risks."***

- Legal & General Investment Management (November 2022)

*"We are opposed to the transaction as currently structured as we believe it **undervalues Capricorn."***

- Madison Avenue Partners (November 2022)

*"The terms are **unnecessarily biased** in the favour of NewMed."*

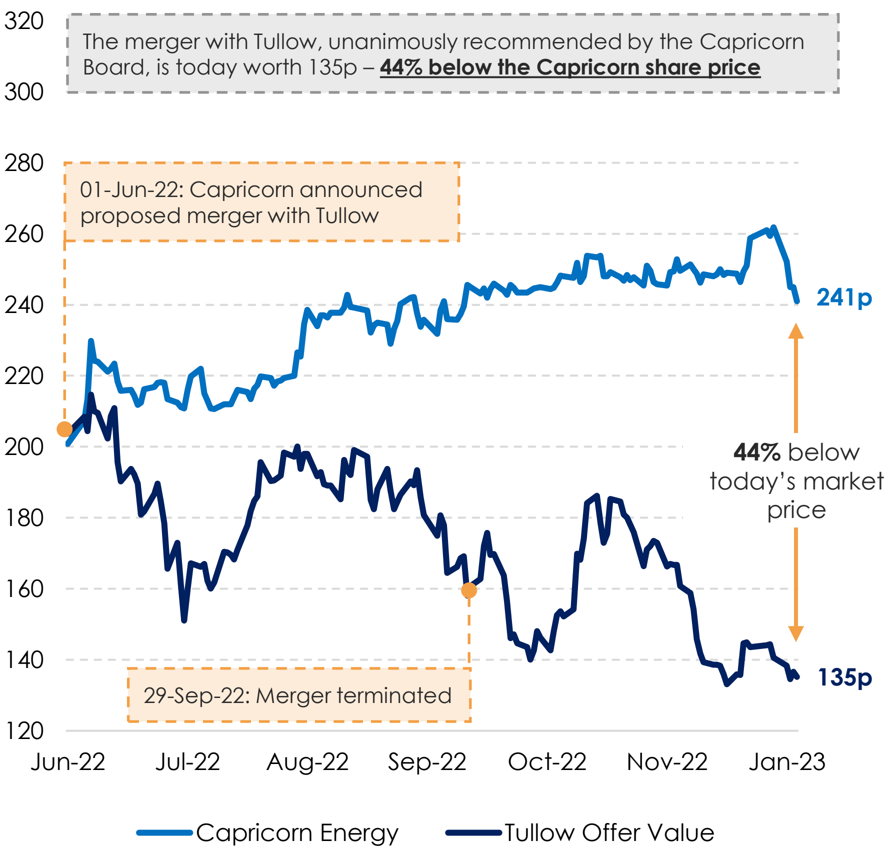
- Kite Lake Capital Management (November 2022)

Source: Company disclosures

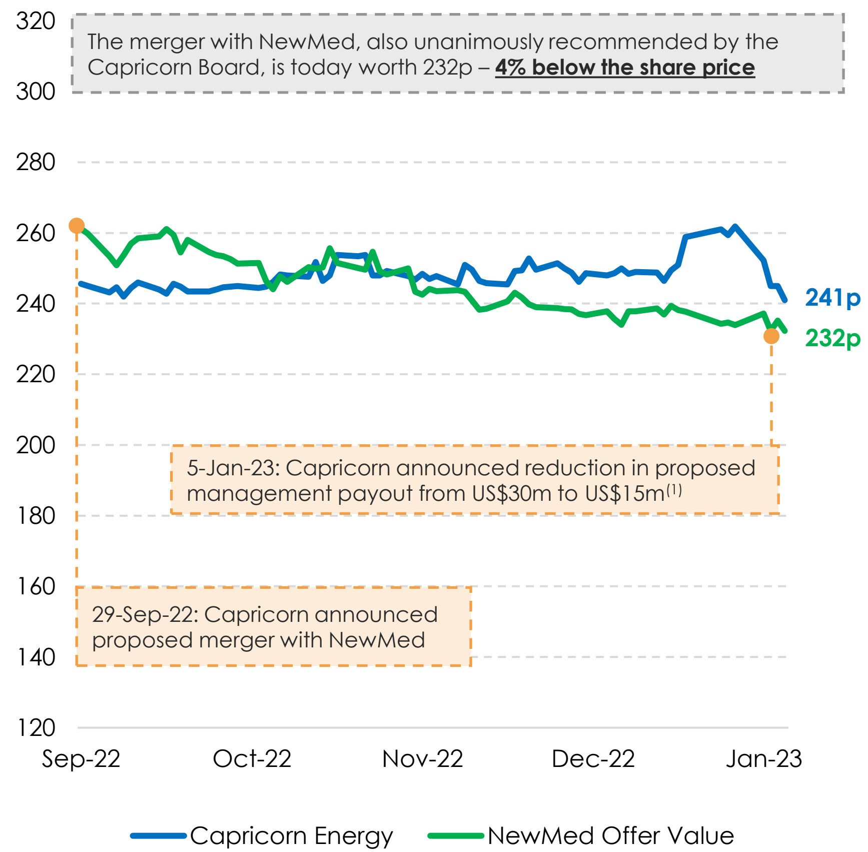
The Market Has Spoken…Twice

Despite the Board's attempts to downplay Capricorn's standalone prospects, the market has been valuing Capricorn at a premium to both recommended deals, demonstrating dissatisfaction with the terms on offer

Capricorn Share Price vs. Tullow Offer Value (pence/sh)



Capricorn Share Price vs. NewMed Offer Value (pence/sh)



Source: Bloomberg as of 6 January 2023

(1) Capricorn's latest disclosure (05-Jan-23) now suggests that US$15 million of the proposed US$620 million special dividend will be paid to Capricorn management, as opposed to the US$30 million figure implied in the original deal announcement (29-Sep-22)

The existing management team has overseen more than a decade of value destruction at Capricorn. Internal structures have become bloated and exorbitant spend on exploration has persisted with little to show by way of shareholder returns. Strategic pivots have failed over and over again, demonstrating management's inability to execute a coherent strategy for shareholders.

These management failings, masked by capital returns from the sale of Cairn India over a decade ago, have evaded accountability by a Board who, in our view, have been asleep at the wheel.

This culminated in the announcement of two disastrous deals, both of which have been categorically opposed by shareholders.

IV. Tullow – Poorly Disguised Nil-Premium Takeover

Tullow + Capricorn: Transaction Overview

Palliser

On 1st June 2022, Capricorn announced a recommended all-share combination with Tullow to be effected by means of a Scheme of Arrangement under Part 26 of the Companies Act 2006

Merger Consideration	• All-stock consideration: 3.8068 new Tullow shares for each Capricorn share • Capricorn Shareholders to own 47% and Tullow Shareholders to own 53% of the Combined Group on completion
Deal Premium	• Nil premium "merger of equals"
Management Changes	• Rahul Dhir (Tullow CEO) to become CEO of the Combined Group • **James Smith** (Capricorn CFO) to become CFO of the Combined Group • **Simon Thomson** (Capricorn CEO) to become Chair of the Integration Steering Committee
Special Committee	• None
Sales Process	• Not disclosed
Required Approvals	• Regulatory approval: Egypt, Ghana, Mexico, Mauritania • **Capricorn shareholder approval (75%)** • Tullow shareholder approval (50%)
Indicated Timeline	• Regulatory approval: "in or around" Q4 2022 • Scheme Document to be published thereafter • Expected close: during Q4 2022

Source: Company disclosures

A One-Sided Deal Structured for the Benefit of Tullow Alone

Palliser

Capricorn shareholders were asked to shoulder the burden of servicing Tullow's highly speculative turnaround story

Market Participants were Skeptical of the Benefits to Capricorn…

Value accretion for Capricorn shareholders	✘
Unlocks operational synergies	✘
Progressive step for ESG	✘
Deployment of cash on balance sheet	?

*"We question the strategic rationale of the merger announced today… [it] sees the **advantages of a de-levered balance sheet and the potential to add some additional investment in Ghana as very much accruing to Tullow, not to Capricorn."***

- Stifel (1 June 2022)

*"We're surprised to see that the board has recommended a merger with Tullow Oil. **The principal result of which, as we see it, would be to assist Tullow's bloated balance sheet. We do not believe this is the best use of Capricorn's substantial cash pile."***

- BofA Securities (7 June 2022)

Whilst Acknowledging the Obvious Benefits to Tullow

Raise significant funds at uniquely attractive terms	✓
Materially de-levers balance sheet	✓
Possibility to refinance onerous high yield debt	✓
Accelerates Ghana drilling program	✓
Demonstrates Kenya funding capability	✓
Resumes dividend payments to Tullow shareholders	✓

*"CNE's significant weighting to cash and TLW's share price today implies that **TLW would, in effect, get cash at a discount**… [the pro-forma] cash position of the combined entity would provide [TLW] management with **plenty of dry powder to rationalize the company's cap structure by paying down a portion of outstanding debt and reducing the substantial annual cash interest outlay of the Group."***

- JP Morgan (22 June 2022)

Source: Broker research

The Relative Investment Propositions Held Few Similarities

Palliser

	Capricorn		Tullow plc	
Portfolio Complexity	Low	▪ Straightforward, cash-weighted asset base ▪ Easy-to-assess valuation	High	▪ Convoluted portfolio and capital structure ▪ Poor value transparency for investors
Commodity Price Exposure	Low	▪ Produced gas sold at fixed price to EGPC ▪ Partial oil price beta from Egypt liquids sales & uncapped UK contingent proceeds	High	▪ Brent-linked, oil-weighted production ▪ Upside constrained by hedging programme
Leverage	Low	▪ Substantial net cash position ▪ Incremental borrowing capacity	High	▪ Stressed balance sheet ▪ High financing costs limit cash flow generation
Operational Risk	Low	▪ Proven, legacy operating assets ▪ Conventional onshore wells	High	▪ Extended track record of missed targets ▪ Uncertainty from deepwater oil drilling
Future Capex Requirements(1)	Low	▪ Self-funded investment capability ▪ Balance sheet strength provides optionality	High	▪ >US$4 billion investment target in Ghana ▪ >US$3.4 billion greenfield Kenya oil project
Geographic Risk	Medium	▪ Single country of operations (Egypt) ▪ Stable credit outlook	High	▪ Multiple operating jurisdictions across Africa ▪ Negative credit outlook in Ghana
Carbon Emissions	Medium	▪ Portfolio shift towards gas as a "bridge fuel" in the energy transition ▪ Limited control due to lack of operatorship	High	▪ Liquids-weighted reserves and production ▪ Rising scope 1 & 2 emissions from routine flaring
Growth Potential	Medium	▪ Path to near-term growth in Egypt ▪ Capacity to pursue inorganic opportunities	Medium	▪ Long-term resource potential ▪ Acute funding challenges and execution risks

Source: Company disclosures

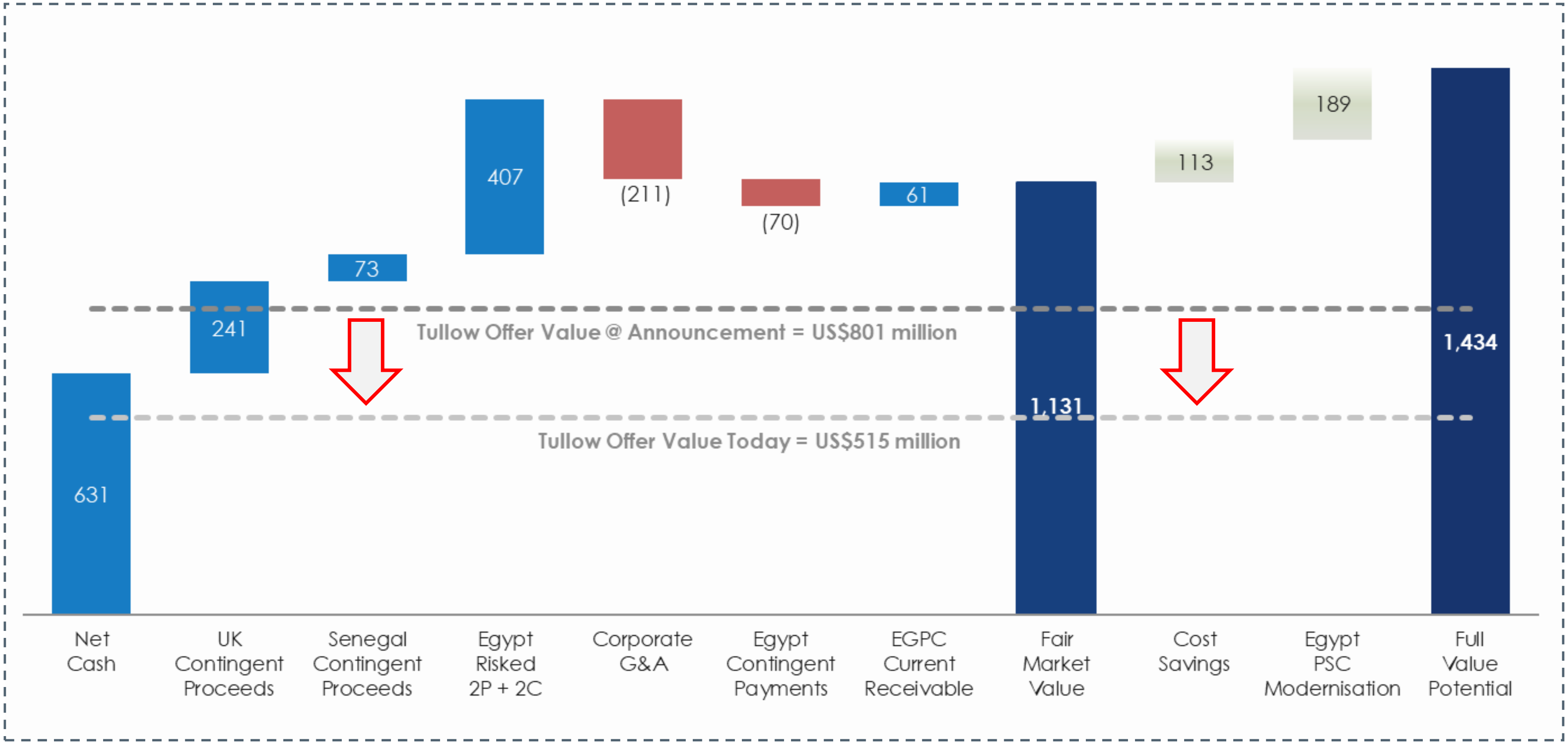
(1) Reflects total gross capital expenditure requirements as disclosed and inclusive of field partners

The Board's Proposed Path to Value Destruction

Palliser

The unanimously recommended merger with Tullow envisaged giving away Capricorn's recently-acquired Egyptian assets to Tullow for free and today represents a >55% discount to Capricorn's fair market value

Tullow Offer Value Relative to Capricorn Standalone Net Asset Value (US$ million)



Source: ERCE Fair Market Valuation Report, Bloomberg as of 6 January 2023
Note: Valuation as of 1 July 2022; 12% discount rate applied; ERCE nominal oil price deck of $96/bbl, $94/bbl, $86/bbl, $80/bbl, $82/bbl, $83/bbl, $85/bbl, $87/bbl,$88/bbl, $90/bbl (2022-2031)

A Backdoor Rights Issue at a Premium

Palliser

The deal would have represented a lifeline for Tullow by providing access to Capricorn's cash on a deeply discounted basis

- Tullow could have used the Proposed Merger as a mechanism to de-lever its balance sheet by effectively doubling its share count via the issue of new equity at a significant premium to its share price
- We find it highly improbable that Tullow could have raised a level of cash in excess of its current market capitalisation through an equivalent rights issue without offering investors a sizeable discount to its current share price

Implied Price of Tullow Stock Issuance via the Proposed Merger (Assuming Value for Net Cash and Receivables Only)

	Capricorn Net Cash (H1 2022)	US$631m
	(+) NPV of UK Contingent Proceeds	US$241m
	(+) NPV of Senegal Contingent Proceeds	US$73m
	(-) NPV of Egypt Contingent Payments	(US$70m)
A	**Total Net Cash & Contingent Receivables**	**US$875m**
B	Recommended Exchange Ratio	3.8068
C	Capricorn Issued Shares Outstanding	315,072,439
B x C = D	New Tullow Shares to be Issued	1,119,417,761
A ÷ D = E	Implied Tullow Share Issue Price	60p
F	Tullow Share Price (Undisturbed / Current)	55p / 36p
E ÷ F – 1 = G	**Implied Share Issue Premium (Undisturbed / Current)**	**10% / 70%**

Tullow had identified a unique opportunity to raise substantial new equity priced at a significant premium to its share price

Source: ERCE Fair Market Valuation Report, Bloomberg
Note: Tullow undisturbed date of 31 May 2022, GBP/USD FX rate: 1.21 as of 6 January 2023

The Tullow deal is one of the worst M&A deals we have ever seen.

According to the Board, this transaction was the best strategic option available to Capricorn after 18 months of looking. By recommending this path to shareholders, the Board lost all credibility as custodians for shareholder interests.

V. NewMed – Another One-Sided Deal

NewMed + Capricorn: Transaction Overview

On 29th September 2022, Capricorn announced a new recommended combination with NewMed and a withdrawal of the previously recommended combination with Tullow

Merger Consideration	• Pre-completion cash special dividend of US$620 million • Stock consideration: 2.337344 new Capricorn shares for each NewMed participation unit • Capricorn shareholders to own 10.3% and NewMed unitholders to own 89.7% of the Combined Group on completion
Management Changes	• Yossi Abu (NewMed CEO) to become CEO of the Combined Group • **James Smith** (Capricorn CFO) to become CFO of the Combined Group • **Simon Thomson** (Capricorn CEO) to become transitional Chair of the Combined Group
Special Committee	• None
Sales Process	• Limited disclosure
Required Approvals	• Regulatory approval: Egypt, Israel, Mexico, Mauritania • Favourable tax ruling from the Israeli Tax Authority • **Capricorn shareholder approval (50%)** • NewMed unitholder approval (50% excluding Delek Group)
Indicated Timeline	• UK Circular and Prospectus to be published after receipt of regulatory approvals and Israeli tax ruling • Targeted close: Q1 2023

Source: Company disclosures

Another Deeply Unfair Exchange of Value

Palliser

Instead of responding to shareholder concerns, the Board is now asking shareholders to give up their Capricorn shares at a 46% discount in exchange for fully valued NewMed shares

Capricorn Energy: Standalone Ex-Dividend Value (US$ million)

Figures in US$m unless otherwise stated	**NPV**
Capricorn Ex-Dividend Valuation	
Fair Market Value	1,131
(-) Headline Special Dividend	(620)
Implied Ex-Dividend Value	**511**
NewMed Offer at 2.337344 Exchange Ratio	
NewMed Exchange Offer (as at 28-Sep-22)	**338**
Implied Premium / (Discount) vs. NAV	**(34%)**
NewMed Exchange Offer (as at 6-Jan-23)	**277**
Implied Premium / (Discount) vs. NAV	**(46%)**

- The proposed exchange ratio currently values Capricorn at a **46% discount** to its fair market value on an ex-dividend basis and represents a value give-away of over US$230 million
- This deep discount ignores the high degree of cash flow visibility from Capricorn's near term earn-outs in the UK and Senegal
- It also falls short of the absolute minimum value marker for Capricorn's Egyptian assets which was set by Capricorn only last year through its US$323 million cash acquisition of these assets at a time of materially lower energy prices
- NewMed is getting Capricorn's premium LSE listing for free
- There is no control premium being paid by NewMed for Capricorn

NewMed Energy: Standalone Net Asset Value (US$ million)

Figures in US$m unless otherwise stated	**NPV**
Producing Assets	
Leviathan (2P)[(1)]	4,395
Core Asset Value	**4,395**
Net Cash / (Debt)	(1,943)
EMED Pipeline (25% Stake)[(2)]	61
NPV of Karish Overriding Royalties Received[(3)]	292
NPV of Leviathan Overriding Royalties Paid[(4)]	(381)
G&A[(5)]	(84)
EV Adjustments	**(2,056)**
Core NAV	**2,339**
Pre-Development Assets	
Development Upside	275
- Leviathan (2C)[(6)]	218
- Aphrodite[(7)]	56
Total NAV	**2,614**
NewMed Market Cap (US$m)	**2,417**
Implied Premium / (Discount) vs. NAV	**(8%)**

- NewMed is trading at a minimal discount to its net asset value
- This includes value for long-dated and uncertain growth from Leviathan 2C resources and the development of the Aphrodite field offshore Cyprus

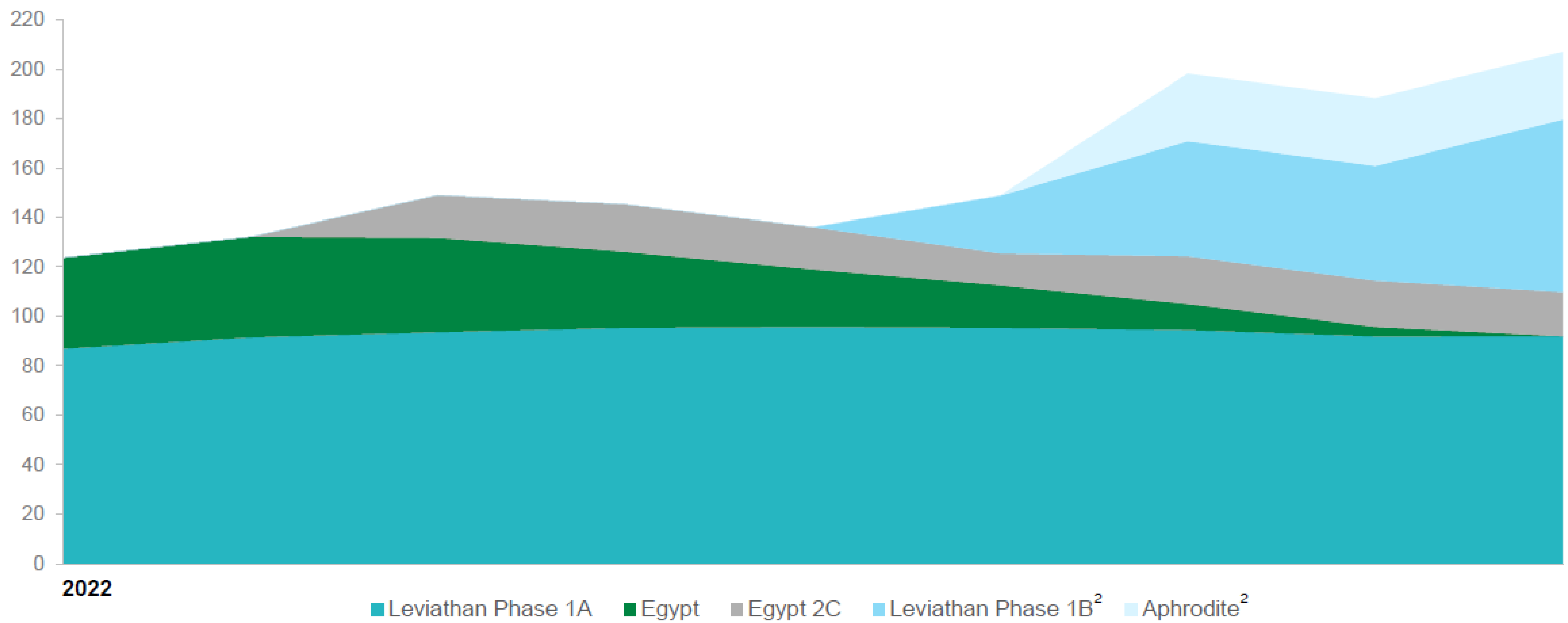
Source: ERCE Fair Market Valuation Report, Company disclosures, Bloomberg as of 6 January 2023. Note: GBP/ILS FX rate: 4.22; USD/ILS FX rate: 3.55; Capricorn c.315 million shares outstanding; NewMed c.1,174 million units outstanding. (1) Based on NSAI Leviathan 2P valuation (20-Feb-22) at 10% discount rate; adjusted for mid-year reference date and estimated c.US$6.5/mcf gas offtake price (H2 2022). (2) Balance sheet carrying value. (3) Giza Singer Even valuation report (17-Aug-22). (4) Barclays research note *"Compelling value waiting to be unlocked"* (8-Sep-22). (5) Run-rate G&A expenses of US$17 million (FY2021) capitalised at 5x multiple. (6) Based on NSAI Leviathan 2C valuation (20-Feb-22) at 10% discount rate. (7) Based on implied EV/2C multiple from NSAI valuation of Leviathan 2C contingent resources

NewMed's Full Valuation is Not Justified

NewMed brings increased scale to the combined group but production growth is long-dated and uncertain

- NewMed possesses a world-class asset in Leviathan but trades at a minimal discount to its NAV despite production from NewMed's growth projects (Leviathan Phase 1B and Aphrodite) not being forecast to commence until the end of the decade
- Neither development has been sanctioned and both remain subject to various commercial and regulatory contingencies as well as underlying technical execution risks
- <u>Near-term production growth of the combined group is forecast to come primarily from Capricorn's Egyptian assets</u>

Combined Net Production Profile (kboe/d)[(1)]



Source: NewMed + Capricorn Investor Presentation (29 September 2022)
(1) Production on working interest basis
(2) Leviathan Phase 1B and Aphrodite have not been approved yet

A Deal with Significant Corporate Governance Shortcomings (1/3)

De-facto control and a premium London listing are being given away whilst shareholder cash is held hostage to pressure shareholders into voting for an unsatisfactory outcome

1 De-Facto Control and a Premium LSE Listing: Key Components of Value Given Away for Free…

Delek Gains De-Facto Control of Capricorn ***(For Free)***

- Delek Group[1] would control ~49% of the combined entity, exposing Capricorn shareholders to material governance risk without sufficient safeguards
- In practice, Delek's de-facto control over the combined group would neutralise Capricorn shareholders' ability to hold Board members to account
- Crucially, this de-facto control would be handed to Delek by the incumbent Board with no control premium being offered in exchange

Delek Finally Gets its London Listing ***(For Free)***

- NewMed would also get Capricorn's premium LSE listing for free after Delek's prolonged pursuit of a London IPO for its subsidiary

> ***Israel's Delek Mulls London Listing for Major Gas Holdings***
>
> *- Bloomberg, March 2019*

> ***Israel's Delek Drilling files for London Stock Exchange spin-off***
>
> *- Reuters, November 2020*

> ***Israel's Delek Drilling aims for London listing of restructured company***
>
> *- Reuters, May 2021*

2 …While Capricorn Shareholders are Effectively Held to Ransom

- The return of US$620 million via a special dividend has been made contingent on approval of the NewMed transaction
- This represents idle cash on Capricorn's balance sheet which could and should be returned to shareholders immediately
- Conditioning this return of excess cash is unnecessary and coercive in the context of Capricorn's previously announced US$200 million buyback program (since cancelled in favour of the defunct Tullow merger) and the retention of US$300 million from the India arbitration proceeds to pursue accretive M&A which never materialised

Total India Settlement: US$1.06bn

Promised to Return: US$700m

Returned: US$525m

US$500m through tender offer + US$25m from cancelled buyback program

Remaining Cash from India Tax Arbitration:

US$535m

= Minimum cash that should be immediately due to shareholders

Source: Company disclosures

(1) Delek Group is a Tel-Aviv listed conglomerate and NewMed's controlling unitholder (~54%); NewMed Energy was formerly known as Delek Drilling

A Deal with Significant Corporate Governance Shortcomings (2/3)

The NewMed transaction appears to be self-serving for members of the Capricorn Board and management team

3 A Large and Disguised Payout for Management

On closer analysis of the initially-communicated combination terms – specifically regarding the special dividend – shareholders noted a **discrepancy in the headline amount versus the amount due to existing Capricorn shareholders**.

	Breakdown of Special Dividend	
A	Headline Special Dividend (US$m)	620
	Headline Special Dividend per share	£1.72
	(x) GBP/USD (as at 28-Sep-22)	1.09
	(x) Shares Outstanding (m)	315
B	Special Dividend to Shareholders (US$m)	590
A – B	**Implied Management Payout (US$m)**	**30**

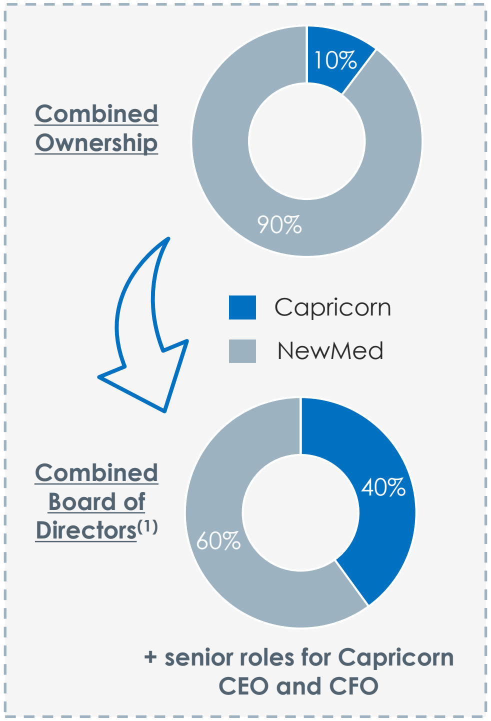
Proposed settlement of "dividend equivalent" rights, majority of which **appear to relate to unvested share awards from the 2017 LTIP**

We subsequently questioned the Company, and specifically the Remuneration Committee Chair, regarding the potential US$30m payout to management, and received little by way of an explanation. Given the scrutiny placed on this Board to provide more transparency to shareholders on matters of pay, **the lack of any justification was troubling**.

In the Company's 5th January presentation, the potential payout appears to have been revised down to US$15m, with no explanation. **There remains zero clarity as to what happened to change the Board's estimation of management's payout from this proposed deal.**

4 Outsized Capricorn Board Representation

Despite the Combined entity only being 10%-owned by existing Capricorn shareholders, **the new entity's Board composition disproportionately favours Capricorn's existing directors** – the terms propose 40% of director seats and senior roles for Simon Thomson and James Smith.



Source: NewMed + Capricorn Investor Presentation (29 September 2022), Capricorn Energy – Investor Update (5 January 2023)

(1) Combined Board to include 10 directors: including Simon Thomson (Capricorn CEO) as transitional Chair, James Smith (Capricorn CFO) and 2 non-executive directors from the existing Capricorn Board

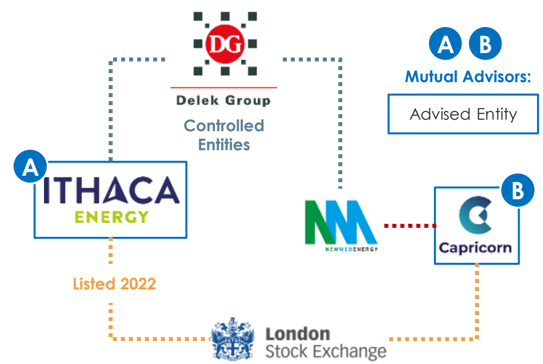
A Deal with Significant Corporate Governance Shortcomings (3/3)

palliser

Details regarding the sales process have reluctantly been revealed after months of opposition with plenty of questions left unanswered on the integrity of the process and whether investor sensitivities on ESG were adequately considered

5 No Proper Sales Process, Concern of Potentially Conflicted Advice

- The proposed NewMed Deal is apparently the result of a "robust and thorough process" to review strategic alternatives that was conducted "over the last year". Yet…
  - …the Board has **failed to communicate these alternatives in a transparent manner**
  - …the Board **previously recommended a merger with Tullow which was widely opposed**
  - …the NewMed deal **only emerged after the Tullow deal was stridently opposed by shareholders**
- Details regarding the sales process only continue to be drip-fed to shareholders as opposition grows
- Certain of Capricorn's financial advisors also advised **Ithaca Energy** (another Delek Group-controlled entity) on its **recent London IPO**[1]



6 Questionable ESG Credentials and Due Diligence Controversies

- NewMed's ESG credentials are yet to be assessed by MSCI or ISS-ESG and NewMed does not participate in CDP. Sustainalytics rated NewMed as a 'Severe Risk' company, and positioned it **15,623rd out of 15,634 companies in its coverage universe**
- NewMed does not produce a **TCFD** report and **does not set Science-Based Targets**. Despite a 2040 net zero target claimed for the combined entity, in early 2022, NewMed intended to be **net zero only by 2050**
- According to Capricorn management, NewMed would **fall short of premium LSE listing standards** on a standalone basis and there are questions over its ESG credentials

NEWMEDENERGY

Capricorn Energy ESG Scores

MSCI	ISS-ESG	Sustainalytics	CDP
AA	C	33.4 (High)	B

NewMed signed an agreement on 6 December 2022 to explore and produce hydrocarbons in Boujdour (Western Sahara)

Capricorn had previously been excluded by certain investors and monitored by a number of others due to similar activities in Western Sahara[2]

NORGES BANK INVESTMENT MANAGEMENT


Decision on exclusion of companies from the Government Pension Fund Global

Norges Bank has decided to exclude the companies Cairn Energy Plc and Kosmos Energy Ltd from the investment universe of the Government Pension Fund Global. The companies are excluded based on an assessment of the risk of particularly serious violations of fundamental ethical norms.

28 June 2016

Source: Company disclosures, MSCI, ISS-ESG, Sustainalytics, TCFD, Science-Based Targets
(1) Ithaca Energy Intention to Float Document (18th October 2022)
(2) Norges Bank Investment Management Exclusion Announcement (28th June 2016)

VI. An Incumbent Board Out of Touch with Shareholders

Capricorn Is Seemingly Not a Priority for Incumbent NEDs (1/2)

Palliser

More than half of Capricorn's NEDs are over-committed, calling into question their ability to effectively oversee management and protect the interests of shareholders

- A majority of the NEDs are over-committed – Nicoletta Giadrossi (Chair), Keith Lough, Alison Wood, and Luis Araujo.
- The over-committed NEDs' responsibilities at other companies involve leadership positions (incl. Chair and SID roles) and multiple committee assignments (incl. chairing such committees).
- Disappointingly, in the last financial year, only:
  - **26%** of Nicoletta Giadrossi's total Board and Committee attendances[1] were at Capricorn (before accounting for her attendance as Chair and director of FS Italiane – the Italian state railway company)
  - **27%** of Keith Lough's total Board and Committee attendances were at Capricorn (does account for his attendance as Chair of Southern Water which has recently been in the spotlight for serious environmental concerns)
  - **17%** of Alison Wood's total Board and Committee attendances were at Capricorn
- Notwithstanding prior concerns raised by certain of Capricorn's key investors and other market participants about the pervasive over-commitment of Capricorn's Board:
  - NEDs continue to take up additional roles[2]; and
  - The Board appointed Luis Araujo as a new NED on the day of the 2022 AGM without shareholder approval despite announcing his appointment months before the AGM and him being over-committed on other board mandates

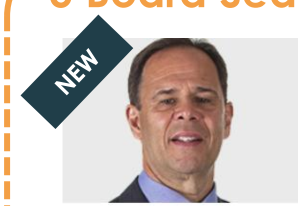
6 Board Seats

Nicoletta Giadrossi
Non-Executive Chair

Keith Lough
Non-Executive Director

Alison Wood
Non-Executive Director

5 Board Seats



Luis Araujo
Non-Executive Director

> "Private Board positions may also be taken into account if judged to be substantial."
> -- Royal London AM (Source)

> "We see four non-executive appointments of listed companies as the maximum one individual can manage properly."
> -- Aviva Investors (Source)

Source: Company disclosures, BlackRock Proxy Voting Guidelines, Aviva Investors' Proxy Voting Guidelines
(1) Attendance at Capricorn Board and committee meetings as a proportion of total attendance at all Board and committee meetings for all mandates held (based on public disclosures of other mandates including significant private board seats)
(2) Nicoletta Giadrossi assumed the Chair role of Ferrovie Dello Stato Italiane (a multi-billion state entity) following Capricorn's 2021 AGM and Alison Wood assumed the Chair role of Galliford Try in April 2022

Capricorn Is Seemingly Not a Priority for Incumbent NEDs (2/2)

Palliser

Name	Company	Role	Committee Membership			Seat Count	Total
			A	R	N		
Nicoletta Giadrossi	Capricorn	**Chair**		✓	C	● ●	6
	Brembo	NED	✓	✓	✓	●	
	Royal Vopak	NED	✓	C		●	
	Ferrovie dello Stato Italiane	**Chair**				● ●	
Keith Lough	Capricorn	NED	C		✓	●	6
	Rockhopper Exploration	**Chair**			C	● ●	
	Hunting	LID	✓	✓	✓	●	
	Southern Water	**Chair**		✓	C	● ●	
Alison Wood	Capricorn	NED	✓	C		●	6
	TT Electronics	NED	✓	C	✓	●	
	Oxford Instruments	**LID**	✓	C	✓	●	
	Galliford Try	**Chair**		✓	C	● ●	
	British Standards Institutions	**LID**	✓	✓	✓	●	
Luis Araujo	Capricorn	NED				●	5
	OceanPact Servicos Maritimos	**Chair**				● ●	
	Akastor	NED				●	
	Magseis Fairfield	NED				●	

Source: Company disclosures

Over-Commitment of NEDs: A Systemic Issue

NED over-commitment has undermined governance at Capricorn for a prolonged period of time

- Disconcertingly, a vast number of former Capricorn NEDs that have served on the Board during Simon Thomson's tenure as CEO and his long-term membership of the Nomination Committee[(1)] have been **over-committed or over-tenured** – this includes former Chair, Ian Tyler, and his successor, **Nicoletta Giadrossi**.
- In our view, this **systemic governance problem** undermines the ability of NEDs to hold executive management properly to account – a key contributory factor to a decade of failure, underperformance and wasted resources.

	Start	End	Assessment	Detail
Simon Thomson (CEO Tenure)	2011	→		
Dr James Buckee	← 2009	2014	Over-Committed	5 Public Board Mandates (inc. Chair) + Private Company Boards
Todd Hunt	← 2003	2020	Over-Tenured	Became non-independent due to excessive 17-year tenure
Iain McLaren	← 2008	2018	Over-Committed	7 Public Board Mandates
Alexander Berger	2010	2019	Over-Committed	CEO and 3 NED roles at Private Companies
M. Jacqueline Sheppard	2010	2018	Over-Committed	4 Public Board Mandates (inc. Chair) + Founder role at Private Company
Ian Tyler (Former Chair)	2013	2020	Over-Committed	4 Public Board Mandates (inc. Chair) + 2 Non-Public Chair Roles

Source: Company disclosures
Note: Public Board Mandates are calculated using the following rule: Non-Executive Director = 1 mandate; Non-Executive Chair = 2 mandates; any executive Board seat = 3 mandates
(1) Simon Thomson was on the Nomination Committee from October 2011 until March 2012 and then re-appointed in March 2013

An Ineffective Governance Structure (1/2)

Palliser

1 A Nomination Process That Is Not Fit for Purpose

Skill Gaps in Critical Strategic Areas

- Capricorn does not publish an individualised Board Skills Matrix (**BSM**), making it difficult for shareholders to determine each individual Board member's contribution to the boardroom.
- The generalised BSM presented by Capricorn, however, demonstrates the following **clear gaps in skills and experience**, calling into question the robustness of the nomination process:

Portfolio Management

Capital Markets / M&A

Regional Oil & Gas Experience

A Recent Failing in the Nomination Process

- Appointed without seeking shareholder approval at the 2022 AGM, Luis Araujo's appointment highlighted several flaws with the Board's nomination process:
  - **Over-committed** with five seats (at the time of appointment)
  - **Missed opportunity** to diversify the Board with an Egyptian/North African background, demonstrating the Board's lack of appetite to optimise the recently purchased Egyptian assets
  - **Failure to address** key gaps in skill and experience on the Board
  - **Questionable independence** due to overlap with Chair Nicoletta Giadrossi at Aker Solutions (2012 - 2014)

2 Impaired Checks and Balances

Over-Influence of Senior Executives on NEDs

- Unlike the UK PLCs presented as peers by Capricorn[(1)], we note Capricorn's management team has been assigned key oversight roles:

CEO on Nomination Committee:
Only one other peer has appointed its CEO to a committee that deals with the nomination of directors, **succession planning of executives** and determines key committee compositions

CFO on the Board:
Less than half of peers have promoted the CFO to board-level, ensuring the oversight body remains independent and able to hold management accountable

Questionable Function of Senior Independent Director (SID)

- The SID has not met expectations in a critical year when Peter Kallos should have ensured meaningful engagement between the Board and shareholders.
- Instead, there has been a notable lack of visibility from the SID in terms of facilitating constructive engagement with shareholders to resolve fundamental concerns relating to the Board's conduct.
- In our experience, engagement with the Board has been overshadowed by a hostile approach from the Chair and senior executives.

Source: Company disclosures
(1) Based on Capricorn's own disclosed peer set (Energean, EnQuest, Genel Energy, Harbour Energy, Nostrum Oil & Gas, Pharos Energy, Rockhopper Exploration, Sound Energy and Tullow Oil)

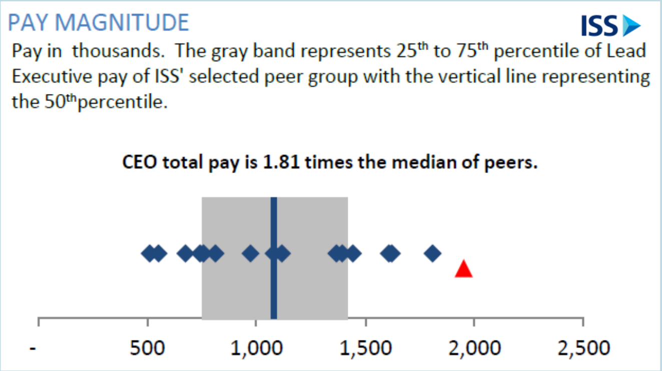
An Ineffective Governance Structure (2/2)

3 Poorly Structured Pay Arrangements

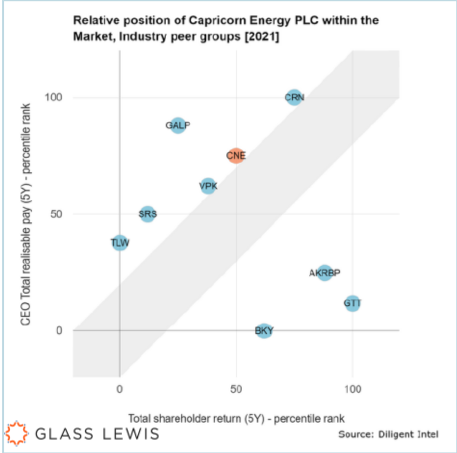
High Quantum and Pay-for-Performance Disconnect

- The CEO's pay package is high in quantum relative to peers and misaligned to performance recorded – as highlighted by the two independent global proxy advisors, ISS and Glass Lewis

Misaligned Pay **relative to Peers**



Misaligned Pay **relative to Performance**



Poor Pay Design

Despite improvements made over the past year following significant shareholder dissent, the bonus plan still operates on a myriad of broad objectives (~20) demonstrating a lack of strategic direction and clear priorities

- Over the past 10 years, bonuses have paid out (on average) more than 70% of the maximum opportunity demonstrating lack of discipline in setting rigorous targets

Lack of Transparency

In the 2021 Annual Report, the Remuneration Committee Chair committed to "improv(ing) the transparency" of disclosures. Progress on this has not taken place, evidenced by Palliser's concerns relating to cash payouts to executives on completion of the NewMed deal

Poor Pay Practice:

The Company has maintained the problematic poor pay practice, as identified by ISS, within the CEO's contract that entitles him to his salary in the event of change of control (Source) – potentially interfering with the exercise of objective judgement in deciding the future direction of Capricorn

> "One outstanding negative is the inclusion within the contracts of the current Executive Directors of a provision entitling them to a payment of his/her basic salary in the event of termination following a change of control, which is effectively a liquidated damages provision."
>
> ISS
>
> -- ***2013 ISS Report***

Source: Company disclosures, ISS, Glass Lewis

The Board Lacks Economic Exposure to its Own Decisions

Director shareholdings raise clear questions as to the alignment of the Board with Capricorn shareholders

"**Shareholders encourage non-executive directors to own shares in the company**… A growing number of companies have introduced minimum shareholding guidelines for their non-executive directors."

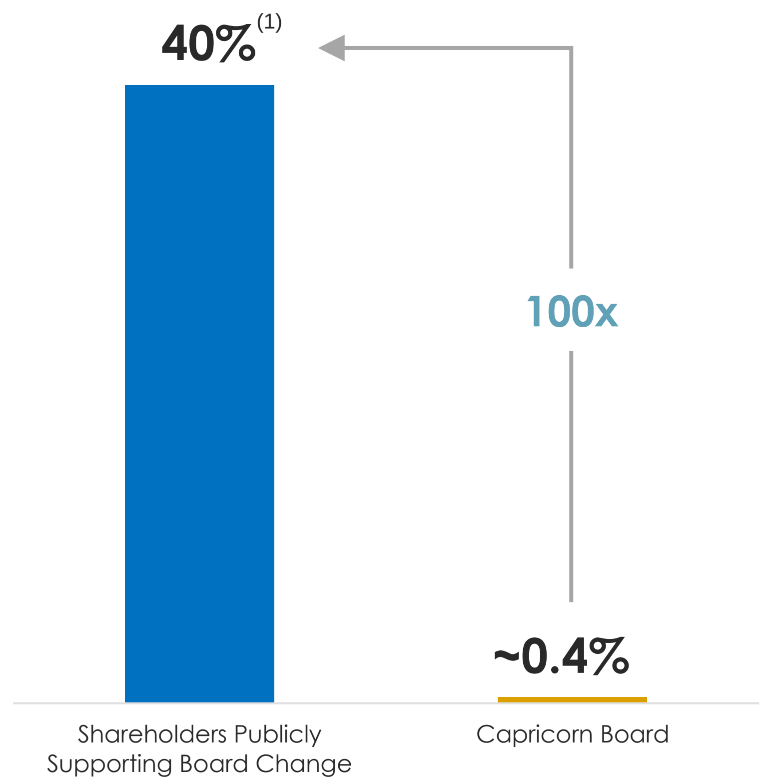
- The Investment Association, 9th November 2022

6 of 7

incumbent NEDs <u>do not own a single Capricorn share</u>

Board Member	Appointed to Board	# Shares at (YE2021)
Executive Directors		
S. Thomson (CEO)	2006	1,150,319
J. Smith (CFO)	2014	27,433
Non-Executive Directors		
N. Giadrossi (Chair)	2017	0
P. Kallos (SID)	2015	9,292
Other NEDs Combined		0

The only holders of Capricorn shares to publicly voice support for the NewMed deal are the directors themselves



Source: Company disclosures The Investment Association (Principles of Remuneration, 9th November 2022)

VII. A New Board to Restore Shareholder Confidence

The Reformed Board

Palliser

Palliser proposes the following highly qualified independent candidates to restore shareholder confidence at Capricorn

Hesham Mekawi
Egyptian, Male
Former Regional President, BP North Africa

Chris Cox
British, Male
Former-CEO, Spirit Energy

Maria Gordon
British, Female
Non-Executive Chair, Constellation Oil Services

Craig van der Laan
Australian, Male
Former CEO, Barangaroo Delivery Authority

Richard Herbert
British, Male
Former-CEO, Frontera Energy

Tom Pitts
Canadian, Male
Head of Europe, LionRock Capital

Catherine Krajicek
American, Female
Former EVP
Marathon Oil

Erik Daugbjerg
American, Male
Co-Founder
Pecos Operating Company

Capricorn Incumbent Directors

Palliser proposes that Catherine Krajicek and Erik Daugbjerg remain on the Board. These two incumbents have relevant sector expertise, are not over-committed on other mandates, have not had leadership roles on any committees and will help to provide Board continuity

Note: In line with Palliser's commitment to the value of diversity at board-level, we would encourage the Board to identify a female prospective nominee to be put to shareholder vote at the 2023 AGM in order to meet market expectations on gender diversity

First-Rate Director Candidates to Catalyse Change

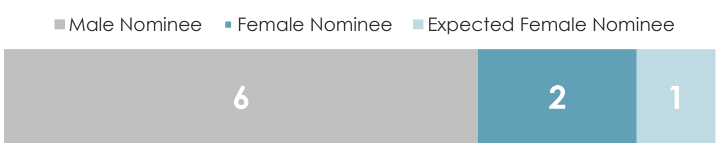
We believe this diverse set of director candidates possess the skillset, commitment and capacity to effect overdue change

Highly Experienced and Committed Director Nominees

- The proposed Board will be made up of six new, highly qualified and independent candidates, alongside two incumbent Board members for continuity.
- All eight possess the attributes, as well as having the time, focus and commitment to help safeguard the future of Capricorn and unlock its intrinsic value for the benefit of shareholders.
- In our rigorous 3-month search for first-rate candidates, we were highly mindful of the following essential experience and skills criteria required by a reconstituted Board in order to optimise value for shareholders:
  - **Egypt Experience**
  - **Upstream Oil & Gas Operations**
  - **Portfolio Management**
  - **Turnaround Experience**
- Our slate of proposed director candidates is uniquely-qualified and possesses what we consider to be the perfect mix of skills and experience to lead Capricorn.

Nominees Selected with Diversity in Mind

- To foster better decision making, Palliser's search process placed significant emphasis on broadening the experiences and background of the reconstituted Board, including ensuring diversity of gender and ethnicity.
- Palliser has encouraged the candidates to identify a further female nominee to be put to shareholder vote at the 2023 AGM to meet market expectations on gender diversity.



Promoting Diversity of Thought

Gender	✓	Ethnic Minority	✓
Nationality	✓	Expertise	✓
Age	✓	Industry	✓

Experience and Skills To Unlock Capricorn's Value

Palliser

The director candidates we have proposed are exceptionally well-qualified and possess all the relevant skills and experience to source candidates for, or themselves fill, any senior executive vacancies that may arise at Capricorn

	Oil & Gas	Operations	Executive	Portfolio Management	Capital Markets / M&A	ESG
Hesham Mekawi	○	○	○		○	
Chris Cox	○	○	○		○	
Maria Gordon	○		○	○	○	○
Craig van der Laan		○	○	○	○	○
Richard Herbert	○	○	○			○
Tom Pitts			○	○	○	○
Catherine Krajicek*	○	○	○			○
Erik Daugbjerg*	○	○	○		○	○

** Incumbent Capricorn Energy directors not being voted on at the requisitioned EGM. Their skills and experience have been determined by Palliser based on public disclosures.*

Outside Director Nominees (1/6)

Hesham Mekawi

Hesham is an accomplished senior corporate executive with over 30 years' of experience at BP, serving most recently as Regional President of BP North Africa.

Given his wealth of industry knowledge and unique region-specific experience, Hesham is an ideal candidate to ensure Capricorn maximises the potential of its Western Desert assets in Egypt. His exceptional political and business relationships in the region will further serve this goal.

RELEVANT EXPERTISE

Oil & Gas*	O	Portfolio Management	
Operations	O	ESG	
Executive**	O	Capital Markets / M&A	O

* Egypt & North Africa regional focus
** C-level experience

- As Regional President for BP North Africa (2014-2020), Hesham was responsible for a business that spans Egypt, Libya, Algeria and Morocco with a total workforce of c.10,000 employees which was producing c.950,000 barrels of oil equivalent per day.
- Hesham transformed BP's Egypt business by identifying and translating complex growth opportunities into tangible outcomes, including leading successful negotiations for the modernisation of the fiscal and commercial terms of BP's Egyptian concessions.
- He led the merger between BP Egypt and BP North Africa to create a more responsive and performance-driven organisation, resulting in significantly reduced costs, improved efficiency and outstanding growth potential for BP's North Africa business.
- Hesham held various roles with BP and Amoco earlier in his career, focusing on financial operations, strategic planning, economic analysis and business development across locations in Cairo, Houston, Chicago and London.
- He was formerly head of the Egyptian side of the Egyptian British Business Council (2013-2020) and is presently a board member of various private entities, including Orange Egypt and Egypt's Sovereign Infrastructure & Utilities Sub-Fund.
- After obtaining his bachelor's degree in Engineering from Cairo University (1983), Hesham completed an MBA at Boston University (1988) followed by an Advanced Management Program (AMP) from Harvard Business School (2001).

Outside Director Nominees (2/6)

Chris Cox

Chris has over 40 years' experience in the global oil & gas upstream sector.

Most recently, he was CEO of Spirit Energy and Managing Director of Centrica E&P where he delivered significant and sustainable improvements in complex businesses.

Chris possesses deep knowledge of a broad range of disciplines relevant to Capricorn's portfolio, including subsurface, drilling, projects, operations, M&A and JV management.

RELEVANT EXPERTISE

Oil & Gas	O	Portfolio Management	
Operations*	O	ESG	
Executive**	O	Capital Markets / M&A	O

* Reservoir engineering and drilling operations focus
** C-level experience

- Under his leadership as CEO of Spirit Energy (2016-2022), Chris transformed Centrica's E&P business through a combination with Bayerngas to create a smaller, Europe-focused and sustainable business producing c.50 million barrels of oil equivalent per year.
- Chris refreshed the Centrica E&P portfolio by exiting non-core regions, creating a more streamlined North Sea upstream business, returning significant capital to the parent organisation and delivering material cost savings across the business.
- Following Centrica's decision to minimise upstream exposure, Chris managed the successful sale of Spirit's Norwegian assets, returning significant capital to shareholders and re-focusing Spirit on optimising value from its UK asset base.
- Earlier in his career, Chris held various senior roles with BG Group (2006-2015), Amerada Hess (2004-2006) and Chevron (1982-2004) in locations across Europe, Africa, Australia, the US and Asia-Pacific region. He also served as non-executive chairman of Kellas Midstream (2015-2020).
- Chris brings a wealth of highly relevant experience to maximising the value of Capricorn's oil & gas assets, including reservoir engineering, drilling operations, strategic planning, M&A, capital projects, HSE, government interactions and JV management.
- Chris graduated with a bachelor's degree in Petroleum Engineering from Imperial College, University of London (1982).

Outside Director Nominees (3/6)

Maria Gordon

Maria has strong governance experience, having served as chair, senior director and committee member of various public companies.

She has two decades of direct investment experience in senior roles, including as Head of Emerging Markets Equity Strategy at Goldman Sachs and PIMCO.

Maria brings considerable expertise in portfolio management and equity and debt capital markets, which will enable Capricorn to better evaluate value creation initiatives.

RELEVANT EXPERTISE

Oil & Gas	O	Portfolio Management*	O
Operations		ESG**	O
Executive	O	Capital Markets / M&A	O

* Direct investment experience (emerging markets focus)
** Public board experience

- Maria currently serves as Non-Executive Chair of Constellation Oil Services, a deep-water drilling oil services company based in Brazil.
- Her non-executive career spans multiple public companies where she has led and served on numerous committees including audit, sustainability, nomination and remuneration.
- Maria previously led the emerging markets portfolio management team at PIMCO and spent 12 years at Goldman Sachs, where she became a leading portfolio manager with assets under management of c.US$10 billion.
- Maria was named Fund Manager of the Year on multiple occasions by Lipper and Morningstar (2004-2007) and was listed in Financial News' *40 under 40 in Asset Management and Rising Stars in Finance* (2011).
- Maria holds a bachelor's degree in Political Science from the University of Wisconsin (1995) and a master's degree from the Fletcher School of Law and Diplomacy at Tufts University (1998). She is a Chartered Financial Analyst (2001) and received a Corporate Director Certificate from Harvard Business School (2019).
- She is a two times Guinness record holder for the Explorers Grand Slam and the Seven Summits challenge, having climbed five 8,000m peaks (including Everest) and skied to the North and South Poles.

Craig van der Laan

Craig has nearly three decades of senior international executive experience across a wide range of industries, including multinational public companies at FTSE100 and ASX20 level with exposure to operations in over 50 countries.

He is an experienced driver of strategic initiatives, complex transactions, portfolio reconstructions and capital market activities with a strong commitment to delivering the highest standards of corporate governance at Capricorn.

RELEVANT EXPERTISE

Oil & Gas		Portfolio Management	O
Operations	O	ESG**	O
Executive*	O	Capital Markets / M&A	O

* C-level experience
** Public board experience

- Craig has had an extensive international career with a range of large public companies in operational, functional, legal/M&A, special project leadership and unique advisory roles.
- He has had deep exposure to the interaction between the public and private sectors and has a strong understanding of the roles and expectations of boards as well as their interactions with executive management.
- Most recently, Craig was CEO of the New South Wales Government's Barangaroo Delivery Authority (2014-2019) where he was responsible for a high-profile A$10 billion infrastructure and urban renewal project.
- Craig held several positions with the Brambles Group, including as President of Brambles' CHEP logistics/network business across the Asia Pacific region, Global Head of M&A, Group General Counsel and Group Company Secretary.
- He also held senior executive and advisory roles with the Westfield Group, Transurban Group, CIMIC Group, Lend Lease Corporation and the Foster's Group.
- Craig currently serves as non-executive director of SHAPE Group, one of Australia's largest refurbishment specialists, where he is also Chair of the Remuneration & HR committees and sits on the Nomination committee.
- Craig is a qualified lawyer and holds a Bachelor of Arts (B.A.) and Bachelor of Laws (LL.B.) from the University of Sydney.

Having engaged Craig as an independent consultant, Palliser has first-hand experience of the depth of Craig's expertise across multiple relevant disciplines and uncompromising diligence that makes him perfectly positioned to assess all strategic options available to Capricorn and to help steer the company on an optimal path forward

Outside Director Nominees (5/6)

Palliser

Richard Herbert

Richard is a petroleum geologist with over 40 years' experience in the oil & gas sector, including in leading executive roles across the world's major hydrocarbon provinces.

Most recently, Richard served as CEO of Frontera Energy and global head of exploration for BP, where he was responsible for major discoveries in multiple countries, including Egypt.

Richard brings a wealth of international leadership experience and extensive technical oil & gas expertise to Capricorn.

RELEVANT EXPERTISE

Oil & Gas	O	Portfolio Management	
Operations*	O	ESG	O
Executive**	O	Capital Markets / M&A	

* Subsurface technical & exploration focus
** C-level & public board experience

- In addition to his strong background in operations, reservoir management and exploration, Richard is an experienced negotiator of complex commercial agreements with governments and field partners.
- Most recently, Richard was CEO of Frontera Energy (2018-2021), where he was responsible for stabilising oil production, extending reserve life and successfully refinancing the company's debt following its emergence from bankruptcy several years prior.
- Richard served as BP's head of exploration (2013-2016), where he oversaw major oil & gas discoveries in Egypt, Angola, the North Sea, Gulf of Mexico and Brazil.
- Prior to re-joining BP, Richard was a member of Talisman Energy's executive team, where he led Talisman's acquisition, jointly with Ecopetrol, of BP's Colombia operations to form the Equion JV company for which he also served on the board (2010-2013).
- Before joining Talisman, Richard spent 6 years with TNK-BP in Russia, serving first as VP Exploration and then EVP Technology.
- His career started at Phillips Petroleum, followed by 19 years at BP in senior exploration and development positions spanning Southeast Asia, Latin America, the US, Angola and the UK North Sea.
- Richard holds a bachelor's degree in Geology from the University of Bristol and currently serves as a non-executive director at PGS ASA, where he is also a member of the Remuneration committee and previously served on the Audit committee.

Outside Director Nominees (6/6)

Tom Pitts

Tom has over 25 years' investment banking and private equity experience in public and private markets.

He is currently a partner at LionRock Capital, having previously served in senior leadership positions at firms including Credit Suisse, Morgan Stanley and D.E. Shaw.

Tom's broad experience in emerging markets, capital markets and structuring of complex financial products will be invaluable in supporting the review of strategic options available to Capricorn.

RELEVANT EXPERTISE

Oil & Gas		Portfolio Management*	○
Operations		ESG	○
Executive	○	Capital Markets / M&A**	○

* Direct investment experience (emerging markets focus)
** Relationship with leading institutional and alternative investors

- Tom has broad experience in investment banking, portfolio management and emerging markets across a range of asset classes, including equities, credit and derivatives.
- He is currently Head of Europe and an investment committee member at LionRock Capital, a private equity firm investing primarily in Europe and Asia.
- Prior to joining LionRock, Tom was a managing director at Credit Suisse, where he ran distribution and coverage groups involved in leveraged finance, credit, equity derivatives, cash equities and private placements.
- He has direct investment experience in numerous emerging and frontier markets, including Vietnam, Pakistan, Sri Lanka, Indonesia and Laos.
- Additionally, his decades of experience working with a range of institutional and alternative asset managers will allow him to guide Capricorn to better interface with shareholders.
- Tom currently serves as vice chairman of Harmony Advisors, non-executive director of SiGi Capital and non-executive director of Clarks, where he is also chair of the Remuneration committee and a member of the Audit committee. He has also served as non-executive director of FC Internazionale Milano S.p.A (2019-2021).
- Tom holds a master's degree from Queens' College, University of Cambridge (1992).

Appendix I: Capricorn's Intrinsic Value

Palliser's Perspectives on Capricorn Energy

(27th October 2022)

What is Capricorn Today?

Palliser

Capricorn's value is mostly comprised of cash and near-term contingent receivables

		% FMV
Net Cash & Corporate Adjustments	▪ Significant balance sheet net cash position (H1 2022: US$631 million) ▪ Corporate adjustments: central G&A costs, committed exploration spend, Egypt receivables due from EGPC[1] and contingent payables to Shell[2][3]	**36%**
UK Contingent Proceeds	▪ Uncapped earn-out proceeds from completed sale of UK North Sea assets (Catcher and Kraken) to Waldorf Production in Nov-2021 ▪ Capricorn receives a declining share of revenue assuming production exceeds pre-agreed minimum volume thresholds. Share of revenue is weighted towards the near term years: 50% (2022), 40% (2023), 30% (2024) and 20% (2025) ▪ Contingent on average annual Brent price remaining >US$52/bbl from 2022 to 2025	**21%**
Senegal Contingent Proceeds	▪ Earn-out proceeds from completed sale of Sangomar asset to Woodside in Dec-2020 ▪ Quantum capped at US$100 million. Value dependent on timing of first oil (Woodside guidance for start-up in 2023) and contingent on average Brent price in excess of US$55-60/bbl during first six months of production	**6%**
Egyptian Assets	▪ 50% non-operated interest in portfolio of onshore producing assets in Western Desert region of Egypt ▪ Low cost, majority gas-weighted portfolio with fixed price gas sales to EGPC and oil exported at small discount to Brent. Assets formerly operated by Shell with long production history and strong track record of reserves replacement ▪ Acquired from Shell for US$646 million (US$323 million net to Capricorn) in 2021	**36%**
Exploration Assets	▪ Portfolio of exploration licenses in the UK, Israel, Mexico, Suriname and Mauritania	**0%**

Source: Company disclosures, ERCE Fair Market Valuation Report

(1) Egyptian General Petroleum Corporation

(2) Up to US$75 million additional contingent consideration payable to Shell by Capricorn for Egypt acquisition if average annual Brent price exceeds US$55-75/bbl from 2022 to 2024

(3) Up to US$40 million additional consideration payable to Shell by Capricorn for Egypt acquisition based on amount of commercially recoverable liquid hydrocarbons discovered in first nine exploration wells drilled

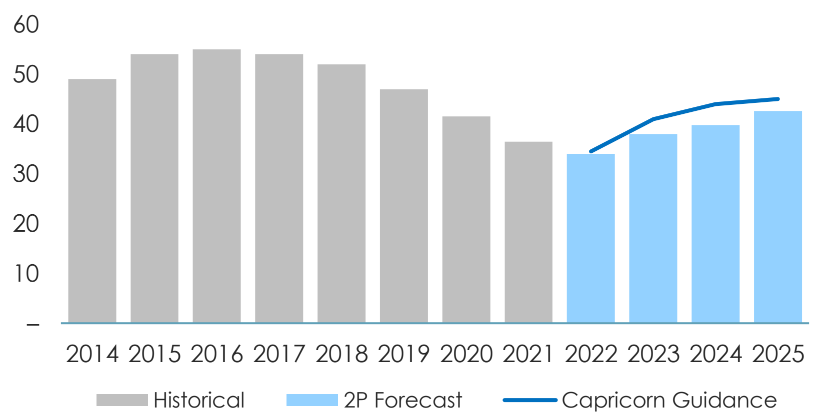
High Quality, Opportunity-Rich Egyptian Assets

Capricorn's Western Desert assets in Egypt deliver low-cost and sustainable production with significant upside potential

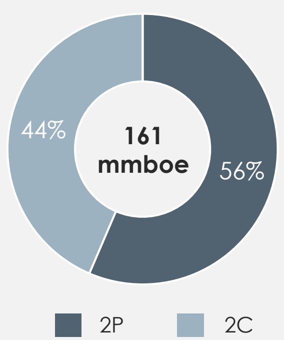
Capricorn Egypt: Portfolio Overview

- Mature portfolio of onshore producing assets in Western Desert region of Egypt (formerly operated by Shell)
- Partnered with Cheiron: experienced Egyptian upstream operator
- Attractive commercial terms: gas sold at fixed price (~US$2.9/mcf) to EGPC and liquids sold at ~US$1.5/bbl discount to Brent
- Low breakeven: opex ~US$6/boe and capex ~US$3-7/boe
- Five drilling rigs currently in operation (H2 2022) compared to two upon completion of acquisition (September 2021)
- Stable and competitive fiscal regime with potential to optimise terms via PSC modernization

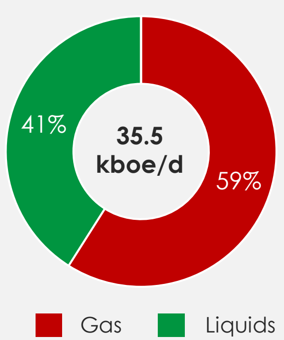
Capricorn Egypt: Net WI Production (kboe/d)



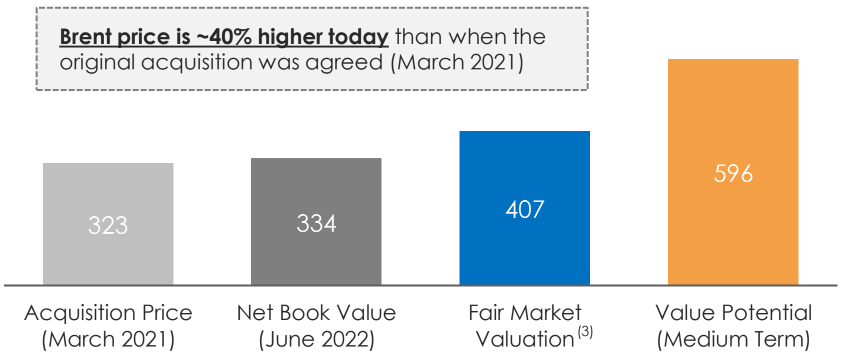
Net WI Reserves[1] (mmboe)



Hydrocarbon Split[2] (% Production)



Capricorn Egypt: Valuation Reference Points (US$ million)

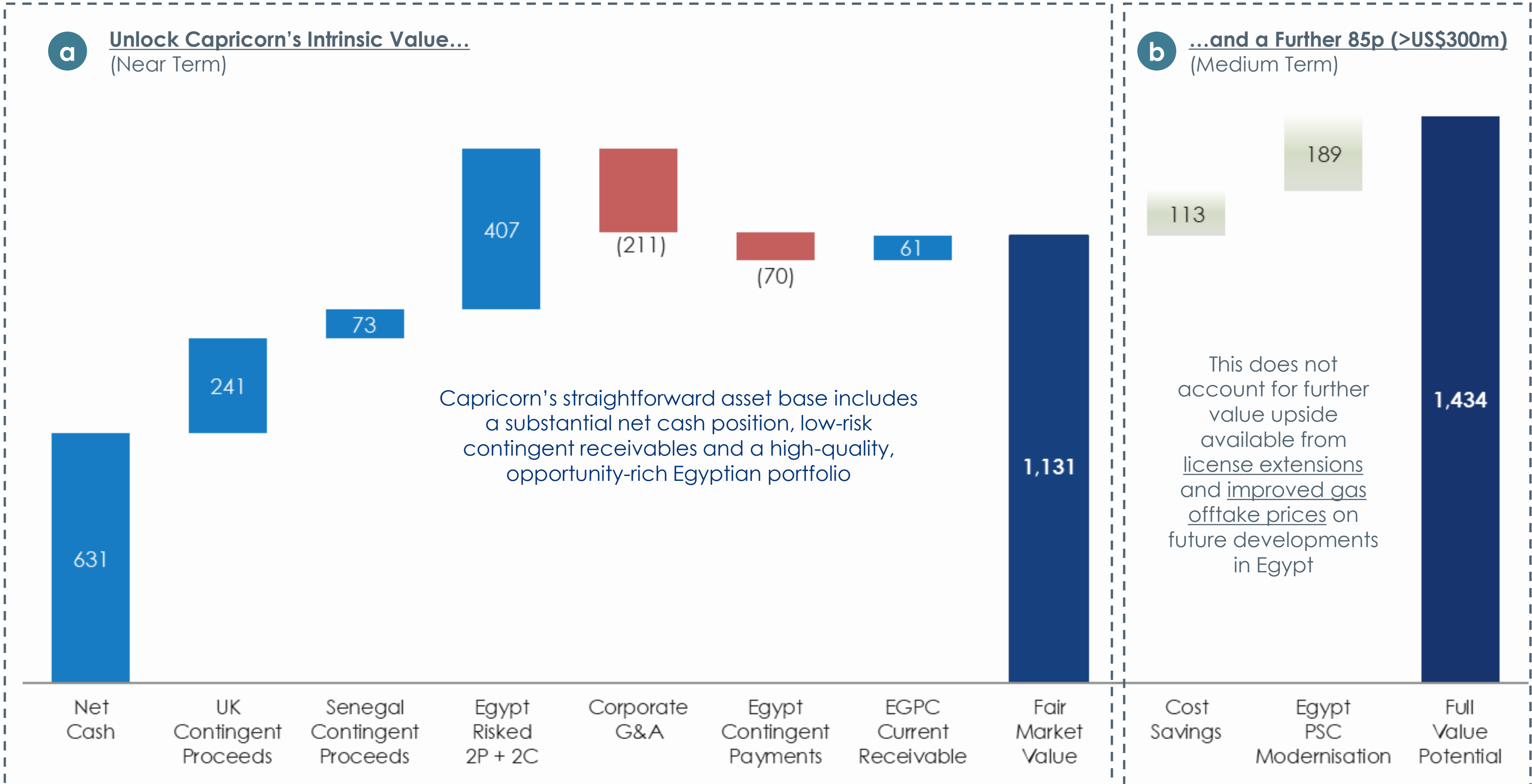


Source: Company disclosures, ERCE Fair Market Valuation Report, Gaffney Cline (Project Madero Competent Person's Report, 10 June 2021)
(1) As of 31 December 2021
(2) Based on H1 2022 reported production
(3) Reflects ERCE's total fair market value for Egypt (Risked 2P + 2C)

Capricorn's Full Value Potential

Our Value Optimisation Plan is designed to unlock Capricorn's intrinsic value of 315 pence per share in the near term and a further 85 pence per share over the medium term

Palliser's Value Optimisation Plan for Capricorn (US$ million)



Source: ERCE Fair Market Valuation Report
Note: Valuation as of 1 July 2022; 12% discount rate applied; GBP/USD FX rate: 1.14; Capricorn share count of c.315 million shares as per latest RNS disclosure; ERCE nominal oil price deck of $96/bbl, $94/bbl, $86/bbl, $80/bbl, $82/bbl, $83/bbl, $85/bbl, $87/bbl,$88/bbl, $90/bbl (2022-2031)

Appendix II: Palliser's Value Optimisation Plan

Palliser's Perspectives on Capricorn Energy

(27th October 2022)

Our Value Optimisation Plan

palliser

This is designed to unlock Capricorn's intrinsic value in the near term and over US$300 million in the medium term

Near Term

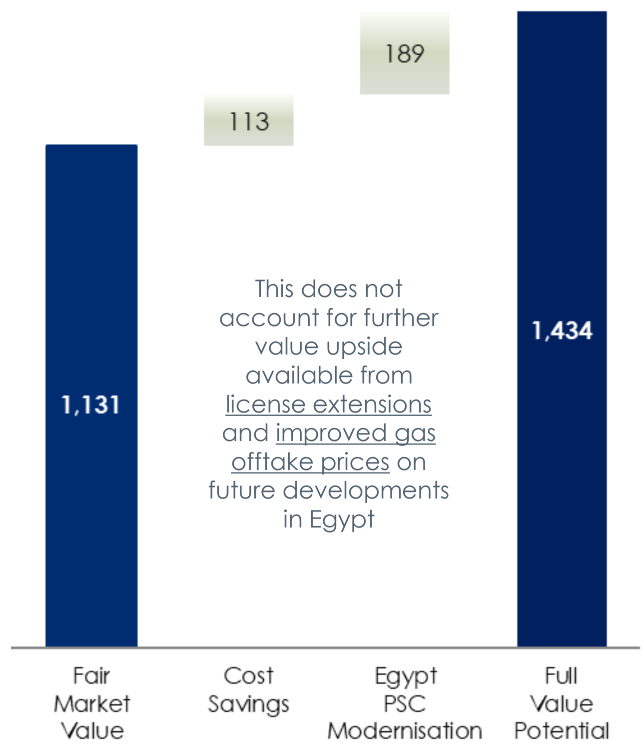
i. **Immediately distribute excess cash to shareholders**: the terms of the NewMed transaction confirm there is at least US$620 million of excess cash on the balance sheet which should be returned to shareholders immediately as a special dividend

ii. **Realise value of the contingent rights:** by either a) selling the contingent rights at fair value and returning the resulting >US$300 million cash proceeds to shareholders; or b) distributing contingent value rights (CVRs) in-specie to Capricorn shareholders

Medium Term

iii. **Instil urgent cost discipline**: by right-sizing corporate G&A to a level consistent with the size and relative simplicity of Capricorn's non-operated asset base and ceasing all non-committed exploration activity outside of Egypt

iv. **Total focus on maximising value in Egypt**: by engaging with EGPC and accelerating work required for PSC optimisation to support increased investment and deliver a win-win outcome for all stakeholders under the guidance of a suitable leadership team



Note: Figures in US$ million

Source: ERCE Fair Market Valuation Report
Note: Valuation as of 1 July 2022; 12% discount rate applied; ERCE nominal oil price deck of $96/bbl, $94/bbl, $86/bbl, $80/bbl, $82/bbl, $83/bbl, $85/bbl, $87/bbl,$88/bbl, $90/bbl (2022-2031)

Significant Untapped Value Ready to be Unlocked in Egypt

Modernized PSC terms could unlock material value through accelerated investment and expanded resource potential

What is PSC Modernization?

- The Egyptian government is pursuing a strategy to deliver increased domestic oil & gas production by incentivising greater investment via a modernization of its fiscal regime
- The new modernized production sharing contract (PSC) framework eliminates the inefficiency of operating multiple concessions by optimising the cost recovery of past and future investments as part of a consolidated and simplified agreement
- Capricorn's peers have also successfully negotiated improved oil and gas offtake prices on future developments as well as extensions to the expiry date of their licenses in exchange for a firm commitment to invest in Egypt
- The result is a win-win situation whereby project returns are enhanced for contractors and the Government incentivises more consistent investment in Egypt through the commodity price cycle
- Management signalled that a dedicated Capital Markets Day on Capricorn's Egyptian assets would take place in May but this never occurred for reasons unknown to shareholders
- <u>Peers operating in Egypt have been unequivocal in communicating the value-accretive nature of PSC modernization</u>
- <u>Capricorn's Egyptian assets are still governed by the old fiscal structure and it seems management has made no attempt to engage with the Egyptian authorities in this regard</u>

Peers in Egypt Have Successfully Executed this Initiative

"Since confirming the scale of the modernization impact on free cash flow from Egypt, the guidance provided… for the period 2022-24 is the first time ***management has laid out the implications of what it has described as 'the most attractive incremental investment opportunity in its portfolio'… this is the primary driver of a 50% increase in free cash flow capacity*** *of the portfolio."*

APA Corporation

- BofA Securities (22 February 2022)

"[Apache's PSC modernization] is a ***win-win for both parties*** *and will help to drive increases in investment and production to the benefit of Egyptians."*

- H.E. Tarek El Molla, Minister of Petroleum & Mineral Resources, Arab Republic of Egypt (May 2021)

"The most important and material event in the Company's 15-year history in Egypt"

*"**Field netbacks will improve by >100%** over price range of Brent $40-$60"*

TransGlobe Energy Corporation

- Corporate Presentation (April 2021)

Source: Company disclosures

Egypt PSC Modernization

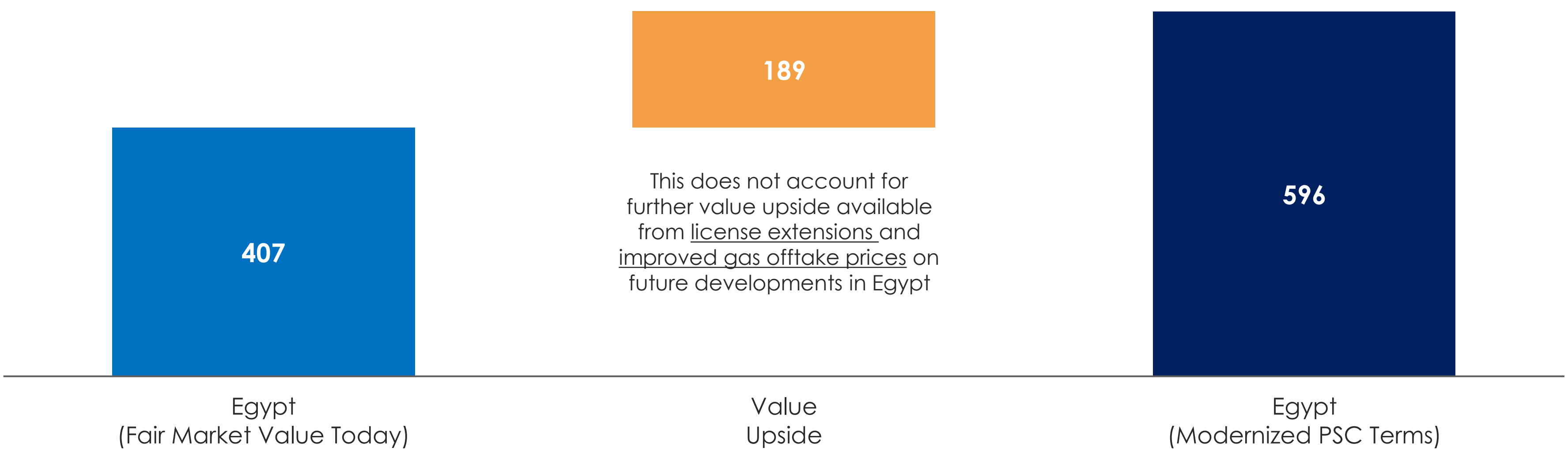
palliser

Successful negotiation of modernized fiscal terms in Egypt could generate ~50% upside to today's fair market value of Capricorn's Western Desert assets

Capricorn Egypt Value Opportunity – Scenario Analysis (US$ million)[1]

"We think potentially material upside [for Capricorn] could also be unlocked in the case of securing 'modernised' fiscal terms in Egypt. ***Such ad-hoc agreements improved APA's and Eni's onshore NPV10s by >50%."***

- BofA Securities (14 June 2022)



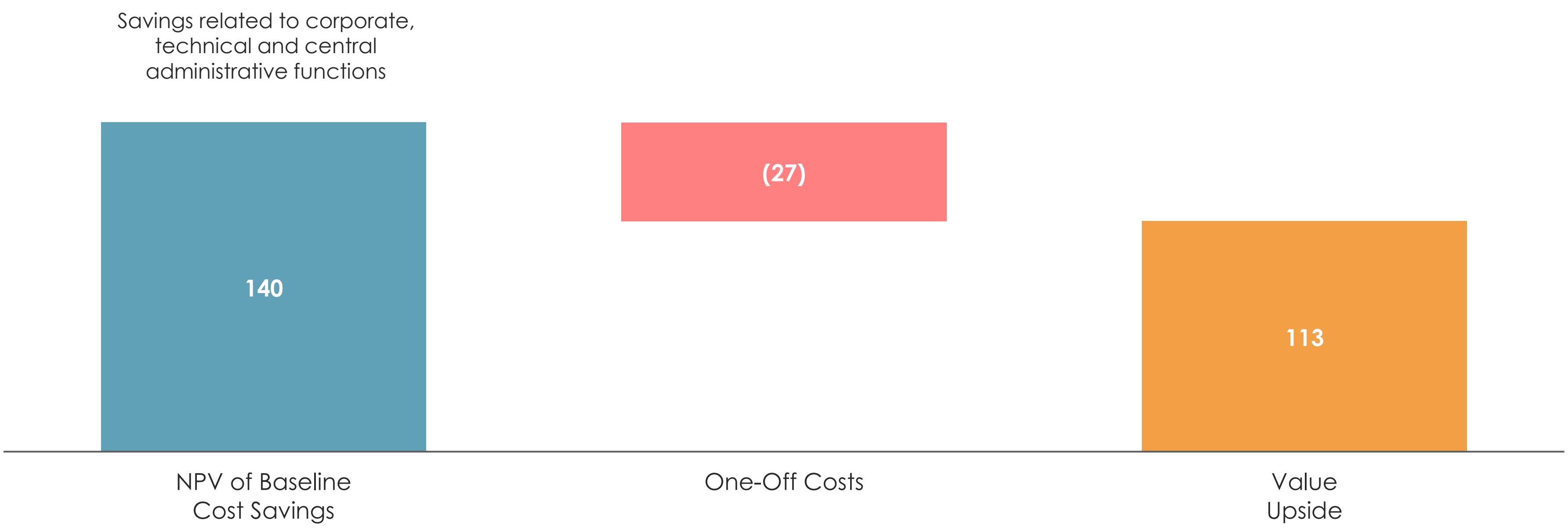
Source: ERCE Fair Market Valuation Report, Company disclosures
Note : Valuation as of 1 July 2022; 12% discount rate assumption; ERCE nominal oil price deck of $96/bbl, $94/bbl, $86/bbl, $80/bbl, $82/bbl, $83/bbl, $85/bbl, $87/bbl,$88/bbl, $90/bbl (2022-2031)
(1) Based on hypothetical PSC modernization scenario analysis; assumes same renegotiated fiscal terms as disclosed by Apache in Egypt and illustrative US$30 million net signature bonus payable to EGPC

Right-Sizing the Capricorn Organization

Capricorn's administrative function can be streamlined to a level consistent with its size and relative simplicity

- Based on our analysis, Capricorn could deliver at least US$29 million of annual run-rate pre-tax cost savings by the end of 2023
- This would bring overheads in line with sector peers from a scale perspective and reflect the relative simplicity of Capricorn's non-operated asset base in Egypt
- By pursuing this step immediately, Capricorn could unlock additional value of US$113 million for Capricorn shareholders

Near-Term Upside Available from Cost Savings (US$ million)[(1)]



Source: Company disclosures

(1) Based on US$29 million of annual run-rate pre-tax cost savings by the end of 2023; assumed U$14 million run-rate G&A required on a point forward basis and adjusted for one-off costs to realise savings

Appendix III: Frequently Asked Questions

FAQs (1/4)

Palliser

What is Palliser's view on the NewMed deal?

As we have outlined in our presentations published on 27 October 2022 and 12 January 2023, Palliser is of the view that the terms of the NewMed transaction fall well short of Capricorn's intrinsic value and would further exacerbate significant corporate governance shortcomings at Capricorn. Palliser is firmly opposed to this deal.

Is the NewMed deal necessary for significant cash distributions to Capricorn shareholders?

The Board's position, that a return of the Company's excess cash is contingent on completion of the NewMed deal, is demonstrably wrong and misleading in Palliser's view. Capricorn has excess cash from the resolution of the India tax arbitration, proceeds that ought to be distributed to shareholders in full, yet have only been partially returned at this point. The Board's decision to withhold any portion of these proceeds from shareholders is entirely unjustified. Leveraging this cash to pressure shareholders into accepting the NewMed deal is unacceptable in our view.

Isn't the NewMed deal the best deal available following a competitive process?

There is no urgency to sell, and no justification to sell at any price, or at all, if a deal at fair value is unavailable, especially as alternative paths exist to maximise value for shareholders, such as Palliser's Value Optimisation Plan. Palliser has deep concerns about the process that led to the approval of the NewMed combination.

Doesn't the combination offer an opportunity to invest in a world class gas asset?

We do not dispute that NewMed's Leviathan asset is world class. However, valuation is critical and the terms of any deal must be fair for Capricorn shareholders. In our view, the terms of the deal with NewMed meaningfully undervalue Capricorn. We also point out that Leviathan is already investable through NewMed's shares listed on the Tel Aviv Stock Exchange.

FAQs (2/4)

Why didn't Palliser wait for the vote on the NewMed deal before proposing Board changes?

Palliser is concerned that time and resources are being wasted as management continue to pursue a deal with NewMed that shareholders are unlikely to approve. Palliser's concerns also extend well beyond the NewMed deal. We believe that shareholder trust in the Board has been seriously and irreparably undermined, and that the time has arrived for decisive and comprehensive Board changes to set Capricorn in the right direction and regain the trust of shareholders. A new, independent and properly qualified Board could carefully and thoroughly review all available strategic options for the Company, including Palliser's Value Optimisation Plan.

Why does Palliser believe that the proposed Board changes should be put to a shareholder vote ahead of the vote on the NewMed combination?

Over 40% of shareholders have clearly indicated through LOIs, public statements and privately communicated comments that they intend to vote in favour of comprehensive Board changes. Based on historic turnout at Capricorn general meetings, the probability of comprehensive Board changes being approved at the upcoming Board Change vote is very high.

In this context, we view the Board's desire to rush forward the NewMed vote as a desperate manoeuvre to irreversibly bind the Company to a transaction that a significant number of shareholders reject, possibly moments before shareholders approve a new set of directors who would be expected to take office immediately and begin a thorough review of all strategic options for the Company.

We also note that Capricorn and NewMed have agreed that the NewMed deal vote should take place on or around the date of NewMed's unitholder meeting. In response to an application by NewMed, the Supreme Court of Israel has recently extended the deadline for that unitholder meeting to 2 April 2023. Based on Israeli regulations, NewMed likely needs to give its unit holders at least 35 days notice prior to its scheme meeting which would mean that it could only take place in mid/late February at the earliest.

By any measure, therefore, even though it is likely that Capricorn shareholders will reject the NewMed deal, the Board's intended sequencing of the votes on our proposed Board changes and on the NewMed deal appears to be entirely tactical - motivated by a desire to insulate a number of the existing directors from removal and pressure shareholders into voting in favour of the deal. This is just plain wrong.

FAQs (3/4)

How were the nominees selected?

Over a period of three months, Palliser spent considerable time and effort utilizing an extensive professional network to identify the proposed slate of independent director candidates with first-rate experience and expertise (which is evidently also recognized by the existing Board based on recent published statements). Capricorn's strategic needs and current situation heavily informed the search to ensure that any newly constituted Board possesses a strong and balanced mix of core skills, specialist experience and expertise aligned to the exercise of accessing and maximizing Capricorn's intrinsic value.

What will be the impact of the removal of the executive directors? Has a new CEO been identified?

Palliser believes that the removal of the current executive directors is necessary and wholly manageable. The proposed Board changes have no direct impact on other members of Capricorn's senior management team who are charged with day-to-day responsibility for the operation and oversight of the business and will ensure continuity and stability while arrangements for a new executive team are made.

A number of the candidates in the Palliser slate of nominee directors are also more than qualified to lead the Company and have signalled a willingness to serve as CEO on a full-time or interim basis as needed – so immediate term solutions are available. Ultimately, it will be up to the new Board to identify and appoint a new CEO and executive management team.

Will there be a loss of continuity with such wide-reaching changes to the Board?

Senior management with day-to-day responsibility and oversight of the business will remain unchanged. Palliser's Board proposal also includes retaining two existing experienced directors, Erik Daugbjerg and Catherine Krajicek, to provide Board-level continuity – both directors are seen to have complementary skills profiles to Palliser's nominees and are capable NEDs.

Will shareholders vote on the current Board again at the AGM?

The newly appointed directors will need to be re-elected at Capricorn's 2023 Annual General Meeting (AGM), consistent with the requirement that all directors of the Company be re-elected each year at the Company's AGM.

FAQs (4/4)

<u>Palliser's slate of directors has below target female representation. Will this be addressed?</u>

Whilst current Board composition is, regrettably, below diversity target levels in this regard, Palliser recognizes the importance of a properly balanced and diverse Board. The proposed director candidates share this view and are expected to prioritise building a comprehensively balanced Board as a key priority after their appointment in the context of settling executive leadership and other Board membership matters for the longer-term. We trust that the newly reconstituted Board will take immediate steps to ensure that all diversity targets are satisfied and exceeded to the fullest extent possible.

<u>Why does Palliser reject the Board's recent offer to add some of the candidates to the Board?</u>

In this situation, Capricorn shareholders - not the existing directors - should decide which existing directors, if any, to remove, and which of Palliser's candidates, if any, to appoint to the Board.

Appointing certain of Palliser's candidates alone does not reconstitute the Board in accordance with the wishes of a large number of shareholders - and fails to address a loss of trust and confidence in underperforming incumbent directors.

Selectively appointed nominees would barely have any time before a rushed vote on the NewMed deal to evaluate the work undertaken to date by the existing Board - far from the comprehensive and transparently conducted strategic review that is called for.

Each of the candidates takes the view that it would be inappropriate and serve little use at this stage to engage with an incumbent Board who have lost the trust of shareholders.