

Denne melding til obligasjonseierne er kun utarbeidet på engelsk. For informasjon vennligst kontakt Nordic Trustee ASA

To the bondholders in:

**12.00 per cent. Xcite Energy Resources Limited Senior Secured Callable Bond Issue 2014/2016**

Oslo, 26 June 2017

## **Notice of a Written Bondholders' Resolution**

### **1. NOTICE OF A WRITTEN BONDHOLDERS' RESOLUTION**

Nordic Trustee ASA (the "**Bond Trustee**") acts as trustee for the holders of the bonds from time to time (the "**Bondholders**") in the abovementioned bond issue (the "**Bond Issue**" or the "**Bonds**") in respect of which Xcite Energy Resources plc (the "**Issuer**") is the issuer and Xcite Energy Limited (the "**Parent**") is the guarantor.

All capitalised terms used in this summons (the "**Summons**") shall have the meaning assigned to them in the bond agreement dated 27 June 2014 (as amended and/or restated from time to time) and made between the Issuer, the Parent and the Bond Trustee (the "**Bond Agreement**") unless otherwise stated herein.

The Bond Trustee has issued this request for a Written Resolution under Clause 16.5 (*Written Resolution*) of the Bond Agreement pursuant to a request from the Issuer under Clause 16.2.1(a) of the Bond Agreement.

**PLEASE NOTE THAT THE PROPOSAL IN THIS SUMMONS CONTAINS A REQUIREMENT FOR BONDHOLDERS TO RETURN THE NEWCO SHARE ISSUANCE FORM ON OR BEFORE 13:00 (OSLO TIME) ON 29 JUNE 2017 (TO THE EXTENT POSSIBLE) IN ACCORDANCE WITH THE INSTRUCTIONS ON SUCH FORM. THE NEWCO SHARE ISSUANCE FORM WILL BE UPLOADED TO STAMDATA SEPARATELY AND WILL ALSO BE AVAILABLE ON REQUEST TO AKIN GUMP LLP. PLEASE REFER TO SECTION 3.2 BELOW FOR FURTHER DETAILS.**

### **2. BACKGROUND**

#### **2.1 Maturity of Bonds**

On 28 October 2016, Bondholders passed the resolutions contained in the notice of a Written Resolution of Bondholders dated 27 October 2016 in respect of the appointment to the Parent of liquidators (the "**October Written Resolution**").

Pursuant to Clause 10.1.1 of the Bond Agreement, the Bonds matured on 31 October 2016 and became immediately due and payable on that date. Pursuant to the authority granted by the October Written Resolution, on 1 November 2016, the Bond Trustee served a demand on the Parent seeking repayment of the Outstanding Bonds under the guarantee provided by the Parent in connection with the Issuer's obligations under the Bond Agreement (the "**Parent Guarantee**") (the "**Demand**"). On the same date, in response to the Demand, the Parent notified the Bond Trustee in writing that it was unable to

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repay the Outstanding Bonds (plus accrued interest on the Outstanding Bonds). On instructions from an ‘ad hoc’ committee of Bondholders representing approximately 97% of the Voting Bonds (the “**Committee Bondholders**”), the Bond Trustee also wrote to the Issuer confirming that the Committee Bondholders had no current intention to instruct the Bond Trustee to seek repayment of the Outstanding Bonds (plus accrued interest on the Outstanding Bonds) from the Issuer.

As a result of the Bonds maturing on 31 October 2016, the Bonds were delisted from the Oslo Bors and are now represented as claims in respect of the Bonds (the “**Bond Claims**”).

## **2.2 Appointment of Liquidators**

Immediately following the above steps, the Bond Trustee applied to the court in the British Virgin Islands (the “**BVI Court**”) for the appointment of Ian Morton of FTI Consulting (BVI) Limited and Chad Griffin of FTI Consulting LLP as liquidators of the Parent (the “**Application**”).

Notices advertising the Application were published in newspapers in the BVI, Norway and the United Kingdom on 10 and 11 November 2016, and the Application was also advertised in the BVI Gazette on 17 November 2016. On 5 December 2016, the BVI Court ordered the appointment of Ian Morton of FTI Consulting (BVI) Limited and Chad Griffin of FTI Consulting LLP as liquidators of the Parent (the “**Liquidators**”).

## **2.3 Incorporation of Newco**

A special purpose vehicle (“**Newco**”) has been incorporated in the Cayman Islands under the instruction of certain of the largest Bondholders (the “**Original Newco Shareholders**”) in connection with the Restructuring (as defined below) as outlined in this Summons. Newco was incorporated with share capital comprising four ordinary shares (the “**Original Subscriber Shares**”), which, as at the date of this Summons, are being held by the incorporation agent on behalf of the Original Newco Shareholders.

## **2.4 M&A Process**

During the period between the filing of the Application at the BVI Court by the Bond Trustee and the appointment of the Liquidators to the Parent on 5 December 2016, the Parent undertook a marketing process of its assets, including its shares in the Issuer (the “**Assets**”), to potential third party purchasers (the “**M&A Process**”). As part of the M&A Process, the Parent contacted 26 parties and requested that they provide their indicative offers by 2 December 2016. The Liquidators continued the M&A Process following their appointment.

The Committee Bondholders offered in the M&A Process to acquire the entire issued share capital of the Issuer (the “**Issuer Shares**”) from the Parent (in liquidation) via Newco, subject to all of the Outstanding Bonds, in consideration for the payment of US\$1 (the “**Offer**”). The Offer is conditional upon, amongst other things, the approval of the resolutions set out in this Summons. The terms of the Offer are set out in further detail below.

A number of offers were received by the Joint Liquidators. None of these offers delivered an acceptable return to Bondholders nor would have resulted in the Bonds being repaid in full, and therefore the Bondholders were not prepared to release their security to enable a sale to be completed. In any event, there was no likelihood of any return of value to shareholders. Therefore, following the completion of the M&A Process, the Liquidators agreed to sell the Issuer Shares to Newco (the “**Sale**”) as this was the only offer capable of being concluded. The Sale is subject to, amongst other things, the approval of the resolutions set out in this Summons.



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## 2.5 The Restructuring

Following the sale to Newco of the Issuer Shares, subject to all of the Outstanding Bonds, for consideration of US\$1, all of the Bond Claims will be transferred to Newco, and Newco will become the sole Bondholder. In consideration for the transfer of their Bonds to Newco, Bondholders will be entitled to receive ordinary shares in Newco pro rata to the principal amount of Bonds they hold as at 26 June 2017 (the “**Record Date**”). The Bond Agreement will be subsequently amended and restated. The restructuring of the financial indebtedness of the Issuer and the Parent will be referred to in this Summons as the “**Restructuring**”.

This Summons contains the resolutions required to implement the Sale and the Restructuring. Each Committee Bondholder has confirmed that it will exercise all votes it has in respect of the Bonds in favour of the Proposed Resolution (as defined below).

## 3. SUMMARY OF THE RESTRUCTURING

### 3.1 Restructuring Conditions

The implementation of the Sale and the Restructuring will be subject to the following conditions (together, the “**Conditions**”):

- (i) the Issuer not having entered into any insolvency procedure (or analogous proceeding in any other jurisdiction), whether voluntary or involuntary;
- (ii) a comfort letter being obtained from, or through the agency of, the Oil & Gas Authority (the “**OGA**”) with respect to any change of control issues occurring under the Bentley Licence arising from any Bondholder owning over 33.33% of the Issuer Shares as a consequence of the Restructuring, in a form satisfactory to the Bond Trustee and to any such Bondholder (the “**Change of Control Comfort Letter**”); and
- (iii) the receipt of a copy of the deed of variation to the Bentley Licence extending the second term of the Bentley Licence to a date no earlier than 30 June 2021 or such other document pursuant to which such extension is effected, in form and substance satisfactory to the Bond Trustee.

### 3.2 Overview of the Restructuring Steps

The Sale and the Restructuring will be implemented through a series of steps, certain of which are as described below. The exact order and timing of the steps may be subject to change.

#### *Entry into SPA and transfer of Issuer Shares to Newco and Security Release*

Newco, the Parent (in liquidation) and the Liquidators will enter into a sale and purchase agreement pursuant to which Newco will buy the Issuer Shares from the Parent (in liquidation), subject to all of the Outstanding Bonds, for consideration of US\$1 (the “**SPA**”). As is usual in the case of sales of assets owned by companies in insolvency proceedings, the SPA will contain no representations and warranties as to title or other matters. Completion of the sale of the Issuer Shares under the SPA will be conditional upon the receipt of a resolution of the board of directors of Newco authorising the execution and delivery of, and the performance by Newco of, its obligations under the SPA (the “**SPA Condition**”).

The Parent has granted security over the Issuer Shares in favour of the Bond Trustee pursuant to a charge over shares dated 27 June 2014 entered into by the Parent and the Bond Trustee (the “**Share Charge**”).

Following the satisfaction of the SPA Condition, completion of the Sale under the SPA will become unconditional. The Parent (in liquidation) will transfer the Issuer Shares to Newco, subject to all of the Outstanding Bonds, in consideration for US\$1. Contemporaneously with such transfer, the Parent (in liquidation), the Liquidators and the Bond Trustee will enter into a deed of release of security in order to release the Share Charge (the “**Deed of Release**”). The Issuer will also update its share register to record Newco as the sole registered owner of the Issuer Shares.

#### *Amendment and Restatement of the Bond Agreement*

Immediately following the steps outlined above, the Bond Trustee, the Issuer, the Parent (in liquidation) and the Liquidators will enter into an amendment and restatement agreement (the “**Amendment and Restatement Agreement No. 3**”) pursuant to which the Bond Agreement will be amended and restated to:

- (i) reflect the creation of a manual register of Bondholders, maintained by the Issuer (the “**Manual Register**”); and
- (ii) remove provisions relating to the listing of the Bonds on a recognised stock exchange,

(together, the “**Bond Agreement Amendments**”).

Upon entry into the Amendment and Restatement Agreement No. 3, and subject only to the delivery by the Issuer to the Bond Trustee of board resolutions of the Issuer authorising entry into the Amendment and Restatement Agreement No. 3, the form of amended and restated Bond Agreement containing the Bond Agreement Amendments will become immediately effective.

#### *Transfer of the Bond Claims to Newco in Consideration for the Issue of Shares in Newco to the Bondholders*

Immediately following the above step, all Bond Claims will be transferred to Newco (the “**Bond Claims Transfer**”). Following the Bond Claims Transfer, Newco will become the sole Bondholder, and the Issuer will enter Newco into the Manual Register as the sole Bondholder. Once Newco has been entered into the Manual Register as the sole Bondholder, the Bond Trustee will instruct DNB Bank ASA, the paying agent, to delete and/or cancel the Bond Claims in the Securities Depository (the “**Bond Claims Instruction**”) with the effect that the register of Bondholders in the Securities Depository is replaced with the Manual Register.

In consideration for the Bond Claims Transfer, Newco will agree to issue up to 1,000,000 new ordinary shares to the Bondholders (the “**Restructuring Newco Shares**” and together with the Original Subscriber Shares, the “**Newco Shares**”). Each Bondholder shall be entitled to receive approximately one Restructuring Newco Share for every US\$145.74 principal amount of Bonds it holds as at the Record Date (the “**Share Issuance**”). The Restructuring Newco Shares will be ordinary shares which will rank *pari passu* with the Original Subscriber Shares (which will have been significantly diluted through the issuance of the Restructuring Newco Shares to the Bondholders). The Original Subscriber Shares will be transferred to the Original Newco Shareholders by the incorporation agent for nil consideration immediately following this step.

In order to receive its pro rata entitlement of Restructuring Newco Shares if the Proposed Resolution is approved, each Bondholder should complete the share issuance form to be made available to Bondholders (the “**Newco Share Issuance Form**”). The Newco Share Issuance Form will be uploaded to [www.stamdata.com](http://www.stamdata.com) separately, and will also be available on request to Akin Gump LLP using the contact details in section 7 below. Each Bondholder is to return its completed Newco Share Issuance Form to Newco in accordance with the instructions on such form. In particular, Bondholders are advised that in order to receive their pro rata entitlement of Restructuring Newco Shares, they must



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provide (i) proof of the principal amount of Bonds they hold as at the Record Date in a form reasonably acceptable to the directors of Newco; and (ii) all details required by Annexure 1 to the Newco Share Issuance Form. The Restructuring Newco Shares will be issued in certificated form.

Please note that:

- (i) any Bondholder who properly completes and returns to Newco its Newco Share Issuance Form on or before 13:00 (Oslo time) on 29 June 2017 (the “**Identified Existing Bondholders**”) will be issued with its allocation of Restructuring Newco Shares upon completion of the Restructuring; and
- (ii) any Bondholder who fails to properly complete and return to Newco its Newco Share Issuance Form on or before 13:00 (Oslo time) on 29 June 2017 (each such Bondholder, an “**Unidentified Shareholder**”) will not be issued with its allocation of Restructuring Newco Shares upon completion of the Restructuring. Those unallocated Restructuring Newco Shares will be held on trust (such trust being the “**Shares Trust**”) by Estera Trust (Cayman) Limited (“**Estera**”) for the Unidentified Shareholders pursuant to a trust agreement to be entered into between Estera and Newco.

Unidentified Shareholders who properly complete and return to Newco the form of Newco Share Issuance Form which is appended to the articles of association of Newco (the “**Newco Articles**”) at any time following the completion of the Restructuring up to (and including) 30 June 2023 will be issued by Estera with their allocation of Restructuring Newco Shares from the Shares Trust promptly following receipt by Newco of such Newco Share Issuance Form.

Pursuant to Clause 18.4.2 of the Bond Agreement, the Bond Trustee has access to the Securities Depository for the purposes of reviewing the ownership of the Bonds registered in the Securities Depository in order that it may carry out its functions and obligations under the Bond Agreement. The Bond Trustee shall be given authority by Bondholders for the above powers to apply in respect of the Share Issuance (the “**Securities Depository Authorisation**”).

Please note that the receipt by each Bondholder of its entitlement to the Restructuring Newco Shares is outside the control of the Bond Trustee and regular Securities Depository mechanics, and it is each Bondholder’s responsibility to ensure that it obtains all legal and beneficial rights to the Restructuring Newco Shares.

Bondholders should note that there is no guarantee that the Newco Shares will be listed or admitted to trading on any investment exchange.

A copy of the Newco Articles in substantially final form, the constitutional documents of Newco, and a summary of the corporate governance arrangements of Newco are available to Bondholders on request to Akin Gump LLP (the Bond Trustee’s counsel) using the contact details in section 7 below.

### **3.3 Working Capital Facility**

The Committee Bondholders have agreed to make available to the Issuer (as borrower), on the terms set out below, a working capital facility in an aggregate amount of USD 10 million (the “**WCF**” and the lenders thereunder (which may include any affiliates or related funds nominated by them to participate in the WCF), the “**WCF Lenders**”) following and conditional upon completion of the Sale and the Restructuring. Bondholders who are not existing WCF Lenders are entitled to participate in the WCF, and copies of the executed WCF Agreement and the draft Debenture are available to Bondholders on request to Akin Gump LLP using the contact details in section 7 below.

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The agreement in respect of the WCF (the “**WCF Agreement**”) was entered into between the Issuer and the WCF Lenders on 21 June 2017. The WCF will provide the Issuer with further liquidity for budgeted and approved general and administrative costs following completion of the Sale and the Restructuring, thereby allowing the Issuer to pursue its strategy to attract a partner to fund the development of, and operate, the Bentley field. It is intended that Newco will accede to the WCF as a guarantor following the completion of the Restructuring. The commitments under the WCF are allocated to each WCF Lender in the proportion which its holding of Outstanding Bonds bears to the aggregate holdings of Outstanding Bonds of all of the WCF Lenders.

Drawings under the WCF will be evidenced by notes in registered form (with the Issuer as the issuer) (such notes being the “**WCF Notes**”).

The maturity date under the WCF is 30 June 2019. On the Maturity Date, the Issuer must redeem at par, together with accrued interest, all the WCF Notes not held by the Issuer.

The WCF will have an interest rate of 12% per annum. Interest accrued under the WCF will either:

- (i) be paid in cash; or
- (ii) at the sole discretion of the Issuer, exercisable by notice to the WCF Lenders, be paid in kind by way of a transfer of further WCF Notes by the Issuer to the WCF Lenders (such additional WCF Notes being issued at the outset but held by the Issuer until such transfer).

Newco and the Issuer will enter into a debenture pursuant to which they will grant full fixed and floating charges over their assets (the “**Debenture**”). Please note that:

- (i) the Bond Claims will remain secured over the Issuer’s assets and guaranteed by the Parent, but that Newco will grant security over the Bond Claims in favour of the security agent under the Debenture; and
- (ii) the security that has been granted by the Issuer and the Parent in respect of the Bonds will be subordinated to the security granted pursuant to the Debenture.

Any Bondholder who wishes to participate in the WCF on or before the end of the Voting Deadline should contact the existing WCF Lenders (c/o Akin Gump LLP) using the contact details in section 7 below. Such participation in the WCF will be via transfers of commitments under the WCF by the existing WCF Lenders to the participating Bondholder, to enable such Bondholder to participate in the WCF pro rata to the principal amount of Bonds it holds as at the Record Date.

#### **4. PROPOSED RESOLUTION**

In light of the above, the Bond Trustee requests that the Bondholders adopt the following resolution (the “**Proposed Resolution**”):

“Subject to the Conditions, the Bondholders:

- (i) approve and ratify the incorporation of Newco;
- (ii) approve the entry by the Bond Trustee into the Deed of Release;
- (iii) approve the Bond Agreement Amendments, and authorise the Bond Trustee to enter into the Amendment and Restatement Agreement No. 3 and any other documents, and to take such steps, as are required in order for the amendment and restatement of the Bond Agreement to



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reflect the Bond Agreement Amendments to become effective at the appropriate step in the Restructuring;

- (iv) approve the Bond Claims Transfer in consideration for the issuance to each of them of their pro rata share of the Restructuring Newco Shares, authorise the Securities Depository Authorisation, and authorise the Bond Trustee to issue the Bond Claims Instruction to the Securities Depository and to issue any other direction or instruction, enter into any document, and to take any such steps as are required in order for the Bond Claims Transfer and the Manual Register to become effective at the appropriate steps in the Restructuring; and
- (v) authorise the Bond Trustee (acting in consultation with its advisers), to do all things and to take such steps on behalf of the Bondholders as may be necessary or desirable in connection with the implementation of the steps and actions in paragraphs (i) to (iv) (inclusive) above, the Sale and the Restructuring including, without limitation:
  - (a) authorising and approving the final terms of, and entering into, any and all documentation and agreements deemed necessary or desirable by the Bond Trustee in connection with the implementation of the steps and actions in paragraphs (i) to (iv) (inclusive) above or otherwise in connection with the implementation of the Sale and the Restructuring;
  - (b) taking all such steps as may be necessary or desirable to effect the implementation of the steps and actions in paragraphs (i) to (iv) (inclusive) above or otherwise in connection with the implementation of the Sale and the Restructuring; and
  - (c) taking any and all steps and actions expressly or impliedly required to be taken or that it would be desirable to take in order to effect the implementation of the steps and actions in paragraphs (i) to (iv) (inclusive) above or otherwise in connection with the implementation of the Sale and the Restructuring, including, without limitation, negotiating, documenting and entering into legal agreements, granting amendments and waivers, and giving instructions, consents, approvals and directions,

such authorisations and instructions to take effect as a Written Resolution.”

## **5. NON-RELIANCE**

The Proposed Resolution is put forward to the Bondholders without further evaluation or recommendations from the Bond Trustee and nothing herein shall constitute a recommendation to the Bondholders by the Bond Trustee. The Bondholders must independently evaluate the Proposed Resolution and vote accordingly.

None of the Bond Trustee or its advisers accepts any responsibility to Bondholders in relation to the impact of the Proposed Resolution on Bondholders’ tax or accounting affairs. Each Bondholder should consult their own independent legal adviser in relation to any tax and/or accounting implications of the Proposed Resolution.

## **6. PRE-ACCEPTANCE**

The Bond Trustee has received confirmation from Bondholders holding in excess of 97% of the Outstanding Bonds that they will vote in favour of the Proposed Resolution.

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## 7. FURTHER INFORMATION

For further questions to the Bond Trustee, please contact:

Morten Sannes Bredesen  
Nordic Trustee ASA  
Email: [mail@nordictrustee.com](mailto:mail@nordictrustee.com)  
Tel: +47 22 87 94 00

Any Bondholder who wishes to participate in the WCF or who wishes to obtain a copy of the WCF Agreement and/or the draft Debenture, please contact:

Akin Gump LLP  
Email: [xcite@akingump.com](mailto:xcite@akingump.com)

Any Bondholder who wishes to obtain a copy of the Newco Articles in substantially final form, the constitutional documents of Newco and/or a summary of the corporate governance arrangements of Newco, please contact:

Akin Gump LLP  
Email: [xcite@akingump.com](mailto:xcite@akingump.com)

## 8. WRITTEN BONDHOLDERS' RESOLUTION

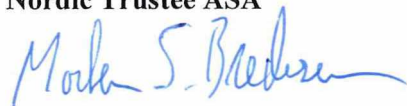
Bondholders are hereby provided with a voting request for a Written Resolution pursuant to Clause 16.5 of the Bond Agreement. For the avoidance of doubt, no Bondholders' Meeting will be held.

For a vote to be valid, the Bond Trustee must have received it by post, courier or email to the address indicated in the enclosed form at Schedule 1 (the "**Voting Form**") no later than 29 June 2017 at 13.00 hours (Oslo time) (the "**Voting Deadline**").

Notwithstanding the Voting Deadline, and subject to the provisions of Clause 16.5 of the Bond Agreement, the Proposed Resolution will become effective automatically upon receipt of affirmative votes by or on behalf of the Bondholders who at the date of this notice represent such majority of votes as would be required if the Proposed Resolution was voted on at a Bondholders' Meeting at which all Bondholders entitled to attend and vote thereat were present and voting.

Votes which are submitted are final and cannot be withdrawn. In the event that Bonds are transferred to a new owner after votes have been submitted in respect of such Bonds, the new Bondholders shall accordingly not be entitled to submit a vote.

Yours sincerely  
Nordic Trustee ASA



Morten S. Bredesen

### Enclosed:

Schedule 1: Voting Form



## SCHEDULE 1

### Voting Form

#### 12.00 per cent. Xcite Energy Resources Limited Senior Secured Callable Bond Issue 2014/2016

The undersigned holder or authorised person/entity, votes in the following manner:

1. The Proposed Resolution as defined in the Notice for a Written Bondholders' Resolution dated 26 June 2017

☐ **In favour** of the Proposed Resolution

☐ **Against** the Proposed Resolution

ISIN N/A	Amount of bonds owned
Custodian name	Account number at Custodian
Company	Day time telephone number
	Email

Enclosed to this form is the complete printout from our custodian/VPS,<sup>1</sup> verifying our bondholding in the bond issue as of \_\_\_\_\_

We acknowledge that Nordic Trustee ASA in relation to the written Bondholders' resolution for verification purposes may obtain information regarding our holding of bonds on the above stated account in the securities register VPS.

.....  
Place, date

.....  
Authorised signature

#### Return:

Nordic Trustee ASA  
P.O.Box 1470 Vika  
N-0116 Oslo

Telefax: +47 22 87 94 10  
Tel: +47 22 87 94 00  
mailto: mail@nordictrustee.no

<sup>1</sup> If the bonds are held in custody other than in the VPS, evidence provided from the custodian confirming that (i) you are the owner of the bonds, (ii) in which account number the bonds are hold, and (iii) the amount of bonds owned.