Longboat Energy – Full Year Results 31 December 2020

March 2021

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Results Highlights

12 months period to 31 December 2020

Financial Summary

- Strong cash position at £7.0 million as at 31 December 2020, plus receivable of £0.7m from Norwegian tax rebate (78% of our E&P spend)
- Low fixed running costs of ~£125k per month
- Significant capacity to pursue opportunities now activity has picked up

Business Summary

- Currently participating in a number of processes where we have unique knowledge and can take advantage of the continuing market dislocation
- Production remains a focus - also pursuing attractive Norwegian opportunities in the exploration, appraisal and development areas
- Norwegian temporary tax changes have lowered breakeven oil prices and increased project IRRs

Outlook

- Core strategy remains unchanged
- Majors and large E&P players have announced plans for substantial divestments.
- Continuing market dislocation presents exciting opportunities for value accretive deals - Longboat well positioned to pursue as backlog of transactions unwind

M&A Activity

Flurry of activity after long lull

2020		2021
March-July	August - Jan	February

March-July

- Divestment programmes put 'on-hold' across the industry as companies focused on operations and cost reductions
- Longboat remained active, leveraging relationships, testing creative and new growth ideas

August - Jan

- Activity picking up – companies looking to catch up on 2020 M&A plans and increased shift of European majors away from fossil fuels

"Global upstream M&A deal count tumbled to a 20-year low in 2020 as a result of the COVID-19 pandemic and cratering commodities prices … Asset deal count plunged to a 25-year low" : Brian Ferguson, Principal Research Analyst, IHS Herold

February

- Nearly $3 bn of transactions announced since start of 2021 – predominately UK production
- Buyers are overwhelmingly PE-backed
- Dominating factors are scale, leverage and cash flow: chasing yield
- Processes mainly run via banks – even smaller packages/assets

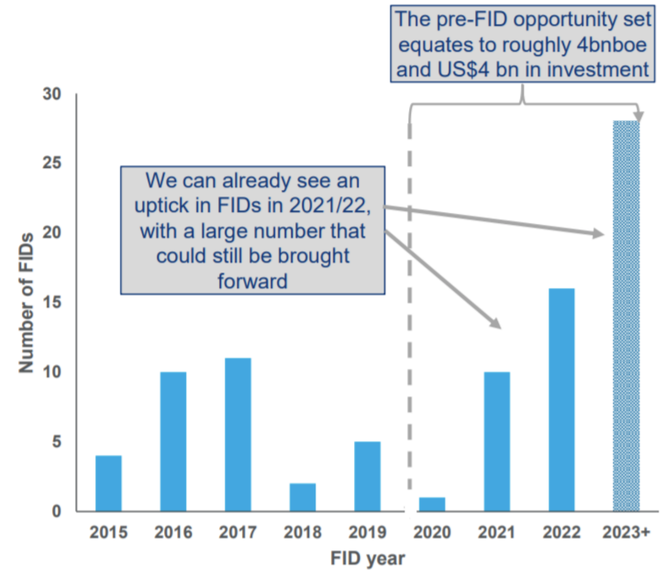
2021 has seen oil prices stabilise - the transaction market is looking more positive

Norwegian Fiscal Stimulus

New tax arrangements widens the opportunity set

Temporary Norwegian tax break

- Value of tax losses for 2020-2021 paid out via the normal tax instalment process (similar to exploration refund but paid out faster)
- Longboat benefit from tax break: receivable of £0.7m for 2020 resulting from a tax rebate for 78% of our Norwegian E&P spend (£0.2m paid out in February)
- Immediate tax allowance of Capex and uplift in the calculation of petroleum tax
- Uplift increased from 20.8% over four years to 24% in year one
- Applicable to all field developments (PUDs) submitted before end 2022



Source: Woodmac (*Norway Tax Change: an in-depth view*)

Impact

- Tax changes lower the breakeven oil prices and increase IRRs for non-sanctioned development projects
- Many companies have already announced new plans to submit PUDs for new projects and/or accelerate project upgrades/infill drilling plans

Consequences for Longboat

- Project acceleration is putting pressure on capex budgets, likely to force less-well capitalised companies to exit developments
- Tax structure allows for greater debt financing of capital investment by new entrants such as Longboat
- Longboat now able to consider adding modest exposure to developments as part of larger production deals

Market Outlook

Backlog of deals under way

- **M&A market returning**
  - Significant backlog of transactions now coming to the market
  - Nearly $3 bn of transactions announced since start of 2021 – predominately UK production
  - In Norway: Continued high level of exploration drilling, - many successes; multiple development projects under way stimulated by temporary tax break; more M&A deal opportunities on E&A assets
- **Underlying rationale for divestments by Majors and large independents - strong drivers for M&A market:**
  - Vocal transition away from hydrocarbons by European Majors (e.g. BP, Shell, Equinor) - reduction of global E&P budgets - reallocation of capex into renewables
  - Maintain dividends and debt reduction targets
  - Rationalise portfolios to reduce G&A costs and staffing levels
- **Longboat well positioned to pursue opportunities as backlog of transactions unwind**
  - Experienced team with excellent relationships across the industry
  - Unique knowledge of North Sea assets - can take advantage of the continuing market dislocation
  - Ability to absorb personnel as part of a transaction, if required

Continued consolidation and industry dislocation - reduced number of North Sea E&P's

Longboat growth model

Strategy remains unchanged - building on Faroe core strengths

Disciplined approach to production acquisitions

- Exploit value accretive market opportunities
- Swap 2C contingent for 2P reserves where appropriate

Grow 2C & 2P Reserves

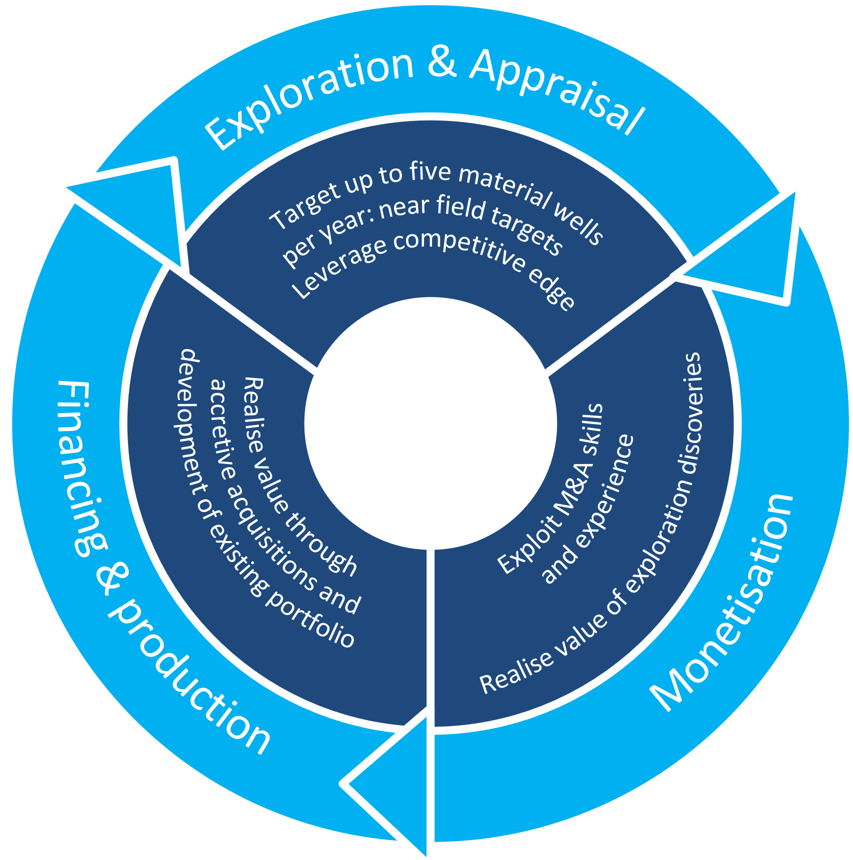
- Progress discoveries to FDP sanction
- Participate in robust development projects

Market opportunity to create value through the drill bit

- Focus on near field exploration where success can be appraised & monetised
- Participate in Licence Rounds – excellent track record of awards previously at Faroe Petroleum

Prudent financial management

- Ensure balance sheet strength at all times
- Key financing tools
  - RBL and EFF facilities with committed resource lenders
  - Equity from long-term, institutional investors who previously made money from Faroe when it was sold



Progress & Outlook

Encouraged by good progress with the processes currently underway

Progress

- In 2020, bilateral processes for multi-asset deals, - very good match, but processes delayed and deferred - several of these likely to recommence in 2021
- Currently participating in a number of processes where we have unique knowledge and can take advantage of the continuing market dislocation
- Production remains a focus - also pursuing attractive Norwegian opportunities in the exploration, appraisal and development areas

Outlook

- Core strategy remains unchanged
- Market dislocation presents an exciting opportunity as the backlog of transactions begins to unwind
- Longboat well positioned to pursue the transactional opportunities in the current M&A, guided by a management team with a strong track record of delivering value through M&A

Pursuing value accretive acquisitions opportunities with significant upside

Appendices

Longboat Introduction

Longboat Energy - Building a significant North Sea-focused E&P business to deliver value to shareholders

Strategy

- Create a full-cycle North Sea E&P company, replicate Faroe Petroleum success
- Deliver growth and shareholder value through value accretive M&A
- Focus on lower-risk, near-field exploration with access to infrastructure

Proven Management Team

- Leverage operational and subsurface expertise to identify and extract incremental value
- Strength and quality of relationships establishes Longboat as a trusted partner
- Management incentivisation structure aligned with IPO investors

Strong Financial Position

- Cash and receivables of ~£7.7 million at 31 December 2020
- Low fixed-cost cash-burn rate allows team to be patient for the right deal
- Covid-19 impact on business practices reduced costs associated with M&A

Indicative Target Assets

Approach to Acquisitions – unchanged – discipline is key

- Use team's industry knowledge and relationships to take a focused approach to identify specific target acquisitions
- Pursue bilateral situations where possible
- Initial acquisitions to create a sustainable and scalable platform
- Possibility of funding initial acquisitions through a combination of debt and equity

Target Assets

- North Sea: Norway and UK
- Aligned partnerships with ability to influence and optimise operations – increasingly important to vendors
- Targeting immediate production, providing immediate cash flow to fund organic growth – competitive segment
- In Norway, also targeting exploration and development assets to take advantage of fiscal stimulus
- Robust economics, sustainable in this low oil price environment - flexible deal structures key
- Hub focus: acquire assets near infrastructure with significant remaining subsurface upside potential
- Identified exploration opportunities both in-field and near-field
- Sensible approach to abandonment - limit exposure where possible with opportunities to extend asset lives
- Target deal size in the high $10s of millions to low/mid $100s of millions – funded through equity and debt

Longboat & sustainability

Committed to delivering energy, responsibly

We support the goals of the Paris Agreement and the ***net zero emissions by 2050*** *targets set by the UK Government and the European Commission.*

We recognise the ***combined challenge*** *of meeting increasing energy needs and the need to reduce global carbon emissions.*

We aim to take an ***active role in reducing our carbon footprint*** *and support the energy transition and to promote best practice in environmental stewardship.*

Accordingly, Longboat is committed to:

- supporting the energy transition through playing an active role to promote best practice in environmental stewardship;
- pursuing a strategy of delivering low Scope 1 and Scope 2 emissions per barrel and minimise carbon intensity of operations;
- prioritising renewable energy sources in the powering of operated and non-operated platforms where possible;
- using an internal carbon price for investment decisions; and
- being net zero by 2050 with an earlier target date to be set dependent on the profile of the assets acquired

Following the acquisition of oil and gas assets, Longboat shall issue an annual sustainability statement with transparent disclosures of key ESG data.