

Palliser



Reform Capricorn Energy A Call for Board Change

www.ReformCapricorn.com

19 December 2022

- Palliser is a global investment fund and one of Capricorn's largest shareholders, holding 6.96% of the company's issued share capital. Our investment team has closely monitored Capricorn for over a decade
- Palliser has requisitioned a general meeting ("EGM") at Capricorn to offer shareholders the opportunity to vote on resolutions to effect a proposal to immediately:
 - (a) **Remove** 7 current Capricorn directors; and
 - (b) **Appoint** 6 highly qualified and experienced independent candidates to replace them
- This proposal reflects Palliser's loss of confidence in the judgment and priorities of the current board and management team given their unwillingness to respond to shareholder concerns and sustained inability to execute a value accretive corporate strategy

In Palliser's view, and as outlined in the materials published on [9th August](#) and [27th October](#), the current board:



(1) is accountable for chronic underperformance relative to sector peers and benchmarks



(2) has overseen a sustained period of woeful capital allocation (>US\$3bn wasted on failed exploration alone)



(3) has fostered a culture of excessive staff pay and irresponsible corporate expenditure



(4) has lost credibility by recommending the misconceived merger with Tullow, triggering a severe investor backlash



(5) hastily pivoted to another one-sided deal with NewMed, leaving plenty of low-risk value on the table



(6) is withholding US\$620m in idle cash to pressure shareholders into voting for the NewMed deal

An Entrenched Board That is Out of Touch with Shareholders

- By Palliser's assessment, **at least 40% of Capricorn shareholders disapprove of the NewMed transaction**, indicating that this latest proposed deal **will not obtain the requisite approval** from Capricorn shareholders⁽¹⁾
- Regrettably, the current board appears determined to press on at the **direct expense of shareholders** and has bluntly **refused to provide any clarity as to strategic alternatives** or engage in any form of meaningful dialogue on the Value Optimisation Plan
- We believe the board has chosen to **talk down Capricorn's standalone prospects** in the hope that investors will ultimately accept a deal that we believe fails to offer shareholders fair value
- The chosen path to do nothing and wait for the NewMed deal's unlikely approval has perpetuated an **ever-declining focus on value enhancement in Egypt** and risks further value destruction from **continued wasteful spend** and **delayed capital returns**

Urgent Board Reform Needed to Set Capricorn in the Right Direction

- In our view, the **existing board lacks the necessary mix and depth of skills** in areas critical to optimising the value of Capricorn
- A rigorous search process has enabled us to identify **6 outstanding candidates** who collectively possess the expertise urgently needed at Capricorn (see slides 5-10 for the candidates' biographies)
- Letters of intent supporting our EGM proposal reveal that the company's **four largest shareholders**, who collectively hold over **28% of Capricorn**, have **lost trust** in the current directors and agree that **substantial board change** is urgently required
- We are confident that, if appointed, the director candidates will carefully and transparently assess all go-forward strategic options available to Capricorn, including all aspects of the Value Optimisation Plan

For further information on Palliser's Value Optimisation Plan (which outlines a path to unlock up to 400p of value) and to keep up to date with our ongoing engagement with Capricorn, please refer to www.ReformCapricorn.com

(1) The combination of Capricorn and NewMed is conditional on, amongst other things, the approval by Capricorn shareholders through **more than 50% of votes cast** at a general meeting of Capricorn being in favour

Palliser strongly believes that this proposal 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 highly qualified independent nominees be **appointed** as a 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 EGM 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



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 from its Western Desert assets in Egypt. His exceptional political and business relationships in the region will further serve this goal.

RELEVANT EXPERTISE

Oil & Gas*	<input type="radio"/>	Portfolio Management	
Operations	<input type="radio"/>	ESG	
Executive**	<input type="radio"/>	Capital Markets / M&A	<input type="radio"/>

* 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 and 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, focused 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).



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	<input type="radio"/>	Portfolio Management	
Operations*	<input type="radio"/>	ESG	
Executive**	<input type="radio"/>	Capital Markets / M&A	<input type="radio"/>

* 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).



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

* 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	○
Operations	○	ESG**	○
Executive*	○	Capital Markets / M&A	○

* 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 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 also serves as Chair of the Remuneration & HR committee and is a member of 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 make him perfectly positioned to assess all strategic options available to Capricorn and to help steer the company on an optimal path forward



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	<input type="radio"/>	Portfolio Management	
Operations*	<input type="radio"/>	ESG	<input checked="" type="radio"/>
Executive**	<input type="radio"/>	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 with 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.



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*	<input checked="" type="radio"/>
Operations	ESG	<input checked="" type="radio"/>
Executive	<input type="radio"/> Capital Markets / M&A**	<input checked="" type="radio"/>

* 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).

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