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**PROPOSAL FOR A COMPANY VOLUNTARY ARRANGEMENT  
UNDER THE PROVISIONS OF THE INSOLVENCY ACT 1986**

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in the matter of

**IONA ENERGY COMPANY (UK) LIMITED (IN ADMINISTRATION)**

and

in the matter of the

**INSOLVENCY ACT 1986**

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## 1. INTRODUCTION

- 1.1 Chad Griffin and Lisa Jane Rickelton, both of FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD (the “**Administrators**”), were appointed as joint administrators of Iona Energy Company (UK) Limited (formerly known as Iona Energy Company (UK) Plc), having its registered office at Insolvency Support Services Limited, H5 Newark Business Park, Newark South Road, Glenrothes, KY7 4NS with registered number SC335305 (the “**Company**”), by a notice of appointment by the directors of the Company dated 6 January 2016 and filed at the Court on 6 January 2016 (the “**Administration Appointment**”). The Administrators were appointed by the directors of the Company via the out of court route pursuant to paragraph 22 of Schedule B1 of the Act. Since 6 January 2016, the Company has been administered under the control and supervision of the Administrators.
- 1.2 This document is divided into the following sections:
- 1.2.1 Part I – Executive Summary: overview of the CVA and the Nominees’ recommendations;
- 1.2.2 Part II – Background: including Company information, details of the events leading up to the Administration Appointment and this CVA Proposal, and creditor actions required; and
- 1.2.3 Part III – Terms of the Company Voluntary Arrangement: details of the Nominees’ proposals for the CVA which will enable the Company’s liabilities to the Fund Creditors and the Group Companies to be compromised in order to implement a sale of the Shares.
- 1.3 The Administrators’ statement of proposals for the Company pursuant to paragraph 49 of Schedule B1 of the Act was sent to all creditors of the Company on 9 February 2016. On 23 February 2016, the Administrators’ statement of proposals was deemed to have been approved pursuant to Rule 2.25(3) of the Rules.
- 1.4 One of the proposals in the Administrators’ statement of proposals was to implement a CVA in order to facilitate a sale of Orlando and Kells.
- 1.5 It is therefore necessary, pursuant to section 3 of the Act, to call a meeting of the creditors of the Company at which creditors will be asked to approve the details of the CVA.
- 1.6 A creditors’ guide to the CVA procedure under Part 1 of the Act is provided at clause 4.

## 2. DEFINITIONS

- 2.1 In this CVA Proposal the following expressions shall, except where the context otherwise requires, have the following respective meanings:
- “**Act**” means the Insolvency Act 1986 as at the date of this CVA Proposal;
- “**Administration Appointment**” has the meaning given to it in clause 1.1;
- “**Administrators**” has the meaning given to it in clause 1.1;
- “**Approved Claim**” means a claim submitted by a Fund Creditor by way of a Notice of Claim to the Supervisors on or before the Claim Date and approved by the Supervisors in accordance with clause 21, entitling the Fund Creditor to receive a dividend from the Fund;
- “**Approved Creditor**” means a Fund Creditor who has an Approved Claim;

“**Assignment and Pledge**” means the Scots law assignment and pledge granted by the Parent in favour of the Junior Creditor dated 30 September 2013 and registered at the Government of Alberta Personal Property Registry.

“**Atlantic**” means P/F Atlantic Petroleum, a company existing under the laws of the Faroe Islands and having its registered office at PO Box 1228, Yviri Vio Strond 4 3rd Floor, Torshavn, Faroe Islands Fo-110, Denmark with registration number FC023752;

“**Bond Agreement**” means the Norwegian law governed bond agreement dated 26 September 2013 between, amongst others, the Company, the Parent and the Bond Trustee as amended by Agreement No.1 dated 3 June 2014 and Amendment Agreement No.2 dated 17 April 2015 and as amended and restated from time to time;

“**Bond Debt**” means the aggregate amount owed by the Company to the Bondholders under the Bond Agreement;

“**Bondholder Committee**” has the meaning given to it in clause 7.9;

“**Bondholders**” means the holders of the Bonds;

“**Bond Repayment Amount**” means an amount equal to USD \$1,504,970;

“**Bond Security**” means the fixed charges and the Senior Floating Charges securing the Bonds which have been granted by the Company in favour of the Bond Trustee and listed (along with the Junior Security) at Schedule 5;

“**Bonds**” means the debt instruments constituted by the Bond Agreement which have been issued by the Company;

“**Bond Trustee**” means Nordic Trustee ASA (formerly known as Norsk Tillitsmann ASA), a limited company existing under the laws of Norway and having its registered office at Haakon VII gate 1, N-0161, Oslo, Norway with registration number 963 342 624;

“**Challenge Period**” means the 28-day period, starting on the day on which the chairman of the Creditors’ Meeting and Member’s Meeting lodges their report of the Creditors’ Meeting and Member’s Meeting in accordance with Rule 1.17 of the Rules, during which a creditor of the Company can challenge the CVA under sections 6(3)(a) or 6(3)(b) of the Act and Rule 1.15B(3) of the Rules or a member of the Company can challenge the CVA under section 4A(3) of the Act;

“**Challenge**” has the meaning given to it in the definition of Effective Date;

“**Chevron**” means Chevron North Sea Limited, a company incorporated under the Companies Act and having its registered office at 9 Cavendish Square, London, W1G 9DF with registered number 01546623;

“**Claim Date**” means 5pm (UK time) on 25 July 2016, being the last date on which Fund Creditors must submit a Notice of Claim to the Supervisors in order to be entitled to a dividend from the Fund;

“**Companies Act**” means the Companies Act 2006;

“**Company**” has the meaning given to it in clause 1.1;

“**Completion**” means the completion of the sale and purchase of the Shares in accordance with the provisions of the Purchase Agreement;

“**Consideration**” means the amount payable by the Purchaser to the Bond Trustee for the sale of the Shares being an amount equal to USD \$1.00;

“**Contribution**” means an amount equal to USD \$2 million to be provided by the Lenders to the Company by way of a loan to establish the Fund;

“**Court**” means the Court of Session in Edinburgh;

“**Creditors’ Meeting**” means the meeting of the creditors to be held at 11am on 17 June 2016 at Palm Court Hotel, 81 Seafield Road, Aberdeen, AB15 7YX to consider the CVA and vote on the resolutions set out at clause 38;

“**CVA**” means the company voluntary arrangement to be approved by the creditors of the Company pursuant to this CVA Proposal either with or without modification;

“**CVA Creditor**” means all creditors of the Company who will be bound by the terms of the CVA in accordance with section 5 of the Act, whether the amount owed to each such creditor by the Company is present or future, certain or contingent, and ascertained or sounding only in damages (save that creditors shall not be CVA Creditors in respect of any future liabilities arising after Completion under Non-Terminating Contracts and, for the avoidance of doubt, the inclusion or non-inclusion of a person in Schedule 6 shall have no relevance in identifying whether or not a particular person is a CVA Creditor, as defined above);

“**CVA Proposal**” means this document;

“**DECC**” has the meaning given to it in clause 20.1;

“**Deferred Bond Repayment Amount**” means an amount equal to \$3,500,000;

“**Deferred Bond Repayment Conditions**” has the meaning given to that term in the Purchase Agreement;

“**Devco**” means Iona UK Developments Co Limited, a company incorporated under the Companies Act and having its registered office at 20 Queens Road, Aberdeen, AB15 4ZT with registered number SC467651;

“**dollar**” means the lawful currency of the United States of America;

“**EC Regulation**” has the meaning given to it in clause 36.1;

“**Effective Date**” means the earlier of (i) if the CVA is approved at the Creditors’ Meeting and the Member’s Meeting, 18 July 2016, being the date the CVA becomes unconditional following the expiry of the Challenge Period during which no application by any creditor or member of the Company under sections 4A(3), 6(3)(a) or 6(3)(b) of the Act and/or Rule 1.15B(3) of the Rules (as applicable) was served on the Company (such application being a “**Challenge**”) or (ii) if a Challenge is made, the date on which the Challenge is rejected;

“**Farne & Lundy**” means the Company’s interest in the Farne & Lundy oil field under licence number P.2107;

“**Fleetwind**” means the Company’s interest in the Fleetwind oil field under licence number P.1801;

“**Form of Proxy**” means a proxy in writing substantially in the form contained in Schedule 13;

“**FTI**” means FTI Consulting LLP, a limited liability partnership having its registered office at 200 Aldersgate, Aldersgate Street, London, EC1A 4HD with registered number OC372614;

“**Fund**” means a fund of an amount equal to USD \$2 million, to be converted into pounds on the date of receipt by the Supervisors using the FX exchange rate as set on the date of receipt and held on trust by the Supervisors in a bank account of their choosing for the benefit of the Approved Creditors and to be paid to each Approved Creditor as a dividend pro rata to its Approved Claim, subject to clause 24;

“**Fund Creditor**” means the Unsecured CVA Creditors except the Senior Creditor, the Junior Creditor, Huntington and the Parent;

“**Funding Loan Agreement**” means the commitment letter given by the Lenders in favour of the Purchaser on or prior to the date hereof;

“**Group Companies**” means the Parent and its subsidiaries, including the Company;

“**Huntington**” means Iona UK Huntington Limited (in administration), a company incorporated under the Companies Act and having its registered office at c/o FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD with registered number 07385624;

“**Huntington Licence**” means Huntington’s interest in the Huntington oil field under licence number P.1114;

“**Junior Creditor**” means Britannic Trading Limited a company incorporated under the Companies Act and having its registered office at Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP with registered number 00871912;

“**Junior Debt**” means the amounts owed to the Junior Creditor in respect of (i) the transactions that were entered into pursuant to the 2002 ISDA Master Agreement dated 20 February 2013 between the Junior Creditor and the Company, as amended and restated by a deed of amendment and restatement dated 20 September 2013; (ii) and the deferred fee in relation to the hedges, pursuant to invoice number 90825445 issued by the Junior Creditor;

“**Junior Floating Charges**” means (i) the Scottish law governed bond and floating charge granted by the Company to the Junior Creditor dated 30 September 2013 and registered at Companies House on 2 October 2013; and (ii) the floating charge contained within the English law governed debenture granted by the Company to the Junior Creditor dated 30 September 2013 and registered at Companies House on 3 October 2013;

“**Junior Security**” means the fixed charges and Junior Floating Charges granted by the Company in favour of the Junior Creditor and listed (along with the Bond Security) at Schedule 5;

“**Kells**” means the Company’s interest in the Kells oil field under licence number P.1607;

“**Lenders**” means Orlando Holdings, L.P. and OCM Orlando Holdings Ltd, or such other entity which they procure to provide the financing under the terms of the Funding Loan Agreement;

“**M&A Process**” has the meaning given to it in clause 3.5;

“**Management**” means the management of the Company and Huntington;

“**Member’s Meeting**” means a meeting of the sole member of the Company to be held at 12pm on 17 June 2016 at Palm Court Hotel, 81 Seafield Road, Aberdeen, AB15 7YX to consider the CVA and vote on the resolutions outlined in the Notice of Meeting at Schedule 11;

“**Nominees**” means Chad Griffin and Lisa Jane Rickelton, both of FTI, who propose to be appointed as Supervisors by the CVA Creditors;

“**Non-Terminating Contracts**” means (i) all contracts entered into by the Administrators on behalf of the Company, on or after their appointment as Administrators to the Company on 6 January 2016 and (ii) all contracts listed at Schedule 14;

“**Notice of Claim**” means a notice in writing of a claim signed by a person being or claiming to be a CVA Creditor in the form set out in Schedule 12;

“**OGA**” means the UK Oil and Gas Authority or any successor organisation or authority;

“**Operative Date**” means 6 January 2016, being the date of the Administration Appointment;

“**Orlando**” means the Company’s interest in the Orlando oil field under licence number P.1606;

“**Orlando Farm Out**” has the meaning given to it in clause 7.12;

“**Parent**” means Iona Energy Inc., an entity registered in Canada and having its registered office at 333-7<sup>th</sup> Avenue SW Suite 1600, Calgary, Alberta, Canada, T2P 2Z1;

“**Pounds**” means the lawful currency of the United Kingdom of Great Britain and Northern Ireland;

“**Preferential Claims**” means any claims to which preferential status is afforded by section 386 of and Schedule 6 to the Act;

“**Preferential Creditors**” means those creditors of the Company holding Preferential Claims;

“**Prescribed Part**” means a proportion of the net property of the Company achieved from floating charge asset realisations which must be made available for the unsecured creditors of the Company in accordance with section 176A of the Act;

“**Purchase Agreement**” means the agreement between, amongst others, the Bond Trustee, the Administrators, the Supervisors and the Purchaser for the sale of the Shares to be executed on or around the date of this CVA Proposal (as amended and restated on [ ] February 2017 in accordance with clause 29.1 of this CVA Proposal);

“**Purchaser**” means Decipher Energy Limited (formerly Decipher Energy Assets Limited), a company incorporated under the Companies Act and having its principal place of business at 14 Heddon Street, Mayfair, London, England, W1B4DA, with registered number 10394113 or a wholly owned subsidiary of Decipher Energy Limited;

“**Remaining Bond Debt**” means Bonds in a principal amount equal to the Deferred Bond Repayment Amount;

“**Restructuring Proposal**” has the meaning given to it in clause 7.10;

“**Ronan & Oran**” means the Company’s interest in the Ronan & Oran oil field under licence number P.1971;

“**Rules**” means the Insolvency (Scotland) Rules 1986 as in force at the date of this CVA Proposal;

“**Secretary of State**” has the meaning given to it in clause 7.21.1;

“**Section 29 Notice**” has the meaning given to it in clause 20.1;

“**Senior Creditor**” means Nordic Trustee ASA acting in its capacity as Bond Trustee under the Bond Agreement voting for and on behalf of the Bondholders in accordance with the authority granted to it in the bondholder summons dated 14 December 2015;



“**Senior Floating Charges**” means (i) the Scottish law governed bond and floating charge granted by the Company to the Senior Creditor dated 30 September 2013 and registered at Companies House on 12 October 2013; and (ii) the floating charge contained within the English law governed debenture granted by the Company to the Senior Creditor dated 30 September 2013 and registered at Companies House on 12 October 2013;

“**Shares**” means the 50,001 issued ordinary shares of GBP £1.00 each in the capital of the Company;

“**Shares Pledge**” means the Scots law pledge over the Shares granted by the Parent in favour of the Bond Trustee dated 30 September 2013 and registered at the Government of Alberta Personal Property Registry on 30 September 2013;

“**SIP16**” means Statement of Insolvency Practice 16: Pre-Packaged Sales in Administrations;

“**Supervisors**” means the supervisors of the CVA to be appointed by the CVA Creditors pursuant to the CVA or such other persons who may act as their successors from time to time;

“**Terminating Contracts**” means all contracts entered into by the Company prior to the Effective Date, with the exception of the Non-Terminating Contracts;

“**Transferred Assets**” means the assets listed in clauses 8.2 and 8.3;

“**Trent & Tyne**” means the Company’s interest in the Trent & Tyne oil field under licence numbers P.609, P.685 and P.2114;

“**Unsecured CVA Creditors**” means all of the CVA Creditors except for (i) the Preferential Creditors; (ii) the Senior Creditor in respect of the value of its security under the Bond Security only; and (iii) the Junior Creditor in respect of the value of its security under the Junior Security, and for the avoidance of doubt, the Senior Creditor will be an Unsecured CVA Creditor in respect of the shortfall in the value of its security under the Bond Security and the Junior Creditor will be an Unsecured CVA Creditor in respect of the shortfall in the value of its security under the Junior Security;

“**VAT**” or “**Value Added Tax**” means value added tax as charged under the Value Added Tax Act 1994;

“**West Wick**” means the Company’s interest in the West Wick oil field under licence number P.185;

“**West Wick Actions**” has the meaning given to it in clause 8.3; and

“**West Wick Assignment**” has the meaning given to it in clause 8.3.

## **PART I – EXECUTIVE SUMMARY**

### **3. OVERVIEW OF EVENTS LEADING TO ADMINISTRATION AND THE COMPANY VOLUNTARY ARRANGEMENT**

- 3.1 The Company is the holder of a number of licences to extract oil and gas from the UK sector of the North Sea.
- 3.2 Huntington was a wholly owned subsidiary of the Company. However, as part of the preparatory steps for the CVA, the Company's 100% shareholding in Huntington was transferred to Devco. Huntington has a working interest in the Huntington Licence.
- 3.3 Operational difficulties with the Huntington Licence, a delay in the projected first oil date for Orlando and the significant drop in oil and gas prices led to the Company experiencing financial difficulties in late 2014 and during 2015.
- 3.4 The Company, with support of the Bondholders, sought to implement a financial restructuring of the Group Companies, which was ultimately unsuccessful.
- 3.5 The Company then entered into an Accelerated Merger & Acquisition process (the “**M&A Process**”) for the shares in and/or all of the assets of each of the Company and Huntington.
- 3.6 As sufficient progress could not be made in relation to the M&A Process in respect of Orlando and Kells and, against the backdrop of the Company's financial position, the decision was taken by Management to place the Company and Huntington into administration.
- 3.7 The protection which an administration gave the Company was a prime factor in the decision to proceed with placing it into administration. Under an administration, there is statutory protection from legal proceedings being commenced or continued against the Company, no steps can be taken to enforce security and no order can be made for the winding up of the Company.
- 3.8 The Administrators have determined that it is in the best interests of the unsecured creditors of the Company that the sale of the Shares is implemented in conjunction with a CVA because the CVA will result in a dividend for each of the Approved Creditors and there would be no value for unsecured creditors otherwise. The CVA will also enable the Orlando and Kells developments to continue, which may result in further opportunities for certain creditors. The sale of the Shares could not be completed without a CVA. The Purchaser is willing to contribute funding for the CVA, which will be used to establish the Fund from which a dividend will be paid to each of the Approved Creditors if the CVA is approved and Completion occurs. The costs of the CVA (including the Nominees' and Supervisors' fees) will be met by the Bond Trustee from the proceeds payable to the Bond Trustee from Huntington during its administration.
- 3.9 The dividend paid to each of the Approved Creditors through the CVA is estimated to be between 4 – 6 pence in the pound. However, there would be no dividend available for the Company's unsecured creditors in an administration or as a result of the dissolution of the Company.

### **4. OVERVIEW OF COMPANY VOLUNTARY ARRANGEMENT PROCEDURE**

- 4.1 A CVA is a formal insolvency procedure under Part 1 of the Act, which enables a company to agree with its creditors a scheme which determines how creditors' claims against the company should be paid and in what proportions.

- 4.2 To implement a CVA, approval is required from a majority in excess of 75% in value of creditors present and voting, either in person or by proxy, on the CVA proposals at the meeting of the creditors.
- 4.3 Under Rule 1.16A(3) of the Rules, there is to be left out of account a creditor's vote in respect of any claim or part of a claim:
- 4.3.1 where written notice of claim was not given, either at the meeting or before it, to the chairman or the nominees;
  - 4.3.2 where the claim or part is secured (for the avoidance of doubt the Bond Trustee, Junior Creditor and Huntington will be voting at the Creditors' Meeting in respect of the unsecured element of their claims against the Company);
  - 4.3.3 where the claim is in respect of a debt wholly or partly on, or secured by, a current bill of exchange or promissory note, unless the creditor is willing:
    - (a) to treat the liability to the creditor on the bill or note of every person who is liable on it antecedently to the company, and who has not been made bankrupt or had their estate sequestrated (or in the case of a company, which has not gone into liquidation), as a security in the creditor's hands; and
    - (b) to estimate the value of the security and (for the purpose of entitlement to vote, but not of any distribution under the arrangement) to deduct it from the creditor's claim.
- To the best of the Nominees knowledge, the Company has no debt secured by a current bill of exchange or promissory note.
- 4.4 Under Rule 1.16A(4) of the Rules, a resolution approving the CVA will be invalid if those creditors voting against it include more than half in value of the creditors of the company, for these purposes counting only those creditors:
- 4.4.1 to whom notice of the meeting was sent;
  - 4.4.2 whose votes were not left out of account due to no notice of claim having been received by the nominees; and
  - 4.4.3 who are not, to the best of the chairman's belief, persons connected with the company pursuant to sections 249 and 435 of the Act.
- 4.5 Any creditor entitled to vote at the meeting of the company's creditors may apply to court pursuant to sections 6(3)(a) and 6(3)(b) of the Act if they believe the CVA unfairly prejudices the interests of creditors or there has been a material irregularity at or in relation to the meeting of creditors.
- 4.6 Any such application referred to in clause 4.5 must be made by the creditor within a period of 28 days beginning on the day on which the chairman of the creditors' meeting reports the result of the creditors' meeting to the court or, if the creditor was not given notice of the creditors' meeting, such application must be made within a period of 28 days beginning on the day on which the creditor became aware that the creditors' meeting had taken place.
- 4.7 The company's shareholders can approve the CVA proposals by a majority in excess of 50% in value present in person or by proxy at the meeting of members, but if the shareholders do not approve the CVA proposals while the creditors do, the CVA will still be implemented.

- 4.8 If a CVA is approved, all creditors of the company, including those creditors that were entitled to vote at the creditors' meeting or who would have been entitled to vote had they received notice of the meeting, will be bound by the terms of the CVA.
- 4.9 This CVA Proposal outlines the proposals for a CVA of the Company, giving the details required under the Act and the Rules and setting out the basis on which it is intended the CVA should be conducted.

## 5. KEY DATES AND EXPECTED TIMETABLE

- 5.1 An indicative timetable for the implementation of the CVA is provided below:

| Event  | Date                          |
|--|-------------------------------|
| Launch of the CVA, dispatch of CVA documents, Proxy Forms and notices of meetings to the CVA Creditors and the Member  | 1 June 2016                   |
| Latest date for return of Proxy Forms and Notices of Claim for the purpose of voting at the Creditors' Meeting and the Member's Meeting (unless brought to the Creditors' Meeting in accordance with clause 6.7) | 5pm (UK time) on 14 June 2016 |
| Creditors' Meeting   | 17 June 2016                  |
| Member's Meeting   | 17 June 2016                  |
| The results of the Creditors' Meeting and the Member's Meeting are filed at Court  | 20 June 2016                  |
| Effective Date   | 18 July 2016                  |
| Claim Date   | 5pm (UK time) on 25 July 2016 |

The payment of a dividend from the Fund to each of the Approved Creditors will be made as soon as possible following the adjudication and agreement of all Fund Creditors' claims. As set out in clause 25.1, it is anticipated that the CVA will be no more than nine months in duration and potentially far shorter.

All dates given are based on current expectations and may be subject to change. If any of the expected dates set out above change, the Administrators will give notice of the change to the CVA Creditors.

## 6. CREDITOR ACTIONS REQUIRED

### Voting at the Creditors' Meeting

- 6.1 The Creditors' Meeting will be held at 11am on 17 June 2016 at Palm Court Hotel, 81 Seafield Road, Aberdeen, AB15 7YX.
- 6.2 The notice calling the meeting, the form of which is contained at Schedule 11, and accompanying papers have been sent to all known creditors of the Company. Only the

Company's creditors are entitled to attend and vote at the Creditors' Meeting but if any other persons believe themselves to be creditors of the Company and their name does not appear on the list of creditors at Schedule 6, such persons should notify the Nominees at [William.Marsden@fticonsulting.com](mailto:William.Marsden@fticonsulting.com) or on +44(0)203 727 1342 accordingly as soon as possible and in any event by 17 June 2016.

- 6.3 At the Creditors' Meeting creditors will vote on the resolutions set out at clause 38.
- 6.4 A person wishing to vote at the Creditors' Meeting will need to complete a Notice of Claim and submit it to the Nominees c/o William Marsden, FTI Consulting LLP by post to 200 Aldersgate Street, London, EC1A 4HD or by email to [William.Marsden@fticonsulting.com](mailto:William.Marsden@fticonsulting.com). Any creditor who will sustain loss or damage as a consequence of the termination of the Terminating Contracts on the Effective Date may include said loss or damage in their Notice of Claim. Persons claiming to be creditors should submit a completed Notice of Claim for the purpose of voting at the meeting even if they have previously notified their claims to the Administrators. A blank Notice of Claim, in the form set out in Schedule 12, is enclosed with this CVA.
- 6.5 A Form of Proxy is provided at Schedule 13 for persons wishing to vote by proxy at the Creditors' Meeting. Completed Forms of Proxy should be returned to the Nominees c/o William Marsden, FTI Consulting LLP by post to 200 Aldersgate Street, London, EC1A 4HD or by email to [William.Marsden@fticonsulting.com](mailto:William.Marsden@fticonsulting.com). Creditors can appoint the chairman of the meeting as their proxy holder who can vote on their behalf provided that the creditor specifically instructs the chairman to vote either for or against the relevant proposal. Failure to give proper instructions to the chairman will result in the creditor's Form of Proxy being invalid. Any person seeking to vote as a proxy for a person claiming to be a creditor must have a copy of the completed Form of Proxy available at the Creditors' Meeting.
- 6.6 **In order to expedite the procedure for voting, persons wishing to vote at the Creditors' Meeting are requested to return their Notice of Claim and Form of Proxy (if applicable) to the Nominees c/o William Marsden, FTI Consulting LLP by post to 200 Aldersgate Street, London, EC1A 4HD or by email to William.Marsden@fticonsulting.com, as soon as possible and preferably by no later than 5pm (UK time) on 14 June 2016.**
- 6.7 However, persons wishing to vote at the Creditors' Meeting may alternatively bring their completed Notice of Claim with them to the Creditors' Meeting.
- 6.8 **Creditors wishing to attend the Creditors' Meeting in person are asked to confirm their intention to do so to the Nominees at [William.Marsden@fticonsulting.com](mailto:William.Marsden@fticonsulting.com) or on +44(0)203 727 1342 as soon as possible and preferably by 5pm (UK time) on the 14 June 2016.**
- 6.9 One of the Nominees will act as chairman of the Creditors' Meeting. The chairman will have the power under Rule 1.15B of the Rules to ascertain the entitlement of persons wishing to vote and to admit or reject their claims accordingly. The chairman will base their decision on the books and records of the Company and such other evidence they consider appropriate. The figure accepted for voting purposes at the Creditors' Meeting will not necessarily be the same as the figure which is ultimately accepted for dividend purposes or any other purpose.
- 6.10 Voting is by value alone and is based on the value of a creditor's debt as at the Operative Date, and on the value of any debt incurred by a creditor as a consequence of the termination of the Terminating Contracts on the Effective Date. All values are to be ascertained by the chairman of the meeting in accordance with clause 6.9. A creditor may vote in respect of a debt for an unliquidated amount or any debt whose value is not ascertained and for the purposes of voting

(but not otherwise) their debt will be valued at GBP £1 unless the chairman agrees to put a higher value on it.

- 6.11 If any person wishes to represent a corporation pursuant to a resolution authorising them to do so under section 323 of the Companies Act, they must produce a copy of the resolution to the chairman at the Creditors' Meeting. The copy should be certified as a true copy by a director or secretary of the corporation.

#### **Notification of Claims**

- 6.12 Subject to clause 6.13, if the CVA is approved, Notices of Claim must be submitted by the Fund Creditors to the Supervisors c/o William Marsden, FTI Consulting LLP by post to 200 Aldersgate Street, London, EC1A 4HD or by email to William.Marsden@fticonsulting.com on or before 5pm (UK time) on 25 July 2016. Unless a Fund Creditor can show that there were exceptional circumstances, they will have no claim for a dividend from the Fund if they do not submit a completed Notice of Claim on or prior to the Claim Date.
- 6.13 Fund Creditors who have submitted a Notice of Claim to the Nominees in order to vote at the Creditors' Meeting do not need to resubmit their Notice of Claim as their original Notice of Claim will be used by the Supervisors to determine their entitlement to a dividend from the Fund.

## PART II – BACKGROUND

### 7. BACKGROUND INFORMATION

#### Statutory information

- 7.1 The Company was incorporated on 14 December 2007 under the name Golfdee Limited. The company changed its name to Iona Energy Company (UK) Limited on 18 December 2007. On 18 March 2014, the Company became a public limited company. On the 27 May 2016 the Company was registered as a private limited company.
- 7.2 The directors of the Company as recorded in its statutory books as at the Operative Date are Iain Charles McKendrick and Thomas Hamilton Reynolds.
- 7.3 The secretary of the Company as recorded in its statutory books as at the Operative Date is Burness Paull LLP.
- 7.4 Pursuant to the Shares Pledge, the shareholder of the Company as shown in its register of members as at the Operative Date is the Bond Trustee, who holds 50,001 ordinary shares of GBP £1.00 each.

#### Background and events leading up to the Administrators' appointment

- 7.5 As at the Operative Date, the Company held the following licences to extract oil and gas from the UK sector of the North Sea:
- 7.5.1 a 20% working interest in Trent & Tyne (Licences P.609, P.685 and P.2114);
  - 7.5.2 a 75% working interest in Orlando (Licence P.1606);
  - 7.5.3 a 75% working interest in Kells (Licence P.1607);
  - 7.5.4 a 100% working interest in Ronan & Oran (Licence P.1971);
  - 7.5.5 a 58.73016% working interest in West Wick (Licence P.185);
  - 7.5.6 a 100% working interest in Fleetwind (Licence P.1801); and
  - 7.5.7 a 33.33% working interest in Farne & Lundy (Licence P.2107).
- 7.6 The Company's profitability was impacted by a delay in the projected first oil date for Orlando, and a global reduction in oil and gas prices at the end of 2014 and during 2015. The table at Schedule 2 summarises the recent financial performance of the Company and Huntington.
- 7.7 In September 2013, the Company issued the Bonds to the Bondholders pursuant to the Bond Agreement. The Bonds are secured by the Bond Security and the Shares Pledge. The Company also entered into certain amendments in relation to derivative contracts with, and granted the Junior Security and Assignment and Pledge to, the Junior Creditor.
- 7.8 On 18 December 2014, the Parent issued a press release stating that it was likely that financial covenants contained within the Bond Agreement would be breached during the following twelve months, as a result of the challenges described at clause 7.6.
- 7.9 During early 2015, discussions commenced with the largest Bondholders and an ad hoc committee of Bondholders was formed (the "**Bondholder Committee**"). FTI was retained as financial advisor to the Bondholder Committee, and this engagement was subsequently novated to the Bond Trustee.
- 7.10 On 27 March 2015, the Company obtained approval of the Bondholders to covenant relief and a deferral of the payment of cash interest on the Bonds until first oil on Orlando, along with

certain other amendments to the terms of the Bond Agreement, in exchange for which the Group Companies agreed to provide an acceptable proposal in order to refinance the Bonds and/or obtain funding in order to enable first oil on Orlando to be reached (a “**Restructuring Proposal**”).

- 7.11 During the subsequent months, the Group Companies worked to develop a Restructuring Proposal, which was based on the development of Orlando in order to reach first oil. This work involved an extensive search for potential debt and/or equity investors in Orlando or the business as a whole, as well as the disposal of the Group Companies’ non-core assets. This led to a presentation to Bondholders of a Restructuring Proposal on 30 July 2015.
- 7.12 On 6 August 2015, the Bondholders approved the Restructuring Proposal presented to them on 30 July 2015. The Restructuring Proposal included a farm out of 25% from the Company’s 75% interest in Orlando (the “**Orlando Farm Out**”).
- 7.13 On 3 August 2015, Atlantic, the Company’s joint venture partner in Orlando, issued a statement indicating that it did not have sufficient funding in place to fully meet its 25% share of development costs for Orlando and that it was engaged in efforts to secure a solution. As a result, Management undertook additional efforts to obtain funding for Atlantic’s share of Orlando development costs as a precautionary measure in the event that Atlantic was unable to raise sufficient funding.
- 7.14 On 18 November 2015, the Parent announced that the Restructuring Proposal would not proceed. This was because the parent company of the Orlando Farm Out counterparty, a global energy company, had elected to restrict capital allocation to its upstream operations and therefore a key component of the Restructuring Proposal could not be completed. The Parent’s announcement stated that it was likely that the Company would need to be placed into an insolvency process to protect the interests of all stakeholders to the Company.
- 7.15 Since 18 November 2015, and following consultation with the Bondholder Committee, the Bond Trustee, FTI and Management have run the M&A Process in order to try to sell the assets and/or shares in the Company and Huntington. In parallel with this, contingency planning was undertaken for the potential administration of the Company.
- 7.16 Ultimately, owing to the progress of the M&A Process and other considerations, the decision was taken by the directors of the Company to place the Company into administration.

#### **M&A Process and events leading up to CVA Proposal**

- 7.17 As part of the M&A Process, prospective purchasers were asked to bid on any or all of the following:
- 7.17.1 the shares in or assets of Huntington;
  - 7.17.2 the Company’s licence interests, principally in Orlando, Kells, Trent & Tyne, West Wick, and Ronan and Oran; and
  - 7.17.3 the Shares.
- 7.18 Management prepared a summary of the Company’s and Huntington’s business and assets which was distributed to 42 prospective purchasers on 23 November 2015, who were given an initial target date of 4 December 2015 for the submission of their bids, which was later extended for certain assets.
- 7.19 Details of the interest received and the status of each asset of the Company are provided below at clauses 7.20 to 7.23.



## **7.20 Trent & Tyne (Licences P.609, P.685 and P.2114)**

- 7.20.1 The Company's interest in Trent & Tyne was deemed to have no or negative value to the Company. Accordingly, the strategy was to divest the licences to, and agree a consensual settlement of all outstanding claims and counter claims with, the Company's joint operating partner in respect of Trent & Tyne, Perenco UK Limited. The consideration for this transaction comprised a consensual settlement and nil cash consideration.
- 7.20.2 The Administrators supported this transaction given there was no realistic prospect of an alternative sale for greater value, and because it would affect the Company's release from a number of actual and potential liabilities in respect of the licences.
- 7.20.3 The Administrators considered this transaction, which completed on 24 February 2016, to constitute a "pre-packaged sale" and as such made the necessary disclosure in accordance with SIP16 that was sent to all creditors of the Company on 14 January 2016. Creditors who would like to receive a further copy of the Administrators' SIP16 disclosure in respect of this transaction should contact the Administrators at William.Marsden@fticonsulting.com or on +44(0)203 727 1342.

## **7.21 West Wick (Licence P.185)**

- 7.21.1 On 3 February 2016 the Administrators signed a sale and purchase agreement in respect of the Company's interest in West Wick for USD \$1.8 million with Chevron. The consideration from the transaction is deferred and contingent as it is linked to the approval of a field development plan by the Secretary of State for Energy and Climate Change (the "**Secretary of State**").
- 7.21.2 Whilst the sale and purchase agreement was executed approximately four weeks following the appointment of the Administrators and the sale has not yet completed, the Administrators considered the transaction to constitute a "pre-packaged sale" given the sale was subject to pre-appointment negotiation with Chevron and Chevron's due diligence continued after the appointment of Administrators.
- 7.21.3 The Administrators' SIP16 disclosure in respect of this transaction was included with the Administrators' Statement of Proposals dated 9 February 2016. Creditors who would like to receive a further copy of the Administrators' SIP16 disclosure in respect of this transaction should contact the Administrators at William.Marsden@fticonsulting.com or on +44(0)203 727 1342.

## **7.22 Ronan & Oran (Licence P.1971), Fleetwind (Licence P.1801) and Farne & Lundy (Licence P.2107)**

- 7.22.1 Ronan & Oran, Fleetwind and Farne & Lundy generated no interest during the M&A Process.
- 7.22.2 Ronan & Oran was relinquished to the Secretary of State on 31 December 2015.
- 7.22.3 Fleetwind was relinquished to the Secretary of State on 10 January 2016.
- 7.22.4 The Company issued withdrawal notices to Parkmead (E&P) Limited, the operator of Farne and Lundy, on 17 December 2016. The Company received notification from the OGA on 18 April 2016 that Parkmead (E&P) Limited had submitted a notice of relinquishment to the Secretary of State.

## **7.23 Orlando (Licence P.1606) and Kells (Licence P.1607)**

- 7.23.1 The Administrators received several expressions of interest in respect of a sale of Orlando and Kells. In all cases, interested parties intended to structure such an acquisition via a purchase of the Shares following a successful CVA of the Company.
- 7.23.2 However, the offers that were received were either not considered to be capable of delivery or represented a lower return to the Company's creditors than the Purchaser's offer.
- 7.24 Following the marketing process described at clause 7.18, Bridge Petroleum 2 Limited submitted a proposal to the Administrators for the purchase of the Shares. This sale did not complete and consequently no Fund was established for the Approved Creditors.
- 7.25 Following the failure to sell the Shares to Bridge Petroleum 2 Limited, the Administrators began negotiations with the Purchaser in respect of a sale of the Shares to the Purchaser. The Purchaser's offer represented the best option for the Senior Creditor taking into account both transaction value and execution risk. The Purchaser's offer included the contribution of the USD \$2 million by the Lenders to the Fund for the Fund Creditors on Completion, which offer is consistent with the previous transaction concluded with Bridge Petroleum 2 Limited. Therefore the recovery for Fund Creditors is unchanged.
- 7.26 In connection with the Purchaser's offer to purchase the Shares the Supervisors have amended the CVA in order to reflect the revised offer. This amendment has been made pursuant to the terms of Clause 29.1 of the CVA on the basis that the Purchaser's offer is on substantially the same terms as those set out in the offer of Bridge Petroleum 2 Limited and therefore there is no material modification to the effect or economic substance of the CVA.
- 7.27 Under the terms of the Purchase Agreement, the Purchaser has agreed to acquire the Shares for the Consideration on Completion. The Contribution will be separately provided to the Company by the Lenders under the terms of the Funding Loan Agreement to establish the Fund. Should Completion occur, the Company will transfer the Fund to the Supervisors, so that the Supervisors can pay a dividend to each of the Approved Creditors in accordance with the terms of this CVA Proposal
- 7.28 Given the lack of Company assets available to make a distribution to the Company's creditors in any form of insolvency process without the CVA, the Administrators are of the opinion that the sale of the Shares and the CVA would be more beneficial to the creditors of the Company than any other form of insolvency process. Further information, including a comparison with dissolution, can be found in clause 18 and Schedule 3.

## **8. ASSETS TRANSFERRED FROM THE COMPANY**

- 8.1 In order to deal with certain of the Company's assets which were excluded from the offer made by the Purchaser, it has been necessary to take certain internal reorganisation steps. These are disclosed below for transparency to creditors.
- 8.2 The following assets (previously owned by the Company) were transferred by the Company prior to the execution of the Purchase Agreement;
- 8.2.1 the shares in Huntington have been transferred by the Company to Devco; and
- 8.2.2 following consultation with the Bond Trustee, the Company's right to bring certain potential recovery actions against third parties (the "**Recovery Actions**") has been transferred to Huntington in order to preserve the Administrators' rights to pursue the Recovery Actions in the future (if appropriate).

- 8.3 As further detailed in clause 7.21.1, West Wick has been sold to Chevron but this sale has not completed and the consideration has not yet been paid. The Company will transfer West Wick to Chevron in due course, following approval of the transaction from the Secretary of State on 9 May 2016. The Company, the Administrators and the Bond Trustee have entered into an agreement (the “**West Wick Assignment**”) assigning the consideration payable in respect of West Wick from the Company to the Bond Trustee, along with all legal and equitable rights, causes of action, claims and remedies in relation to that consideration (the “**West Wick Actions**”). The West Wick Assignment will take effect on Completion.
- 8.4 The transfers of the Transferred Assets are not detrimental to the CVA Creditors because:
- 8.4.1 all assets (other than the Recovery Actions and West Wick) are pledged to the Senior Creditor and the Junior Creditor pursuant to the Bond Security and the Junior Security respectively;
- 8.4.2 the value of the Recovery Actions, if any, is highly uncertain. Any action would require funding of forensic review and legal work and the costs may be significant. Furthermore, any Recovery Actions may ultimately be unsuccessful. Even if a Recovery Action were to be successful, given the number of, and amount owing to, the CVA Creditors, the net return to Approved Creditors may be minimal and lower than their expected dividend from the Fund; and
- 8.4.3 any payments from either the sale of West Wick or the West Wick Recoveries would not result in a Prescribed Part being made available for unsecured creditors of the Company. All funds from West Wick would be payable to the Bond Trustee, as a result of its rights under the West Wick Assignment and the existing intercreditor and security deed dated 30 September 2013. Therefore assigning the potential recoveries from the West Wick Actions in advance of actual recovery and the consideration for the sale of West Wick does not impact the unsecured creditors.

## **9. DIRECTORS’ STATEMENT OF AFFAIRS**

- 9.1 The directors of the Company have prepared a Statement of Affairs as at the Operative Date, together with a list of all of the creditors of the Company and the amount of their respective claims against the Company. The Statement of Affairs is attached at Schedule 1 as required in accordance with Rule 1.11(2)(b) of the Rules.
- 9.2 The Company’s assets, valued on an estimated to realise basis but excluding goodwill, are as set out in the directors’ Statement of Affairs at Schedule 1.
- 9.3 As at the date of Completion, none of the Company’s assets are subject to any security in favour of any creditors other than the Senior Creditor and the Junior Creditor. Details of the security held by the Senior Creditor and the Junior Creditor can be found at Schedule 5. The Bond Security, Shares Pledge, Junior Security and Assignment and Pledge will be released upon, and as part of, Completion (but shall not be affected in any other way by the terms of this CVA).

## PART III – TERMS OF THE COMPANY VOLUNTARY ARRANGEMENT

### 10. INTRODUCTION

- 10.1 No prospective purchaser was willing to buy the Shares without first implementing a CVA of the Company because of the Company's outstanding debts and the fact that the Company is in administration. By proposing a CVA, the Administrators may propose a compromise of certain of the Company's liabilities, thus making a sale of the Shares viable. Each of the Approved Creditors will receive a dividend from the Fund. However, without a CVA the Administrators believe that it would not be possible to sell the Shares or pay a dividend to unsecured creditors.
- 10.2 The purposes of the CVA are as follows:
- 10.2.1 to compromise the Company's liabilities to the Fund Creditors and the Group Companies to facilitate a sale of the Shares to the Purchaser; and
  - 10.2.2 to pay each of the Approved Creditors a dividend out of the Fund pro rata to their Approved Claim in exchange for the full and final settlement of their claims against the Company.
- 10.3 The Fund would not be available in a dissolution or administration of the Company without the CVA. Given the lack of returns for unsecured creditors of the Company by any other means, it is therefore the Nominees' opinion that the CVA represents the best option for the Company's unsecured creditors.
- 10.4 If the CVA is not approved there will not be sufficient funds to repay the Junior Creditor and Senior Creditor in full, therefore the only potential returns to unsecured creditors of the Company would relate to the Prescribed Part only. However, the Administrators do not anticipate that there will be sufficient funds for a Prescribed Part to enable a payment to unsecured creditors. If the CVA is not approved, the Administrators will file a notice for dissolution of the Company pursuant to paragraph 84 of Schedule B1 of the Act. A comparison of estimated outcomes for CVA Creditors in the CVA and dissolution is contained in Schedule 3.
- 10.5 Pursuant to the notice served by the Bond Trustee on the Parent dated 27 May 2016, the Bond Trustee is entitled to exercise all voting rights in relation to the Shares.
- 10.6 If the CVA is approved by the CVA Creditors, the Supervisors will be responsible for (i) the implementation of the CVA, (ii) receiving the Contribution, (iii) adjudicating and agreeing the Fund Creditors' claims, and, if Completion occurs, (iv) paying dividends to each of the Approved Creditors out of the Fund.
- 10.7 Only Fund Creditors are entitled to have their claims against the Company adjudicated by the Supervisors in accordance with clause 21 and if their claims are Approved Claims, receive dividends from the Fund.
- 10.8 All liabilities owed by the Company to the Fund Creditors and the Group Companies will be compromised by the CVA in accordance with clause 21.5. Despite a legal entitlement, the Senior Creditor, Junior Creditor and Group Companies have elected not to participate in the Fund (and are therefore not Fund Creditors) in order to improve the return for the Approved Creditors. Aside from the Approved Creditors, none of the Fund Creditors, the Senior Creditor, the Junior Creditor, or the Group Companies will be entitled to any dividend from the Fund in relation to liabilities owed to them by the Company.

- 10.9 From the Effective Date, the Terminating Contracts shall be terminated and the Non-Terminating Contracts will remain in force, in accordance with clause 16.
- 10.10 The current directors of the Company intend to resign on Completion. The Purchaser will appoint its own directors as directors of the Company. The Purchaser has no previous connection to current directors or key employees of the Company.
- 10.11 The CVA will complete in accordance with clause 25.
- 10.12 A summary of the key dates and timeline of the CVA is set out at clause 5.

## **11. THE PURCHASE AGREEMENT AND COMPLETION**

- 11.1 The CVA is being proposed to facilitate the sale of the Shares to the Purchaser. The sale of the Shares to the Purchaser will be effected pursuant to the terms of the Purchase Agreement. Completion is contingent on, amongst other matters, the approval of the CVA at the Creditors' Meeting.
- 11.2 At Completion;
- 11.2.1 in exchange for the Consideration, the Purchaser will acquire the Shares. Given the extent of the Company's liabilities (including those to be paid at Completion), the Administrators have determined that the Shares have no value. The Shares Pledge and the Assignment and Pledge will be released upon the transfer of the Shares to the Purchaser;
- 11.2.2 the Lenders shall lend the Contribution to the Company for the purpose of establishing the Fund.
- 11.2.3 the Bond Trustee will release the Bond Debt and any accrued but unpaid interest and default interest (if any) down to a principal amount of USD \$5,004,970, comprising amounts equal to the total of the Bond Repayment Amount and the Deferred Bond Repayment Amount;
- 11.2.4 the Purchaser will procure that the Company shall, and the Company shall:
- (a) pay the Contribution to the Supervisors. The Contribution will constitute the Fund; and
- (b) pay an amount equal to the Bond Repayment Amount to the Bond Trustee as a partial repayment of the Bond Debt. The remaining Bond Security will be released by the Bond Trustee;
- 11.2.5 the Junior Creditor will release the Junior Debt and the Junior Security by formal deed of release.
- 11.3 Following Completion, having finalised and agreed the adjudication exercise and Fund Creditors' claims prior to Completion, the Supervisors will pay a dividend from the Fund to each of the Approved Creditors in due course.

## **12. SUPERVISORS' RESPONSIBILITIES AND DUTIES**

- 12.1 It is proposed that Chad Griffin and Lisa Jane Rickelton, both licensed by the Institute of Chartered Accountants in England and Wales (and currently Administrators of the Company), act as Supervisors of the CVA. Chad Griffin and Lisa Jane Rickelton confirm that they are both qualified to act as insolvency practitioners in relation to the Company and the CVA.

- 12.2 Each Supervisor shall act as a joint Supervisor of the Company and any act required to be done by the Supervisors may be done by both or any one of them.
- 12.3 Under the CVA, the Supervisors will be responsible for the implementation of the CVA, including the receipt of the Contribution, the adjudication and agreement of the Fund Creditors' claims and the payment of a dividend from the Fund to each of the Approved Creditors.
- 12.4 No cautionary obligations are being offered for the purposes of the CVA.
- 12.5 Any funds which constitute the Fund shall be banked as the Supervisors may determine and where appropriate in an interest earning account of their choosing. It is not anticipated that any credit facilities will be required.
- 12.6 The business of the Company is being conducted by the Administrators and will be conducted by the Administrators and the Nominees subject to the approval of the CVA proposals. If the CVA is approved, and Completion occurs, the Administrators will seek to discharge the Administration Appointment in accordance with clause 13 and the Supervisors will supervise the implementation of the CVA.
- 12.7 Upon approval of the CVA, the Supervisors shall take all steps required by and conduct the CVA in accordance with the terms of the Act and the Rules and in addition, but without prejudice thereto, shall:
- 12.7.1 continue in conjunction with the Administrators (to the extent that their co-operation is required whilst the administration of the Company remains in force) to manage and promote the business of the Company and/or to manage, control and supervise the affairs of the Company;
  - 12.7.2 adjudicate as soon as reasonably possible on all claims submitted by the Fund Creditors in accordance with clause 21; and
  - 12.7.3 be entitled to exercise all the powers contained in Schedule 1 of the Act in connection with the implementation of the CVA and in pursuance of the above functions.
- 12.8 From Completion the Supervisors' power in relation to the Company will be limited to all that is required to complete the CVA in accordance with clause 25.

### **13. ADMINISTRATORS**

- 13.1 The Administrators will seek to discharge the Administration Appointment as soon as is practicable after Completion. Until the Administration Appointment is discharged the Company will remain in administration. For so long as they remain in office, the Administrators shall retain all their powers and duties conferred on them under any legislation or by the Court.
- 13.2 The Administrators give no warranties and make no representations in relation to the information contained in this CVA Proposal.

### **14. ESTABLISHMENT OF CONTRIBUTION AND FUND**

- 14.1 Pursuant to the Funding Loan Agreement, the Lenders are obliged to lend the Contribution to the Company upon Completion. The Contribution shall be used to establish the Fund.
- 14.2 The amounts which constitute the Fund shall be held on trust for the benefit of the Approved Creditors in a bank account of the Supervisors' choosing, and shall be applied in accordance with the provisions of the CVA.

## **15. CVA CREDITORS' COMMITTEE**

- 15.1 Neither the Act nor the Rules makes provision for a CVA Creditors' committee to assist the Supervisors.
- 15.2 The Supervisors do not consider that a CVA Creditors' committee is necessary in respect of the CVA. This is because the Fund available for distribution to Approved Creditors is fixed and the fees charged by the Nominees and the Supervisors in relation to the CVA will be agreed between the Supervisors and the Bond Trustee and paid by the Bond Trustee from the proceeds payable to the Bond Trustee from Huntington during its administration.
- 15.3 If the CVA Creditors wish a CVA Creditors' committee to be established for the duration of the CVA, it is proposed that a CVA Creditors' committee be elected at the Creditors' Meeting.
- 15.4 Any creditor wishing to establish a CVA Creditors' committee for the duration of the CVA is requested to notify the Nominees in writing along with their Notice of Claim c/o William Marsden, FTI Consulting LLP by post to 200 Aldersgate Street, London, EC1A 4HD or to William.Marsden@fticonsulting.com by 5pm (UK time) on 14 June 2016. Alternatively, any creditor can propose a resolution to establish a CVA Creditors' committee at the Creditors' Meeting. The resolution will be voted on at the Creditors' Meeting.
- 15.5 All procedure in relation to membership of the CVA Creditors' committee, including attendance and voting at meetings of the committee, shall be governed in accordance with the Rules as if the committee had been appointed as a committee in administration. Meetings of the committee will be convened by the Supervisors from time to time when they consider such meetings necessary or appropriate.
- 15.6 The appointment of the CVA Creditors' committee and any decision by such committee shall not prevent an application being made to the Court by any party, including the Supervisors, under section 7 of the Act.

## **16. TERMINATION OF CONTRACTS**

- 16.1 In order for the Purchaser to obtain funding for, and purchase, the Shares, it is necessary to compromise the claims as set out in the CVA Proposal. This includes the proposed compromise of claims arising out of contracts which are not required by the Purchaser in the future business as either the contracts will provide no benefit to the Company in relation to its future strategy, or because they confer obligations on the Company which are too onerous for such contracts to be sustainable on an ongoing basis. Such contracts will constitute the Terminating Contracts and, if the CVA is approved and takes effect, the Company will have no further obligations under or arising out of the Terminating Contracts.
- 16.2 Subject always to clause 21.5, if the CVA is approved and Completion occurs, with effect from the Effective Date:
- 16.2.1 The Terminating Contracts shall be terminated forthwith, and the Non-Terminating Contracts shall remain in force.
- 16.2.2 Any claims, including future claims, of CVA Creditors arising from the termination of the Terminating Contracts shall be compromised in accordance with the terms of clause 21.5 of this CVA.
- 16.2.3 Any CVA Creditor sustaining loss or damage as a consequence of the termination of the Terminating Contracts may include that loss or damage in its Notice of Claim. The amount of loss or damage (if any) shall be adjudicated by the Supervisors in

accordance with clause 21.3. To the extent that any claim for loss or damage incurred is not an Approved Claim, the CVA Creditors will not be entitled to any payment from the Company in respect of that loss or damage.

16.2.4 The Company will be automatically released by CVA Creditors with Non-Terminating Contracts from any obligations in relation to any existing breaches of, or default under, the Non-Terminating Contracts that have arisen as a result of the making of the Administration Appointment or this CVA. Any claims of CVA Creditors arising from this waiver and/or release shall be compromised in accordance with the terms of clause 21.5 of this CVA.

16.2.5 Any CVA Creditor sustaining loss or damage as a consequence of the waiver/release provided in relation to the Non-Terminating Contracts may include said loss or damage in their Notice of Claim. The amount of loss or damage (if any) shall be adjudicated by the Supervisors in accordance with clause 21.3. To the extent that any claim for loss or damage incurred is not an Approved Claim, the CVA Creditors will not be entitled to any payment from the Company in respect of this loss or damage.

## **17. ANTICIPATED OUTCOME**

17.1 The Fund shall be distributed (by way of a dividend) in the following manner:

|  |  |
|--|--|
| Preferential Creditors   | nil  |
| Senior Creditor  | nil  |
| Junior Creditor  | nil  |
| Approved Creditors   | USD \$2 million ( to be converted into pounds upon receipt by the Supervisors) |
| Administration costs and expenses pursuant to section 19(4) of the Act | nil  |

17.2 Any dividend payable to the Approved Creditors will be paid in pounds.

17.3 Based on the amounts owing to the creditors of the Company set out in Schedule 6, it is anticipated that the dividend paid to each of the Approved Creditors from the Fund will be between 4 – 6 pence in the pound. However, this is dependent on the level of claims of Approved Creditors that are agreed by the Supervisors.

17.4 If Completion does not occur, the CVA will fail and no Fund will be made available. Should the CVA fail, the terms of the CVA will cease to have effect and the rights of the Company's creditors will thereafter be unaffected by anything contained in the CVA Proposal.

17.5 As the Senior Creditor is selling the Shares, the Consideration will be paid directly to the Senior Creditor, for the benefit of the Senior Creditor only.

17.6 The Bond Repayment Amount and the Deferred Bond Repayment Amount (the latter being conditional on the satisfaction of the Deferred Bond Repayment Conditions on or before the date required in the Purchase Agreement) are paid by the Company to the Senior Creditor as repayment of the Bond Debt. Therefore these payments will be paid to the Senior Creditor (or its nominee or trustee) only.



## **18. COMPARISON TO DISSOLUTION**

- 18.1 The Administrators and Nominees are of the opinion that the CVA would be more beneficial to the Company's creditors than any other outcome.
- 18.2 Without the CVA, the Company would not be able to sell Orlando or Kells, as all interest received for the sale of these assets has been contingent on the Company entering into an approved CVA as noted in clause 7.23.1. Should the CVA not be approved, the Administrators would seek to relinquish Orlando and Kells for no consideration, and file a notice for dissolution of the Company pursuant to paragraph 84 of Schedule B1 of the Act.
- 18.3 Schedule 3 provides a comparison of estimated outcomes for CVA Creditors under the CVA as proposed in this CVA Proposal against dissolution. This includes an estimate of the amount of funds available to unsecured creditors under the Prescribed Part provided for under section 176A of the Act. The Administrators do not anticipate there will be sufficient funds to enable a payment to unsecured creditors by virtue of a Prescribed Part and therefore there will be no return to unsecured creditors if the CVA is not approved. If the CVA is approved and Completion occurs, the Approved Creditors will each receive a dividend from the Fund of between 4 – 6 pence in the pound of their Approved Claim.
- 18.4 The CVA expressly disapplies the obligation under s176A(2) of the Act for the Administrators to set aside the Prescribed Part.

## **19. THE CREDITORS**

- 19.1 The Company's creditors as shown in the directors' Statement of Affairs in Schedule 1 are as follows:

|                        |                   |
|------------------------|-------------------|
| Preferential Creditors | nil               |
| Senior Creditor        | USD \$257 million |
| Junior Creditor        | USD \$6 million   |
| Unsecured Creditors    | USD \$251 million |

- 19.2 No adjudication has been made on the claims of the creditors. It is therefore necessary for the Supervisors to be granted the power to adjudicate on all claims of CVA Creditors by a resolution of the CVA Creditors. Any dividend payable to the Approved Creditors will be paid in pounds.
- 19.3 The Administrators do not anticipate that the Company has any Preferential Creditors.
- 19.4 The liability of the Company to the Senior Creditor and the Junior Creditor has been calculated for the purposes of adjudicating their claims without valuing any of the security granted to them by the other Group Companies.
- 19.5 As set out in Schedule 6, the Company has intercompany liabilities owed to Huntington and the Parent.
- 19.5.1 Huntington will be entitled to vote at the Creditors' Meeting in respect of the unsecured intercompany debt owed to it by the Company. This intercompany claim is secured in favour of the Bond Trustee. Huntington is in administration and the Administrators are also the administrators of Huntington.

- 19.5.2 The Parent is entitled to vote at the Creditors' Meeting to approve the CVA in respect of the unsecured intercompany debt owed to it by the Company, but will not be voting. The Parent's intercompany claim is secured in favour of the Bond Trustee.
- 19.6 CVA Creditors who are persons connected with the Company will be treated similarly to the other CVA Creditors under the CVA. However the Parent and Huntington have elected not to receive a dividend from the Fund, in order to improve the return to Approved Creditors.
- 19.7 As far as the Administrators are aware, there are no circumstances giving rise to the possibility that the Administrators could apply to the Court for an order in respect of any transaction which is or may be a gratuitous alienation, unfair preference, an extortionate credit transaction or a void floating charge under sections 242, 243, 244 and 245 of the Act. It is therefore not proposed to make provision for indemnifying the Company in respect of any claims under these sections. To the extent that there are circumstances under sections 242, 243, 244 and 245 of the Act that would give rise to an order, the rights to bring such a claim have been assigned by the Company and the Administrators to Huntington pursuant to an assignation dated 27 May 2016.
- 19.8 If approved, the CVA will bind all creditors entitled to vote at the Creditors' Meeting had they received notice of such meeting, whether or not the relevant creditor was present or represented at the Creditors' Meeting. Whilst all proper steps have been taken by the Administrators to identify in the director's statement of affairs all creditors of the Company, if a creditor has been omitted in error from receiving notice, it will nonetheless be bound by the CVA if it is approved at the Creditors' Meeting and entitled to a dividend payment under the terms of the CVA if it is an Approved Creditor.

## **20. DEPARTMENT OF ENERGY & CLIMATE CHANGE LIABILITY**

- 20.1 The Secretary of State, acting through the Department of Energy & Climate Change ("DECC") is empowered to issue a notice under section 29 of the Petroleum Act 1998 ("Section 29 Notice") to the Company requiring a decommissioning plan to be produced for any oil field for which the Company has a licence. The Section 29 Notice is served on the operator and all licensees of the oil field. After the decommissioning plan is approved by DECC, all parties on which the Section 29 Notice was served are required to carry out the decommissioning plan. As at the Operative Date, Section 29 Notices had been served on the Company in relation to Orlando, Trent & Tyne and the Huntington Licence. The Company has a full indemnity from Perenco UK Limited against decommissioning liabilities in relation to Trent & Tyne.
- 20.2 Under section 34 of the Petroleum Act 1998, a company which has been released from its obligations under a Section 29 Notice can be required by DECC to carry out a decommissioning plan for an oil field for which it previously had a licence. Section 34 of the Petroleum Act 1998 also permits the Secretary of State to serve a Section 29 Notice on any company on whom notices could have been served since the serving of the first Section 29 Notice.
- 20.3 Due to the contingent liabilities that could be imposed by DECC as described above, the Secretary of State is a CVA Creditor of the Company.

## **21. CVA CREDITOR CLAIMS**

- 21.1 Only Fund Creditors may submit a completed Notice of Claim in order to receive a dividend from the Fund in respect of any Approved Claim. (All of the Company's creditors are entitled to submit a Notice of Claim in order to vote at the Creditors' Meeting.)

- 21.2 To be entitled to a dividend from the Fund, Fund Creditors must submit a completed Notice of Claim with the Supervisors on or before the Claim Date. Notices of Claim submitted after the Claim Date will not be accepted and the Fund Creditor's claim will not be considered in accordance with clause 21.3, unless the Supervisors or the court determines that the failure to submit a Notice of Claim on or before the Claim Date was not wilful or owing to a lack of reasonable diligence on the part of the Fund Creditor. The Fund Creditor will also be required to demonstrate to the Supervisors or the Court (as applicable) that they did not receive notice of the Creditors' Meeting and that within 28 days of receiving such notice, they had submitted their claim with the Supervisors by sending a Notice of Claim.
- 21.3 Claims shall be proved and approved or rejected in accordance with the following procedure:
- 21.3.1 A person claiming to be a Fund Creditor of the Company and wishing to receive a dividend from the Fund must submit a completed Notice of Claim in the form enclosed at Schedule 12, which shall be made out by or under the directions of the Fund Creditor and signed by them or a person authorised on their behalf.
- 21.3.2 The Supervisors may, if they think necessary for the purpose of clarifying or substantiating the whole or any part of a Fund Creditor's claim, call for details of any matter required to be specified in the completed Notice of Claim, or for the production to them of such documentary or other evidence as they may require.
- 21.3.3 Fund Creditors are solely responsible for the cost of submitting their completed Notice of Claim and, if applicable, of providing such documentary or other evidence as the Supervisors may require.
- 21.3.4 A Notice of Claim may be approved by the Supervisors either for the whole amount claimed by the Fund Creditor, or for part of that amount, and if the Supervisors reject a Notice of Claim in whole or in part they shall prepare a written statement of their reasons for doing so, and send it to the Fund Creditor.
- 21.3.5 If a Fund Creditor is dissatisfied with the Supervisors' decision with respect to their Notice of Claim, they may apply to the Court under section 7(3) of the Act for the decision to be reversed or varied, and such application must be made within 21 days of the Fund Creditor receiving the written statement from the Supervisors referred to in clause 21.3.4.
- 21.3.6 A Notice of Claim may, at any time before payment of a dividend in accordance with clause 24, be withdrawn or varied as to the amount claimed by agreement between the relevant Fund Creditor and the Supervisors.
- 21.3.7 If at any time after the Claim Date the Supervisors become aware of any claim against the Company by any person who has not been given notice of the CVA, the Supervisors shall determine the amount of any such claim to be admitted for the purposes of the CVA, provided that no claim shall be admitted unless the claimant agrees to be fully bound by the terms of the CVA or the Court so directs.
- 21.4 No Approved Creditor shall be entitled to receive any dividend from the Supervisors or any other person under the terms of the CVA unless they are bound by the CVA by virtue of section 5 of the Act or by an undertaking to that effect.
- 21.5 If the CVA is approved and Completion occurs, on and from the Effective Date:
- 21.5.1 all claims of the Group Companies against the Company (whether present or future, certain or contingent, and ascertained or sounding only in damages) shall be deemed

to have been automatically irrevocably waived and released and they shall have no further or additional rights against the Company in respect of their unsecured claims;

21.5.2 subject to clause 21.5.3. all claims of the Fund Creditors (including any Fund Creditor who is not an Approved Creditor) against the Company shall be deemed to have been automatically irrevocably waived and released and they shall have no further or additional rights against the Company in respect of their unsecured claims;

21.5.3 for the avoidance of doubt any Approved Claim which constitutes an administration expenses (as defined and detailed in Rule 2.39B and Rule 4.67 of the Rules) will not be compromised pursuant to clause 21.5.2; and

21.5.4 only the Approved Creditors shall have a claim in respect of the Fund, and the Supervisors shall have no liability to make payment from the Fund other than to Approved Creditors.

## **22. RIGHTS TO INTEREST**

22.1 The amount of each Approved Claim which carries an entitlement to interest up to and including 5 January 2016 shall include interest at the contracted rate or as otherwise payable in accordance with the law up to 5 January 2016.

22.2 Interest paid pursuant to this clause 22 shall be in lieu of any other interest which would otherwise be payable to the Approved Creditor under contract or at law.

22.3 No interest shall be paid on any Approved Claim in respect of the period from and including the Operative Date.

## **23. SET OFF**

23.1 Where, before the Operative Date, there have been mutual credits, mutual debits or other mutual dealings between the Company and the Approved Creditor, an account shall be taken of what is due from each party to the other in respect of such mutual dealings and the amounts due from one party shall be set off against the amounts due from the other. Only the balance (if any) shall be treated as an Approved Claim for the purposes of clause 24.

23.2 Amounts due from the Company to an Approved Creditor in respect of a claim made under the CVA shall not be included in the account taken under clause 23.1 if a court of competent jurisdiction so orders or if it is agreed by the Supervisors and the Approved Creditor that set-off is not permitted.

## **24. DIVIDEND TO APPROVED CREDITORS**

24.1 A dividend will only be payable to each of the Approved Creditors after Completion has occurred. Any dividend payable will be paid in pounds.

24.2 Any creditor whose Notice of Claim is submitted but is not approved by the Supervisors will not be entitled to a dividend unless the Fund Creditor applies to the Court in accordance with the procedure in clause 21.3.5 and the Court orders a dividend to be paid to that Fund Creditor.

24.3 The Fund will be divided and allocated in the following priority:

24.3.1 firstly, in payment in full of all sums due to the Preferential Creditors of the Company (of which there are none, as far as the Administrators are aware) as at the Operative Date in accordance with the Act and the Rules, subject to such variation of their rights as may be agreed with them; and

- 24.3.2 secondly, to each Approved Creditor by way of a dividend or dividends from the Fund pro rata to its Approved Claim.
- 24.4 The Supervisors shall determine the date or dates when payment of the dividend shall be made. Dividends shall be paid by either:
- 24.4.1 Bankers' Automated Clearing Services to such bank account as the Approved Creditor notifies to the Supervisors in their Notice of Claim; or
- 24.4.2 cheque drawn in favour of the relevant Approved Creditor which shall be sent by first class ordinary post in an envelope to the address notified by the relevant Approved Creditor to the Supervisors in their Notice of Claim.
- 24.5 The encashment of the cheque or the receipt of the amount of a telegraphic transfer into the relevant account shall be a good and proper discharge of the Supervisors' obligations under the CVA. The Supervisors shall not be liable to the relevant Approved Creditor for any loss in transmission of a cheque drawn and sent or a telegraphic transfer made in accordance with clause 24.4.
- 24.6 Any dividend that is not claimed within three months of payment by the Supervisor under clause 24.4 shall be deemed unclaimed property. The Approved Creditor entitled to that dividend shall be deemed to have irrevocably waived its rights thereto. The Supervisors may in their sole discretion determine how any unclaimed property of the Fund is applied.

## **25. DURATION OF COMPANY VOLUNTARY ARRANGEMENT**

- 25.1 The duration of the CVA shall be such time as is required (i) for the completion of the sale of the Shares; (ii) to receive the Contribution; (iii) to adjudicate and agree the Fund Creditors' claims; and (iv) to pay dividends from the Fund to each of the Approved Creditors according to the provisions of the CVA. It is possible that if certain of the Fund Creditors' claims are the subject of legal dispute, the duration of the CVA may be extended but it is anticipated that it will be no more than nine months in duration and potentially far shorter.
- 25.2 The CVA shall be completed when the sale of the Shares to the Purchaser has completed and the Fund has been distributed to each of the Approved Creditors by way of dividend and the Supervisors shall have taken any steps required by the CVA and by the Act and the Rules to complete the CVA.

## **26. NOMINEES' FEES AND EXPENSES**

- 26.1 The Nominees' fees and expenses will be paid out of the proceeds payable to the Bond Trustee from Huntington during its administration.
- 26.2 The Nominees' fees and expenses will be charged on the same basis as noted in Schedule 10.

## **27. SUPERVISORS' FEES AND EXPENSES**

- 27.1 The Supervisors' fees and expenses will be paid by the Bond Trustee from the proceeds payable to the Bond Trustee from Huntington during its administration. An estimate of the Supervisors' fees and expenses is contained at Schedule 9 for disclosure purposes only and will not affect the amount available to the Approved Creditors from the Fund.
- 27.2 It is proposed that the Supervisors of the CVA be remunerated on a time basis, at a discounted rate (having regard to the complexity, importance and expedition of the matter) together with

reimbursement for all out of pocket expenses or other fees, costs and expenses reasonably and properly incurred including but not limited to legal fees.

27.3 Details of the Supervisors' rates and expenses are provided at Schedule 10.

## **28. INDEMNITY**

28.1 The Supervisors shall at all times on and from the Effective Date be fully and effectively indemnified from the Fund from and against all debts, liabilities and obligations of whatsoever nature and howsoever arising out of or in connection with the performance by either one or both Supervisors of any duties or functions under the CVA or of any acts or omissions of whatsoever nature and howsoever arising in performing and carrying into effect the provisions of the CVA.

28.2 Further, the Supervisors shall not incur any personal liability of whatsoever nature and howsoever arising in connection with or in any way arising from or pursuant to the CVA.

## **29. MODIFICATION OR VARIATION OF COMPANY VOLUNTARY ARRANGEMENT**

29.1 The Supervisors will have the power at any time after the approval of the CVA at the Creditors' Meeting to modify the provisions of the CVA provided that such modifications do not materially alter the effect or economic substance of the CVA. The Supervisors shall inform the CVA Creditors and the Company of any such modifications by amending and restating the CVA and making it available to the CVA Creditors and such modifications shall be binding on the Company, the CVA Creditors and the Supervisors.

29.2 If at any time after the approval of the CVA the Supervisors are of the opinion that a material (as determined by the Supervisors) modification, addition or variation of the CVA may be required, they shall call a meeting of the CVA Creditors (and, if necessary, of the Company) for the purpose of considering the same and the provisions of the Rules with regard to notice for meetings shall apply and not less than 14 days' notice shall be given.

## **30. AMBIGUITY**

Where any part of this CVA Proposal incorporates any provisions of the Act or Rules which gives rise to an ambiguity or inconsistency, then the Supervisors shall in their absolute discretion resolve such ambiguity or inconsistency as they shall think fit and the exercise of such discretion shall not be open to any challenge by legal proceedings or otherwise by any CVA Creditor or by the Company or by any person on their behalf.

## **31. RELEASE OF ADMINISTRATORS**

31.1 The Company and each CVA Creditor releases the Administrators, their firm, their fellow members, partners and employees, and the legal and other professional advisors to the Administrators and their fellow members, partners and employees, from any liability (whether present, future, prospective or contingent) arising in connection with:

31.1.1 their acts, omissions or defaults as Administrators or professional advisors from and including the Operative Date; and/or

31.1.2 the preparation, negotiation and implementation of the CVA or any matter ancillary to the CVA,

other than arising from fraud, gross negligence or wilful default.

## **32. VACANCY IN THE OFFICE OF SUPERVISOR**

- 32.1 Without prejudice to sections 7(5) and (6) of the Act, if for any reason whatsoever a vacancy arises in the office of a sole Supervisor, the CVA Creditors may fill that vacancy at a meeting called for that purpose, such meeting to be called by:
- 32.1.1 the Administrators;
  - 32.1.2 any CVA Creditor; or
  - 32.1.3 any person who was in partnership with the Supervisor immediately before the vacancy occurred.
- 32.2 Such a meeting must be chaired by a person qualified to act as an insolvency practitioner or a partner or senior employee of the former Supervisor's firm experienced in insolvency matters.
- 32.3 Any resignation by a sole Supervisor shall not take effect until a replacement Supervisor is appointed under these provisions or by the Court.
- 32.4 Where a Supervisor is replaced (whether the replacement is single or multiple) there shall be deemed to be continuation in office for all purposes under the CVA save that a successor Supervisor shall not be personally liable for the negligence, breach of contract, dishonesty, or acts or omissions of any former Supervisor.

## **33. RELEASE AND DISCHARGE OF SUPERVISORS**

- 33.1 The Company and each CVA Creditor releases the Supervisors, their firm, their fellow members, partners and employees, and the legal and other professional advisors to the Supervisors and their fellow members, partners and employees, from any liability (whether present, future, prospective or contingent) arising in connection with:
- 33.1.1 their acts, omissions or defaults taken directly or indirectly in relation to their conduct as Supervisors; and/or
  - 33.1.2 the implementation of the CVA or any matter ancillary to the CVA, other than arising from fraud, gross negligence or wilful default.
- 33.2 The Supervisors shall be discharged from their office on completion of the CVA in accordance with clause 25 and after discharging their duties under the Act and under the Rules in connection therewith.

## **34. MORATORIUM**

The CVA will be binding on all the CVA Creditors upon the approval of the CVA by the Creditors' Meeting summoned under section 3 of the Act and in accordance with the provisions thereof and accordingly none of the CVA Creditors shall thereafter be entitled to require or demand payment of any debt due by the Company, or commence action or other proceedings against the Company, or pursue or continue any action or other proceedings against the Company, in each case in respect of any matter or debt arising or incurred prior to the Operative Date and the only right of each of the Approved Creditors shall be to receive a dividend from the Fund in respect of an Approved Claim.

## **35. THIRD PARTIES**

Nothing in this CVA Proposal is intended to prevent any of the CVA Creditors from suing or recovering payment from any person who may have become in any manner liable for payment

of any debts of the Company (but who are not the Company). The CVA Creditors shall be entitled to exercise all their remedies against such persons in the same manner as if this CVA Proposal and approval had not been made and given respectively.

### **36. THE EC REGULATION**

36.1 The EC Regulation on Insolvency Proceedings (Council Regulation (EC) 1346/2000) (the “**EC Regulation**”) will apply to the CVA. The administration of the Company and the CVA (if approved) will be main proceedings as defined in Article 3 of the EC Regulation as the Company has its registered office in Scotland and the Company’s centre of main interests is Scotland in the United Kingdom.

### **37. GOVERNING LAW**

37.1 This CVA Proposal, the CVA and any non-contractual obligations arising out of or in connection with it or them are governed by and shall be constructed in accordance with Scottish law.

37.2 The Scottish Courts shall have exclusive jurisdiction in respect of this CVA Proposal, the CVA and any dispute arising in connection with it or them.

### **38. RESOLUTIONS**

38.1 That:

38.1.1 a CVA of the Company be and is hereby approved in terms of the proposals made by the Administrators (as detailed in this CVA Proposal) to the Creditors’ Meeting to be held at Palm Court Hotel, 81 Seafield Road, Aberdeen, AB15 7YX at 11am on 17 June 2016;

**38.1.2** Chad Griffin and Lisa Jane Rickelton be and are hereby appointed to act as Supervisors of the CVA; and

**38.1.3** if the CVA is approved and Chad Griffin and Lisa Jane Rickelton are appointed to act as Supervisors of the CVA, that any of the functions, powers and duties of a Supervisor of the CVA can be exercised by the Supervisors individually or by the two of them acting jointly.



**SCHEDULE 1**  
**DIRECTORS' STATEMENT OF AFFAIRS AS AT 6 JANUARY 2016**

Rule 2.21

The Insolvency Act 1986

Form 2.13B (Scot)

**Statement of Affairs**

Pursuant to paragraph 47 of Schedule B1 to the Insolvency Act 1986 and Rule 2.21(1) of the Insolvency (Scotland) Rules 1986

Insert name of the company

Statement as to the affairs of  
**Iona Energy Company (UK) Plc**

as at the   6   January   2016  , the date that the company entered administration.

**Statutory Declaration**

I solemnly and sincerely declare that the information provided in this statement and the lists A to G annexed and signed as relative hereto is, to the best of my knowledge and belief, true and complete,

**AND I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835.**

Declared at   ABERDEEN  

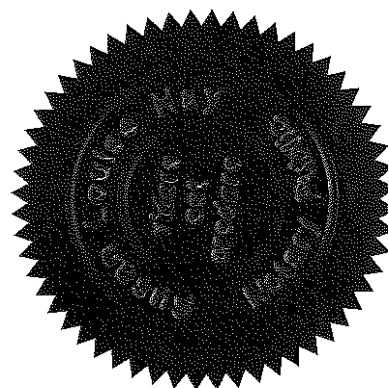
Signed   *[Signature]*  

This   21   day of   JANUARY   20  16  

Before me   Susan Kay  

A Notary Public or Justice of the Peace or Solicitor

SUSAN LOUISE KAY  
SOLICITOR & NOTARY PUBLIC  
PINSANT MORRIS LLP  
AT ABERDEEN  
ON 21 JANUARY 2016



STATEMENT as to the affairs of the Company on the 6 January 2016

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|  | Estimated<br>Realisable Values<br>\$ |
|--|--------------------------------------|
| <b>ASSETS</b>  |                                      |
| Assets not specifically secured (as per List "A")  | 5,080,358                            |
| Assets specifically secured (as per List "B")  | nil                                  |
| Estimated realisable value   | (262,767,523)                        |
| <b>Less:</b> Amount due to secured creditors   | nil                                  |
| Estimated Surplus  |                                      |
| Estimated Total Assets available for preferential creditors, holders of floating charges and unsecured creditors           | 5,080,358                            |
| <b>LIABILITIES</b>   |                                      |
| Preferential creditors (as per List "C")   | nil                                  |
| Estimated balance of assets available for holders of floating charges and unsecured creditors                              | 5,080,358                            |
| Estimated prescribed part of net property where applicable (to carry forward)  | (889,140)                            |
| Holders of floating charges (as per List "D")  | (262,767,523)                        |
| Estimated surplus/deficiency as regards holders of floating charges  | (258,576,305)                        |
| Estimated prescribed part of net property where applicable (brought down)  | 889,140                              |
| Unsecured Creditors  |                                      |
| Trade accounts (as per List "E")   | (232,799,397)                        |
| Bills payable (as per List "F")  | nil                                  |
| Contingent or other liabilities (as per List "G")  | (18,583,784)                         |
| Total unsecured creditors (excluding any shortfall to floating charge holders)   | (251,383,181)                        |
| Estimated Surplus/Deficiency as regards creditors unsecured creditors (excluding any shortfall to floating charge holders) | (250,494,041)                        |
| Estimated deficiency after floating charge where applicable (brought down)   | (258,576,305)                        |
| Estimated Surplus/Deficiency as regards creditors  | (509,070,346)                        |
| Issued and Called-up Capital   | (2)                                  |
| Estimated Surplus/Deficiency as regards members  | (509,070,348)                        |

These figures must be read subject to the following:--

(a) There is no unpaid capital liable to be called up

The estimates are subject to the expenses of the liquidation and to any surplus or deficiency on trading pending realisation of the Assets.

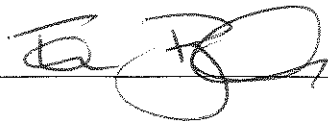
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**Statement of affairs LIST 'A'**  
Assets not specifically secured

| Particulars of assets                              | Book value<br>\$ | Estimated to produce<br>\$ |
|--|------------------|----------------------------|
| Balance at bank .....                              | 2,221,829.....   | 2,217,894.....             |
| Cash in hand .....                                 | nil .....        | nil.....                   |
| Marketable securities (as per Schedule I).....     | 144,497,386..... | nil.....                   |
| Bills receivable (as per Schedule II).....         | nil .....        | nil.....                   |
| Trade debtors (as per Schedule III) .....          | 11,325,511.....  | 2,846,807.....             |
| Loans and advances (as per Schedule IV) .....      | 224,807.....     | 8,657.....                 |
| Unpaid calls (as per Schedule V) .....             | nil .....        | nil.....                   |
| Stock in trade _____                               |                  |                            |
|  |                  |                            |
| Work in progress _____                             |                  |                            |
|  |                  |                            |
| Heritable property.....                            | nil .....        | nil.....                   |
| Leasehold property .....                           | nil .....        | nil.....                   |
| Plant, machinery and vehicles .....                | 164,696,447..... | nil.....                   |
| Furniture and fittings, etc .....                  | 534,068.....     | 7,000.....                 |
| Patents, trade marks, etc .....                    | nil .....        | nil.....                   |
| Investments other than marketable securities ..... | nil .....        | nil.....                   |
| Other property (deferred tax).....                 | 87,689,000       | nil                        |
| <b>Total</b>                                       |                  | <b>5,080,358</b>           |

Signed



Date 21/1/16

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## SCHEDULE I TO LIST 'A'

### Statement of affairs

### Marketable Securities

Please complete legibly, preferable in black type, or bold block lettering

Names to be arranged in alphabetical order and numbered consecutively

| No | Name of organisation in which securities are held | Details of securities held | Book value<br>\$ | Estimated to produce<br>\$ |
|----|---|----------------------------|------------------|----------------------------|
|    | Iona UK Huntington Limited                        | 100% share holding         | 144,497,386      | nil                        |

Signed



Date

21/1/16

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### SCHEDULE II TO LIST 'A'

### Statement of affairs

### Bills of exchange, promissory notes, etc. available as assets

Please complete legibly, preferably in black type, or bold block lettering

Names to be arranged in alphabetical order and numbered consecutively

| No | Name and address of acceptor of bill or note | Amount of bill or note<br>\$ | Date when due | Estimated to produce<br>\$ | Particulars of any property held as security for payment of bill or note |
|----|--|------------------------------|---------------|----------------------------|--|
|    | n/a  |                              |               |                            |  |

Signed



Date

23/1/16

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Please complete legibly, preferably in black type, or bold block lettering

**SCHEDULE III TO LIST 'A'**  
**Statement of affairs**  
**Trade debtors**

Names to be arranged in alphabetical order and numbered consecutively

| No | Name and address of debtor  | Particulars of any securities held for debt | Book value<br>\$  | Estimated to produce<br>\$ |
|----|---|---|-------------------|----------------------------|
| 1  | <b>Trade Debtors</b><br>Perenco UK Limited<br>3 Central Avenue, St<br>Andrews Business Park,<br>Norwich, Norfolk, NR7 0HR               | n/a   | 218,992           | nil                        |
| 2  | <b>VAT</b><br>HM Revenue & Customs,<br>Bradford, BD98 1YY   | n/a   | 2,838,608         | 2,838,608                  |
| 3  | <b>Accrued Income</b><br>Atlantic Petroleum Ltd<br>26/28 Hammersmith Grove,<br>London, W6 7BA   | n/a   | 104,205           | nil                        |
| 4  | Idemitsu Petroleum UK Ltd,<br>6 <sup>th</sup> Floor Shaftesbury House,<br>151 Shaftesbury Avenue,<br>London, WC2H 8AL                   | n/a   | 8,199             | 8,199                      |
| 5  | Perenco UK Limited<br>3 Central Avenue, St<br>Andrews Business Park,<br>Norwich, Norfolk, NR7 0HR                                       | n/a   | 200,000           | nil                        |
| 6  | <b>Accrued Revenue on<br/>outstanding Orlando<br/>Creditors</b><br>Atlantic Petroleum Ltd<br>26/28 Hammersmith Grove,<br>London, W6 7BA | n/a   | 4,026,172         | nil                        |
| 7  | <b>Accrued Revenue on<br/>Orlando Accruals</b><br>Atlantic Petroleum Ltd<br>26/28 Hammersmith Grove,<br>London, W6 7BA                  | n/a   | 3,929,335         | nil                        |
|    | <b>Total</b>  |   | <b>11,325,511</b> | <b>2,846,807</b>           |

Signed



Date

21/1/14

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**SCHEDULE IV TO LIST 'A'**  
**Statement of affairs**  
**Loans and Advances**

Please complete legibly, preferably in black type, or bold block lettering

Names to be arranged in alphabetical order and numbered consecutively

| No | Name and address of debtor   | Particulars of any securities held for debt | Book value<br>\$ | Estimated to produce<br>\$ |
|----|--|---|------------------|----------------------------|
|    | Carlton Rock Limited<br>15 Summer Street<br>Aberdeen<br>AB10 1SB                     | Rental deposit                              | \$214,261        | nil                        |
|    | Aberdeen City Council<br>Business Hub 16<br>Mariscal College<br>Aberdeen<br>AB10 1AB | n/a   | \$8,657          | \$8,657                    |
|    | G Monaghan and L McElhattan, 64<br>Blenheim Place,<br>Aberdeen, AB25<br>2DY          | Rental deposit for flat                     | \$1,889          | nil                        |
|    | <b>Total</b>   |   | <b>\$224,807</b> | <b>\$8,657</b>             |

Signed



Date

21/1/16

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### SCHEDULE V TO LIST 'A'

### Statement of affairs

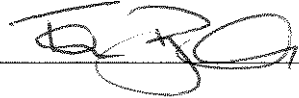
### Unpaid calls

Please complete legibly, preferably in black type, or bold block lettering

Names to be arranged in alphabetical order and numbered consecutively

| No | No in share register | Name and address of shareholder | No of shares held | Amount of call per share unpaid<br>\$ | Total amount due<br>\$ | Estimated to produce<br>\$ |
|----|----------------------|---------------------------------|-------------------|---------------------------------------|------------------------|----------------------------|
|    |                      | n/a                             |                   |                                       |                        |                            |

Signed



Date

21/1/16



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LIST 'B' (consisting of \_\_\_\_\_ pages)

**Statement of affairs**

Please complete legibly, preferably in black type, or bold block lettering

**Assets specifically secured and creditors fully or partly secured (see note below) (not including debenture holders secured by a floating charge)**

| No | Particulars of assets specifically secured and nature of security | Date when security granted | Name of creditor | Address and occupation |
|----|---|----------------------------|------------------|------------------------|
|    | n/a   |                            |                  |                        |

**Note:** For this purpose treat as a creditor but identify separately

- (a) an owner of goods in the company's possession under a hire-purchase agreement or an agreement for the hire of goods for more than 3 months, or
- (b) a seller of goods to the company claiming a retention of title or a seller under a conditional sale agreement.

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Please complete legibly, preferably in black type, or bold block lettering

**LIST 'C' (consisting of 1 pages)**

**Statement of affairs**

**Preferential creditors for salaries, wages and otherwise**

Names to be arranged in alphabetical order and numbered consecutively

| No | Name of creditor | Address |
|----|------------------|---------|
|    | n/a              |         |

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Please complete legibly, preferably in black type, or bold block lettering

| Nature of claim | Total amount of claim | Amount ranking as preferential | Balance not preferential carried to List 'E' |
|-----------------|-----------------------|--------------------------------|--|
|                 |                       |                                |  |

Signed



Date

20/1/16

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Please complete legibly, preferably in black type, or bold block lettering

**LIST 'D'**

**Statement of affairs**

**List of holders of debentures secured by a floating charge**

Names to be arranged in alphabetical order and numbered consecutively

| No | Name and address of Holder  | Amount<br>\$         | Description of assets over which security extends               |
|----|---|----------------------|---|
|    | Nordic Trustee ASA (formerly Norsk Tillitsmann ASA)<br>PO Box 1470 Vika, N-0116<br>Oslo, Haakon Vlls gate 1, Oslo | \$256,703,755        | Full security package incorporating fixed and floating charges. |
|    | Britannic Trading Limited<br>Chertsey Road, Sunbury On Thames, Middlesex, TW16 7BP                                | \$6,063,768          | Full security package incorporating fixed and floating charges. |
|    | <b>Total</b>  | <b>\$262,767,523</b> |   |

Signed



Date

21/1/18

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Please complete legibly, preferable in black type, or bold block lettering

LIST 'E' (consisting of 1 pages)

### Statement of affairs

#### Unsecured creditors – trade accounts.

Identify separately on this list customers claiming amounts paid in advance of the supply of goods and services

Names to be arranged in alphabetical order and numbered consecutively

| No | Name of and address of creditor           | Amount of the debt<br>\$ |
|----|---|--------------------------|
|    | Trade and other payables (See Appendix 1) | \$20,203,060             |
|    | Intercompany liabilities                  |                          |
|    | - Iona Inc                                | \$168,526,267            |
|    | - Iona UK Huntington Limited              | \$46,078,770             |
|    | - Iona UK Developments Company Limited    | \$(2,008,700)            |
|    | <b>Total</b>                              | <b>\$232,799,397</b>     |
|    |   |                          |

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**LIST 'F'**

**Statement of affairs**

**Unsecured creditors – Bills payable, promissory notes, etc**

Names to be arranged in alphabetical order and numbered consecutively

**\*Note**

The particulars of any bills of exchange and promissory notes held by a holder should be inserted immediately below the name and address of such creditor.

| No | Name and address of acceptor of bill or note | Name and address of holder* | Date when due | Amount of claim<br>\$ |
|----|--|-----------------------------|---------------|-----------------------|
|    |  |                             |               |                       |

Signed



Date

21/1/16

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Please complete legibly, preferably in black type, or bold block lettering

**LIST 'G'**

**Statement of affairs**

**Unsecured creditors – contingent liabilities**

Names to be arranged in alphabetical order and numbered consecutively

| No | Name and address of creditor  | Nature of liability                    | Amount of claim<br>\$ |
|----|---|--|-----------------------|
|    | Trent & Tyne Asset<br>Perenco Uk, 3 Central Avenue,<br>St Andrews Business Park,<br>Norwich, Norfolk, NR7 0HR | Decommissioning liability              | (1,444,031)           |
|    | Orlando Asset   | Decommissioning liability              | (632,788)             |
|    | Cancellation Accruals (see<br>Appendix 2)   | Cancellation Accruals                  | (15,677,101)          |
|    | Neil Carson, The Old Dairy,<br>Jockston Estate, Ardoe, AB12<br>5XT  | Former Employee<br>Termination Accrual | (829,864)             |
|    | Total   |  | (18,583,784)          |

Signed



Date

21/1/16

| No  | Name of and address of creditor  | Amount of the debt \$ |
|---|--|-----------------------|
| Trade Creditors   |  |                       |
| 1   | ABG Sundal Collier, Munkedamsveien 45E, 7th floor, PO Box 1444 Vika, 0115 Oslo   | 470,000.00            |
| 2   | AGR TRACS International Limited, Union Plaza, 1 Union Wynd, Aberdeen, AB10 1SL   | 749,595.26            |
| 3   | Asset Development & Improvement Ltd, 3-4 Rubislaw Terrace, Aberdeen, AB10 1XE  | 41,995.86             |
| 4   | Baker Hughes, Stoneywood Park North, Dyce, Aberdeen, AB 21 7EA   | 5,352,041.27          |
| 5   | RSM Employer Services Limited, 52-54 Queen's Road, Aberdeen, AB15 4YE  | 711.31                |
| 6   | British Telecom - Call 0845 600 6156 quote account number VP 1679 5670   | 125.34                |
| 7   | Chubb Electronic Security, Number 1 @ The Beehive, Lions Drive, Blackburn, Lancashire, BB1 2QS                           | 57.44                 |
| 8   | Clanwright Limited, 31 Brunswick Place, Aberdeen, AB11 7TF   | 800.23                |
| 9   | CMS Cameron McKenna, 6 Queens Road, Aberdeen, AB15 4ZT   | 81,393.99             |
| 10  | CNR, St Magnus House, Guild Street, Aberdeen, AB 11 6NJ  | 1,174,516.00          |
| 11  | Costain Upstream Ltd, Salvesen Tower, 5th Floor Reception, Blaikies Quay, Aberdeen, AB11 5PW                             | 75,615.31             |
| 12  | Deloitte LLP, The Pinnacle, 150 Midsummer Boulevard, Milton Keynes, Buckinghamshire, MK9 1FD                             | 62,417.63             |
| 13  | Department of Energy & Climate Change, c/o SSD Finance, PO Box 347, York, YO1 7PX  | 42,878.78             |
| 14  | Engineering Materials Solutions Ltd, Viewforth, Bridge Road, Kemnay, Inverurie, AB51 5QT                                 | 3,814.41              |
| 15  | The Energy Contract Company Ltd, Energy House, 99 Amyand Park Road, Twickenham, TW1 3HN                                  | 21,601.57             |
| 16  | Evoke IT Limited, 46 Carden Place, Aberdeen, AB10 1UP  | 1,600.45              |
| 17  | Fedex, Parkhouse East Ind Estate, Newcastle-Under-Lyme, Staffordshire, ST5 7RB   | 43.27                 |
| 18  | HBJ Gateley, Exchange Tower, 19 Canning Street, Edinburgh, EH3 8EH   | 7,227.82              |
| 19  | HM Revenue & Customs, Bradford, BD98 1YY. Employer PAYE Reference 961/NA53170  | 107,557.74            |
| 20  | INGEN Ideas Ltd, The Soap Factory, 111 Gallowgate, Aberdeen, AB25 1BU  | 114,236.71            |
| 21  | Intertek, Units 6-8, Long Wood Road, Trafford Park, Manchester, M17 1PZ  | 2,347.33              |
| 22  | Iron Mountain, Whitelaw House, Macmillan Road, Livingston, Scotland, EH54 7DF  | 132.41                |
| 23  | Investec Asset Finance PLC, Reading International Business Park, Reading, Berkshire, RG2 6AA                             | 2,311.76              |
| 24  | Merrill Corporation Ltd, 101 Finsbury Pavement, London, EC2A 1ER   | 1,327.95              |
| 25  | OC Consulting Limited, 14 Pinecrest Circle, Bielside, Aberdeen, AB15 9FN   | 21,417.60             |
| 26  | Oceanneering Ltd, Dundas Road, Port of Rosyth, Fife, KY11 2XS  | 4,674,956.09          |
| 27  | Oil & Gas Consultancy Service Ltd, 205 Benfleet Road, Hadleigh, Essex, SS7 1QG   | 34,142.98             |
| 28  | OpenStream Consulting, 2 Burgon St, London EC4V 5DR  | 1,248.35              |
| 29  | Optimus (Aberdeen) Ltd, Gordon House, 27 Rubislaw Den North, Aberdeen, AB15 4DE  | 108,318.59            |
| 30  | Perenco UK, 3 Central Avenue, St Andrews Business Park, Norwich, Norfolk, NR7 0HR  | 762,582.52            |
| 31  | Petrex Developments, 41 Albert Street, Aberdeen, AB25 1XU  | 7,202.03              |
| 32  | Proserv Ltd, Edison Way, Gapton Hall Industrial Estate, Great Yarmouth, Norfolk, NR31 0NG                                | 1,473,301.01          |
| 33  | Rainbow City Taxis, Rainbow House, Craigshaw Road, West tullo, Aberdeen, AB12 3AR  | 90.51                 |
| 34  | Score Subsea and Wellhead Ltd, Shed 3, Wellbank, Peterhead, AB 42 3GL  | 400.11                |
| 35  | Strategic Resources, Migvie House, 23 North Silver Street, Aberdeen, AB10 1RJ  | 13,201.39             |
| 36  | Strategic Safety Consultants, Derry Lodge, 75 North Deeside Road, Peterculter, Aberdeen, AB14 0QL                        | 39,122.16             |
| 37  | Stewart Travel Management, Sterling House, 20 Renfield Street, Glasgow, G2 5AP   | 7,187.32              |
| 38  | Specialist Umbilical Services Limited, 1 Two Ball Lonnen, Fenham, Newcastle Upon Tyne, NE4 9RN                           | 12,566.22             |
| 39  | Technip, Enterprise Drive, Westhill, Aberdeen, AB32 6TQ  | 3,799,225.57          |
| 40  | Thommessen, Haakon Vils gate 10, PO Box 1484 Vika, NO-0116 Oslo  | 24,471.60             |
| 41  | The UK Corporate Portal, TVV Tele Verzeichnis Verlag GmbH PO Box 616165, 22449 Hamburg                                   | 1,181.07              |
| 42  | Credit Card - Royal Bank Of Scotland, Aberdeen's Queens Cross Branch, 40 Albyn Place, Aberdeen, AB10 1YN                 | 3,935.19              |
| PAYE / NIC  |  |                       |
| 43  | HM Revenue & Customs, Bradford, BD98 1YY. Employer PAYE Reference 961/NA53170  | 21,975.74             |
| T6 Well costs   |  |                       |
| 44  | Perenco UK, 3 Central Avenue, St Andrews Business Park, Norwich, Norfolk, NR7 0HR  | 250,088.95            |
| Capex Accruals  |  |                       |
| 45  | One Subsea, Pavilion 1 Discovery Drive, Arnhall Business Park, Westhill, Aberdeenshire AB32 6FG                          | 101,524.97            |
| 46  | The Parkmead Group PLC, 4 Queens Terrace, Aberdeen, AB10 1XL   | 46,381.99             |
| Opex Accruals   |  |                       |
| 47  | Perenco UK, 3 Central Avenue, St Andrews Business Park, Norwich, Norfolk, NR7 0HR  | 291,212.61            |
| 48  | Perenco UK, 3 Central Avenue, St Andrews Business Park, Norwich, Norfolk, NR7 0HR  | 112,448.51            |
| 49  | SSE, PO Box 3158, Cardiff, CF30 0EY  | 2,371.04              |
| 50  | FM By Design, Bishop House, 50 Carden Place, Aberdeen, AB10 1UP  | 1,481.90              |
| 51  | Gamma Business Communications Ltd, The Port House, Marina Keep, Port Solent, Portsmouth, PO6 4TH                         | 2,815.61              |
| 52  | 2 circles Communications Ltd, Ver House, 23-25 High Street, Redbourn Herts, AL3 7LE                                      | 2,371.04              |
| 53  | Perenco UK, 3 Central Avenue, St Andrews Business Park, Norwich, Norfolk, NR7 0HR (payment for Herbert Smith's Services) | 59,276.00             |
| Pension Accruals  |  |                       |
| Legal & General Assurance Society Ltd, Document Control Centre, Workplace Savings, Employer Dedicated Team, 2nd Floor, Knox |  |                       |
| 54  | Court, 10 Fitzalan Place, Cardiff CF24 0TL   | 213.73                |
| 55  | Scottish Widows plc, Stakeholder Pensions, PO Box 902, 15 Dalkeith Road, Edinburgh EH16 5BU                              | 854.94                |
| 56  | Scottish Widows plc, Stakeholder Pensions, PO Box 902, 15 Dalkeith Road, Edinburgh EH16 5BU                              | 208.95                |
| 57  | Old Mutual Wealth, Old Mutual House, Portland Terrace, Southampton SO14 7AY  | 3,077.79              |
| Legal & General Assurance Society Ltd, Document Control Centre, Workplace Savings, Employer Dedicated Team, 2nd Floor, Knox |  |                       |
| 58  | Court, 10 Fitzalan Place, Cardiff CF24 0TL   | 237.48                |
| 59  | St. James's Place Wealth Management, Administration Centre, PO Box 9034, Chelmsford CM99 2XA                             | 2,564.83              |
| 60  | Old Mutual Wealth, Old Mutual House, Portland Terrace, Southampton SO14 7AY  | 1,538.90              |
| 61  | St. James's Place Wealth Management, Administration Centre, PO Box 9034, Chelmsford CM99 2XA                             | 1,424.90              |
| 62  | Scottish Widows plc, Stakeholder Pensions, PO Box 902, 15 Dalkeith Road, Edinburgh EH16 5BU                              | 1,424.90              |
| 63  | St. James's Place Wealth Management, Administration Centre, PO Box 9034, Chelmsford CM99 2XA                             | 427.47                |
| 64  | Scottish Widows plc, Stakeholder Pensions, PO Box 902, 15 Dalkeith Road, Edinburgh EH16 5BU                              | 237.48                |
|   |  | 20,203,059.90         |



| no. | Name and address of creditor   | Nature of liability  | Amount of claim \$     |
|-----|--|----------------------|------------------------|
| 1   | Baker Hughes, Stoneywood Park North, Dyce, Aberdeen, AB 21 7EA   | Cancellation Accrual | - 218,955.30           |
| 2   | AGR TRACS International Limited, Union Plaza, 1 Union Wynd, Aberdeen, AB10 1SL                               | Cancellation Accrual | - 5,512.67             |
| 3   | GE Oil and Gas UK Limited, Wellstream House, Wincomblee Road, Walker Riverside, Newcastle upon Tyne, NE6 3PF | Cancellation Accrual | - 387,803.42           |
| 4   | Oceaneering Ltd, Dundas Road, Port of Rosyth, Fife, KY11 2XS   | Cancellation Accrual | - 5,832,653.05         |
| 5   | Siemens PLC, Subsea Excellence Centre, Ulverston, Cumbria, LA12 9EE  | Cancellation Accrual | - 152,358.69           |
| 6   | Proserv Ltd, Edison Way, Gapton Hall Industrial Estate, Great Yarmouth, Norfolk, NR31 0NG                    | Cancellation Accrual | - 707,495.22           |
| 7   | Bel Valves Limited, 11 Glasshouse Street, St. Peters, Newcastle upon Tyne, NE6 1BS                           | Cancellation Accrual | - 958,626.54           |
| 8   | Bredero Shaw, a division of ShawCor UK Limited, Bredero House, Imperial Dock, Leith, Edinburgh, EH6 7DT      | Cancellation Accrual | - 17,537.19            |
| 9   | GE Oil and Gas Limited, Silverburn House, Claymore Drive, Bridge of Don, AB23 8GD                            | Cancellation Accrual | - 2,568,283.90         |
| 10  | Strategic Resources, Migvie House, 23 North Silver Street, Aberdeen, AB10 1RJ                                | Cancellation Accrual | - 6,500.09             |
| 11  | Hartley Anderson Limited, Regent House, 36 Regent Quay, Aberdeen, AB11 5BE                                   | Cancellation Accrual | - 35,823.45            |
| 12  | Subsea 7, Arnhall Business Park, Westhill, Aberdeen AB32 6FE   | Cancellation Accrual | - 4,755,206.67         |
| 13  | Engineering Materials Solutions Ltd, Viewforth, Bridge Road, Kemnay, Inverurie, AB51 5QT                     | Cancellation Accrual | - 10,877.15            |
| 14  | Lloyds Register EMEA, Denburn House, 25 Union Terrace, Aberdeen, AB 10 1NN                                   | Cancellation Accrual | - 19,467.72            |
|     |  |                      | <u>- 15,677,101.06</u> |

**SCHEDULE 2**  
**SUMMARY OF THE COMPANY AND HUNTINGTON'S RECENT FINANCIAL**  
**PERFORMANCE**

| <b>Summary of Consolidated Financial Performance</b> |                   |                   |
|--|-------------------|-------------------|
| <b>\$'000</b>  | <b>Year ended</b> | <b>Year ended</b> |
|  | <b>31/12/13</b>   | <b>31/12/14</b>   |
| Revenue  | 65,508            | 90,518            |
| Operating (loss) / profit                            | 5,206             | (3,228)           |
| Loss before interest and tax                         | (36,738)          | (142,031)         |
| Net (loss) / income                                  | 35,086            | (115,420)         |

Note: The above financials are consolidated and show the Company's and Huntington's performance. Separable analysis is not available.

**SCHEDULE 3**  
**COMPARISON OF ESTIMATED OUTCOMES FOR CVA CREDITORS IN COMPANY**  
**VOLUNTARY ARRANGEMENT AND DISSOLUTION**

The comparison between the estimated outcomes for the CVA creditors in a CVA and dissolution shown below is first presented in £'m. The second table is presented in US\$m at a prevailing rate of £1.00 = US\$1.45.

A breakdown of the estimated receipts and payments in the dissolution scenario are presented in Schedule 4.

| <b>Comparison of outcome for unsecured creditors</b>          |                    |               |
|---|--------------------|---------------|
| <b>£'m</b>  | <b>Dissolution</b> | <b>CVA</b>    |
| Distribution from administration by virtue of Prescribed Part | -                  | n/a           |
| Funds available under CVA Arrangement                         | n/a                | 1.4           |
| <b>Total funds available for unsecured creditors</b>          | <b>-</b>           | <b>1.4</b>    |
| Unsecured claims  | (26.6)             | (26.6)        |
| <b>Unsecured creditor surplus / (shortfall)</b>               | <b>(26.6)</b>      | <b>(25.2)</b> |
| <i>Unsecured creditor return</i>                              | <i>nil</i>         | 5.23%         |

Notes

1) Estimated return to unsecured creditors assumes the following creditors waive their rights to participate in a return to unsecured creditors: Junior Creditor and Senior Creditor shortfalls and intercompany claims with the Parent and Huntington.

The table below is presented in US\$m at a prevailing rate of £1.00 = US\$1.45.

| <b>\$'m</b>   | <b>Dissolution</b> | <b>CVA</b>    |
|---|--------------------|---------------|
| Distribution from administration by virtue of Prescribed Part | -                  | n/a           |
| Funds available under CVA Arrangement                         | n/a                | 2.0           |
| <b>Total funds available for unsecured creditors</b>          | <b>-</b>           | <b>2.0</b>    |
| Unsecured claims  | (38.5)             | (38.5)        |
| <b>Unsecured creditor surplus / (shortfall)</b>               | <b>(36.5)</b>      | <b>(36.5)</b> |
| <i>Unsecured creditor return</i>                              | <i>nil</i>         | 5.23%         |

Notes

1) Estimated return to unsecured creditors assumes the following creditors waive their rights to participate in a return to unsecured creditors: Junior Creditor and Senior Creditor shortfalls and intercompany claims with the Parent and Huntington.

**SCHEDULE 4**  
**BREAKDOWN OF ESTIMATED RECEIPTS AND PAYMENTS IN THE DISSOLUTION**  
**SCENARIO**

The comparison between the estimated outcomes for the CVA creditors in a CVA and dissolution shown below is first presented in £'m. The second table is presented in US\$'m at a prevailing rate of £1.00 = US\$1.45

| <b>Breakdown of estimated receipts and payments in dissolution scenario</b> |                    |
|---|--------------------|
| <b>£'m</b>  | <b>Dissolution</b> |
| Cash on appointment   | 1.5                |
| Other receipts  | 2.3                |
| <b>Total realisations</b>   | <b>3.8</b>         |
| Opex spend  | (2.4)              |
| Pre appointment administrators' fees and expenses                           | (0.4)              |
| Pre appointment legal fees and expenses                                     | (0.4)              |
| Post appointment administrators' fees and expenses                          | (0.9)              |
| Post appointment legal fees and expenses                                    | (1.1)              |
| <b>Net floating charge proceeds</b>   | <b>(1.3)</b>       |
| <b>Available to unsecured creditors by virtue of Prescribed Part</b>        | <b>-</b>           |

Notes

- 1) Estimated administration outcome statement excludes sale proceeds of £1.2m (\$1.8m) in respect of the pre-pack of the Company's West Wick Licence which exchanged on 3 February 2016 as completion is contingent on several conditions (as set out in the administrators' SIP16 disclosure in respect of the transaction) and may be liable for repayment to DECC / OGA.
- 2) Estimated administration outcome statement excludes any possible realisations from recovery actions.

The table below is presented in US\$'m at a prevailing rate of £1.00 = US\$1.45.

| <b>Breakdown of estimated receipts and payments in dissolution scenario</b> |                    |
|---|--------------------|
| <b>\$'m</b>   | <b>Dissolution</b> |
| Cash on appointment   | 2.1                |
| Other receipts  | 3.4                |
| <b>Total realisations</b>   | <b>5.5</b>         |
| Opex spend  | (3.5)              |
| Pre appointment administrators' fees and expenses                           | (0.5)              |
| Pre appointment legal fees and expenses                                     | (0.5)              |
| Post appointment administrators' fees and expenses                          | (1.3)              |
| Post appointment legal fees and expenses                                    | (1.6)              |
| <b>Net floating charge proceeds</b>   | <b>(1.9)</b>       |
| <b>Available to unsecured creditors by virtue of Prescribed Part</b>        | <b>-</b>           |

**SCHEDULE 5**  
**SECURITY GRANTED BY THE COMPANY**

In this Schedule:

“**Bond Trustee**” means Nordic Trustee ASA (formerly Norsk Tillitsmann ASA);

“**BTL**” means Britannic Trading Limited;

“**Iona Huntington**” means Iona UK Huntington Limited (in administration); and

“**Iona UK**” means Iona Energy Company (UK) Limited (in administration) (formerly Iona Energy Company (UK) Plc).

| No. | Charge  | Parties  | Date              | Governing Law | Particulars   |
|-----|---|--|-------------------|---------------|---|
| 1.  | Debenture   | <ul style="list-style-type: none"> <li>• Iona UK</li> <li>• Bond Trustee</li> </ul>                            | 30 September 2013 | English       | Debenture containing fixed and floating charges in favour of the Bond Trustee (on behalf of the Bondholders) over all or substantially all of Iona UK’s property, assets, rights and revenues.                                |
| 2.  | Bond and Floating Charge                              | <ul style="list-style-type: none"> <li>• Iona UK</li> <li>• Bond Trustee</li> </ul>                            | 30 September 2013 | Scottish      | Floating charge in favour of the Bond Trustee (on behalf of the Bondholders) over all of the property, assets and undertaking (including uncalled capital but excluding the Excluded Assets (as defined therein)) of Iona UK. |
| 3.  | Security Assignment                                   | <ul style="list-style-type: none"> <li>• Iona Huntington</li> <li>• Iona UK</li> <li>• Bond Trustee</li> </ul> | 30 September 2013 | English       | Assignment of the Intercompany Receivables (as defined therein) including all associated rights in favour of the Bond Trustee (on behalf of the Bondholders).   |
| 4.  | BP Structured Energy Derivative Escrow Account Pledge | <ul style="list-style-type: none"> <li>• Iona UK</li> <li>• Bond Trustee</li> </ul>                            | 30 September 2013 | Norwegian     | Security in favour of the Bond Trustee (on behalf of the Bondholders) over the Pledged Account (as defined therein).  |

| No. | Charge  | Parties   | Date              | Governing Law | Particulars  |
|-----|---|---|-------------------|---------------|--|
|     | Agreement                                       |   |                   |               |  |
| 5.  | Charge over Account                             | <ul style="list-style-type: none"> <li>Iona UK</li> <li>Bond Trustee</li> </ul>                 | 26 September 2013 | English       | Charge in favour of the Bond Trustee (on behalf of the Bondholders) over the Repayment Escrow Account and the Deposit (each as defined therein). |
| 6.  | Escrow Account Pledge Agreement                 | <ul style="list-style-type: none"> <li>Iona UK</li> <li>Bond Trustee</li> </ul>                 | 26 September 2013 | Norwegian     | Pledge in favour of the Bond Trustee (on behalf of the Bondholders) over the Pledge Account (as defined therein).                                |
| 7.  | Debt Service Retention Account Pledge Agreement | <ul style="list-style-type: none"> <li>Iona UK</li> <li>Bond Trustee</li> </ul>                 | 30 September 2013 | Norwegian     | Pledge in favour of the Bond Trustee (on behalf of the Bondholders) over the Pledge Account (as defined therein).                                |
| 8.  | Bond and Floating Charge                        | <ul style="list-style-type: none"> <li>Iona UK</li> <li>BTL</li> </ul>                          | 30 September 2013 | Scottish      | Floating charge in favour of BTL over all of the property, assets and undertaking (including uncalled capital) of Iona UK.                       |
| 9.  | Security Assignment                             | <ul style="list-style-type: none"> <li>Iona UK</li> <li>Iona Huntington</li> <li>BTL</li> </ul> | 30 September 2013 | English       | Assignment of the Intercompany Receivables (as defined therein), including all associated rights in favour of BTL.                               |
| 10. | Charge over Account                             | <ul style="list-style-type: none"> <li>Iona UK</li> <li>BTL</li> </ul>                          | 30 September 2013 | English       | Charge in favour of BTL over the Repayment Escrow Account and the Deposit (each as defined therein).   |
| 11. | Debenture                                       | <ul style="list-style-type: none"> <li>Iona UK</li> <li>BTL</li> </ul>                          | 30 September 2013 | English       | Debenture granting fixed and floating charges in favour of BTL over all or substantially all of Iona UK's property, assets, rights and revenues. |

NB: A previous version of this Schedule 5 incorrectly referred to a Norwegian law BP Structured Energy Derivative Escrow Account Pledge Agreement, a Debt Service Retention Account Pledge Agreement and an Escrow Account Pledge Agreement between BTL and Iona UK. These Agreements did not exist on 6 January 2016 when Iona UK entered administration, on 1 June 2016 when this CVA was originally proposed or on [ ] February 2017 when this CVA was amended and restated pursuant to clause 29.1 hereof. These agreements have therefore been removed from Schedule 5 for clarity, as they are not securities granted by Iona UK.

## SCHEDULE 6 LIST OF CREDITORS

| Name of and address of creditor  | Amount of the debt \$  | Amount of the debt £   |
|--|------------------------|------------------------|
| <b>Trade Creditors</b>   |                        |                        |
| ABG Sundal Collier, Munkedamsveien 45E, 7th floor, PO Box 1444 Vika, 0115 Oslo                           | (470,000.00)           | (319,853.80)           |
| AGR TRACS International Limited, Union Plaza, 1 Union Wynd, Aberdeen, AB10 1SL                           | (733,187.09)           | (483,073.00)           |
| Asset Development & Improvement Ltd, 3-4 Rubislaw Terrace, Aberdeen, AB10 1XE                            | (40,808.45)            | (28,339.20)            |
| Baker Hughes, c/o Ince & Co LLP, International House, 1 St Katherine's Way, London, E1W 1AY              | (5,200,714.92)         | (3,611,607.58)         |
| British Telecom - Call 0845 600 6156 quote account number VP 1679 5670                                   | (125.34)               | (85.30)                |
| Chubb Electronic Security, Number 1 @ The Beehive, Lions Drive, Blackburn, Lancashire, BB1 2QS           | (57.44)                | (39.09)                |
| Clanwright Limited, 31 Brunswick Place, Aberdeen, AB11 7TF   | (777.60)               | (540.00)               |
| CMS Cameron McKenna, 6 Queens Road, Aberdeen, AB15 4ZT   | (81,393.99)            | (55,391.87)            |
| CNR, St Magnus House, Guild Street, Aberdeen, AB 11 6NJ  | (1,174,516.00)         | (799,305.12)           |
| Costain Upstream Ltd, Salvesen Tower, 5th Floor Reception, Blaikies Quay, Aberdeen, AB11 5PW             | (75,615.31)            | (51,459.24)            |
| Deloitte LLP, The Pinnacle, 150 Midsummer Boulevard, Milton Keynes, Buckinghamshire, MK9 1FD             | (83,692.80)            | (58,120.00)            |
| Department of Energy & Climate Change, c/o SSD Finance, PO Box 347, York, YO1 7PX                        | (42,878.78)            | (29,180.72)            |
| Engineering Materials Solutions Ltd, Viewforth, Bridge Road, Kemnay, Inverurie, AB51 5QT                 | (5,166.72)             | (3,588.00)             |
| The Energy Contract Company Ltd, Energy House, 99 Amyand Park Road, Twickenham, TW1 3HN                  | (20,990.79)            | (14,576.94)            |
| Evoke IT Limited, 46 Carden Place, Aberdeen, AB10 1UP  | (1,555.20)             | (1,080.00)             |
| Fedex, Parkhouse East Ind Estate, Newcastle-Under-Lyme, Staffordshire, ST5 7RB                           | (43.27)                | (29.45)                |
| HM Revenue & Customs, Bradford, BD98 1YY. Employer PAYE Reference 961/NA53170                            | (107,557.74)           | (73,197.34)            |
| INGEN Ideas Ltd, The Soap Factory, 111 Gallowgate, Aberdeen, AB25 1BU                                    | (111,006.72)           | (77,088.00)            |
| Intertek, Units 6-8, Long Wood Road, Trafford Park, Manchester, M17 1PZ                                  | (2,347.33)             | (1,597.45)             |
| Investec Asset Finance PLC, Reading International Business Park, Reading, Berkshire, RG2 6AA             | (11,092.75)            | (7,703.30)             |
| Merrill Corporation Ltd, 101 Finsbury Pavement, London, EC2A 1ER   | (1,327.95)             | (903.72)               |
| OC Consulting Limited, 14 Pinecrest Circle, Bielside, Aberdeen, AB15 9FN                                 | (21,417.60)            | (14,575.54)            |
| Oceaneering Ltd, Dundas Road, Port of Rosyth, Fife, KY11 2XS   | (4,674,956.09)         | (3,181,494.62)         |
| Oil & Gas Consultancy Service Ltd, 205 Benfleet Road, Hadleigh, Essex, SS7 1QG                           | (33,177.60)            | (23,040.00)            |
| Optimus (Aberdeen) Ltd, Gordon House, 27 Rubislaw Den North, Aberdeen, AB15 4DE                          | (105,255.94)           | (73,094.40)            |
| Petrex Developments, 41 Albert Street, Aberdeen, AB25 1XU  | (7,202.03)             | (4,901.27)             |
| Proserv Ltd, Edison Way, Gapton Hall Industrial Estate, Great Yarmouth, Norfolk, NR31 0NG                | (1,431,644.14)         | (994,197.32)           |
| Rainbow City Taxis, Rainbow House, Craigshaw Road, West tullo, Aberdeen, AB12 3AR                        | (87.96)                | (61.08)                |
| Score Subsea and Wellhead Ltd, Shed 3, Wellbank, Peterhead, AB 42 3GL                                    | (400.11)               | (272.29)               |
| Strategic Resources, Migvie House, 23 North Silver Street, Aberdeen, AB10 1RJ                            | (12,828.12)            | (8,908.42)             |
| Strategic Safety Consultants, Derry Lodge, 75 North Deeside Road, Peterculter, Aberdeen, AB14 0QL        | (38,016.00)            | (26,400.00)            |
| Stewart Travel Management, Sterling House, 20 Renfield Street, Glasgow, G2 5AP                           | (6,984.10)             | (4,850.07)             |
| Specialist Umbilical Services Limited, 1 Two Ball Lonnen, Fenham, Newcastle Upon Tyne, NE4 9RN           | (12,210.91)            | (8,479.80)             |
| Technip, Enterprise Drive, Westhill, Aberdeen, AB32 6TQ  | (3,691,804.32)         | (2,563,753.00)         |
| The UK Corporate Portal, TVV Tele Verzeichnis Verlag GmbH PO Box 616165, 22449 Hamburg                   | (1,181.07)             | (803.77)               |
| Credit Card - Royal Bank Of Scotland, Aberdeen's Queens Cross Branch, 40 Albyn Place, Aberdeen, AB10 1YN | (3,935.19)             | (2,678.05)             |
| <b>Sub-total</b>   | <b>(18,205,957.38)</b> | <b>(12,524,268.76)</b> |

| <b>Name of and address of creditor</b>   | <b>Amount of the debt \$</b> | <b>Amount of the debt £</b> |
|--|------------------------------|-----------------------------|
| <b>Accruals</b>  |                              |                             |
| One Subsea, Pavilion 1 Discovery Drive, Arnhall Business Park, Westhill, Aberdeenshire AB32 6FG  | (101,524.97)                 | (69,091.80)                 |
| SSE, PO Box 3158, Cardiff, CF30 0EY  | (2,152.76)                   | (1,465.04)                  |
| Baker Hughes, Stoneywood Park North, Dyce, Aberdeen, AB 21 7EA   | (218,955.30)                 | (149,007.84)                |
| AGR TRACS International Limited, Union Plaza, 1 Union Wynd, Aberdeen, AB10 1SL   | (5,512.67)                   | (3,751.59)                  |
| GE Oil and Gas UK Limited, Wellstream House, Wincomblee Road, Walker Riverside, Newcastle upon Tyne, NE6 3PF   | (387,803.42)                 | (263,915.74)                |
| Oceaneering Ltd, Dundas Road, Port of Rosyth, Fife, KY11 2XS   | (5,832,653.05)               | (3,969,353.71)              |
| Siemens PLC, Subsea Excellence Centre, Ulverston, Cumbria, LA12 9EE  | (84,488.26)                  | (58,672.40)                 |
| Proserv Ltd, Edison Way, Gapton Hall Industrial Estate, Great Yarmouth, Norfolk, NR31 0NG  | (707,495.22)                 | (481,478.80)                |
| Bel Valves Limited, 11 Glasshouse Street, St. Peters, Newcastle upon Tyne, NE6 1BS   | (958,626.54)                 | (652,383.71)                |
| Bredero Shaw, a division of ShawCor UK Limited, Bredero House, Imperial Dock, Leith, Edinburgh, EH6 7DT  | (17,537.19)                  | (11,934.76)                 |
| GE Oil and Gas Limited, Silverburn House, Claymore Drive, Bridge of Don, AB23 8GD  | (2,568,283.90)               | (1,747,819.92)              |
| Strategic Resources, Migvie House, 23 North Silver Street, Aberdeen, AB10 1RJ  | (6,500.09)                   | (4,423.57)                  |
| Hartley Anderson Limited, Regent House, 36 Regent Quay, Aberdeen, AB11 5BE   | (35,823.45)                  | (24,379.29)                 |
| Subsea 7, Arnhall Business Park, Westhill, Aberdeen AB32 6FE   | (5,544,907.20)               | (3,850,630.00)              |
| Engineering Materials Solutions Ltd, Viewforth, Bridge Road, Kemnay, Inverurie, AB51 5QT   | (10,877.15)                  | (7,402.33)                  |
| Lloyds Register EMEA, Denburn House, 25 Union Terrace, Aberdeen, AB 10 1NN   | (19,467.72)                  | (13,248.56)                 |
| <b>Sub-total</b>   | <b>(16,502,608.88)</b>       | <b>(11,308,959.06)</b>      |
| <b>Decommissioning liability</b>   |                              |                             |
| Orlando asset  | (632,788.00)                 | (430,637.55)                |
| <b>Sub-total</b>   | <b>(632,788.00)</b>          | <b>(430,637.55)</b>         |
| <b>Other</b>   |                              |                             |
| Neil Carson  | (992,403.31)                 | (675,370.15)                |
| Carlton Rock, 15 Summer Street, Aberdeen, AB10 1SB   | (2,385,636.00)               | (1,623,520.72)              |
| <b>Sub-total</b>   | <b>(3,378,039.31)</b>        | <b>(2,298,890.87)</b>       |
| <b>Total excluding intercompany</b>  | <b>(38,719,393.57)</b>       | <b>(26,562,756.24)</b>      |
| <b>Intercompany</b>  |                              |                             |
| Iona Inc   | (168,526,267.00)             | (114,688,865.74)            |
| Iona UK Huntington Limited   | (46,078,700.00)              | (31,358,398.50)             |
| <b>Total including intercompany</b>  | <b>(214,604,967.00)</b>      | <b>(146,047,264.24)</b>     |
| Notes  |                              |                             |
| 1) The above total is different to amount detailed in statement of affairs as a result of: £1.5m paid or ransom creditor, or due to settlement agreement or as a result of figures being updated for claim forms received. |                              |                             |
| <b>Other potential creditors who will receive a copy of CVA</b>  |                              |                             |
| Sorgenia Internation B.V, Koninginnegracht 8, 2514 AA Den Haag, Netherlands  |                              |                             |
| Sorgenia E&P (UK) Limited, First Floor, Hays House, Millmead, Guildford, Surrey, GU2 4HJ   |                              |                             |
| MPX Energy Ltd, Hays House, Millmead, Guildford, Surrey GU2 4HJ  |                              |                             |
| Zennor Petroleum Limited, Hays House, Millmead, Guildford, Surrey GU2 4HJ  |                              |                             |
| Burness Paull, 1 Union Wynd, Aberdeen, AB10 1SL  |                              |                             |
| Fairfield Energy Limited, Mallard Court, Market Square, Staines, Middlesex, TW18 4RH   |                              |                             |
| Atlantic Petroleum, PO Box 1228, Yviri Vio Strond 4 3rd Floor, Torshavn, Faroe Islands Fo-110, Denmark   |                              |                             |



**SCHEDULE 7**  
**COMPANY VOLUNTARY ARRANGEMENTS – A CREDITORS’ GUIDE TO INSOLVENCY**  
**PRACTITIONERS’ FEES**

**1. INTRODUCTION**

- 1.1 In a voluntary arrangement, as in other types of insolvency, the amount of money available for creditors is likely to be affected by the level of costs, including the remuneration of the insolvency practitioner appointed to implement the arrangement. This guide explains how fees are fixed in voluntary arrangements, how the creditors can affect the level of fees, and the information which should be made available to them regarding fees.

**2. THE VOLUNTARY ARRANGEMENT PROCEDURE**

- 2.1 Voluntary arrangements are available to companies and are often referred to as CVAs.
- 2.2 The procedure enables the company to put a proposal to their creditors for a composition in satisfaction of their debts or a scheme of arrangement of their affairs. A composition is an agreement under which creditors agree to accept a certain sum of money in settlement of the debts due to them. A CVA may be used as a stand-alone procedure or as an exit route from an administration. It may also be used where a company is in liquidation, but this is extremely rare. The proposal will be made by the directors, the administrator or the liquidator, depending on the circumstances. The procedure is extremely flexible and the form which the voluntary arrangement takes will depend on the terms of the proposal agreed by the creditors. The proposal must provide for an insolvency practitioner to supervise the implementation of the arrangement. Until the proposal is approved by the creditors, the practitioner is known as the nominee. If the proposal is approved, the nominee (or if the creditors choose to replace him, his replacement) becomes the supervisor.

**3. FEES, COSTS AND CHARGES - STATUTORY PROVISIONS**

- 3.1 The fees, costs, charges and expenses which may be incurred for the purposes of a voluntary arrangement are set out in Rule 1.22 of the Insolvency (Scotland) Rules 1986 (as amended) (the “**Rules**”). They are:
- 3.1.1 any disbursements made by the nominee prior to the decision approving the arrangement taking effect under section 4A of the Insolvency Act 1986 (as amended), and any remuneration for his services agreed between himself and the company (or the administrator or liquidator, as the case may be); and
- 3.1.2 any fees, costs, charges or expenses which:
- (a) are sanctioned by the terms of the arrangement (see below); or
- (b) would be payable, or correspond to those which would be payable, in an administration or winding up.
- 3.2 Rule 1.3 of the Rules also require the following matters to be stated or otherwise dealt with in the proposal:
- 3.2.1 the amount proposed to paid to the nominee (as such) by way of remuneration and expenses; and

- 3.2.2 the manner in which it is proposed that the supervisor of the arrangement should be remunerated and his expenses defrayed.

#### **4. THE ROLE OF THE CREDITORS**

- 4.1 It is for the creditors' meeting to decide whether to agree the terms relating to remuneration along with the other provisions of the proposal. The creditors' meeting has the power to modify any of the terms of the proposal, including those relating to the fixing of remuneration. The nominee should be prepared to disclose the basis of his fees to the meeting if called upon to do so. Although there are no further statutory provisions relating to remuneration in voluntary arrangements, the terms of the proposal may provide for the establishment of a committee of creditors and may include among its functions the fixing of the supervisor's remuneration.

#### **5. WHAT INFORMATION SHOULD THE CREDITORS RECEIVE?**

- 5.1 Whether the basis of the supervisor's remuneration is determined at the meeting which approves the arrangement or by a committee of creditors, the supervisor, or proposed supervisor should provide details of the charge-out rates of all grades of staff, including principals, which are likely to be involved on the case.
- 5.2 Where the supervisor's fees are to be agreed by a committee of creditors during the course of the arrangement, the supervisor should provide sufficient supporting information to enable the committee to form a judgement as to whether the proposed fee is reasonable having regard to all the circumstances of the case, and should always provide an up to date receipts and payments account. Where the fee is to be charged on a time basis the supervisor should disclose the amount of time spent on the case and the charge out value of the time spent, together with such additional information as may reasonably be required having regard to the size and complexity of the case and the functions conferred on the supervisor under the terms of the arrangement. The additional information should comprise a sufficient explanation of what the supervisor has achieved and how it was achieved to enable the value of the exercise to be assessed and to establish that the time has been properly spent on the case.
- 5.3 Where the basis of the remuneration of the supervisor as set out in the proposal does not require any further approvals by the creditors or any committee of creditors, the supervisor should specify the amount of remuneration he has drawn in accordance with the provisions of the proposal in his subsequent reports to creditors on the progress of the arrangement. Where the fee is based on time costs he should also provide details of the time spent and charge-out value to date and any material changes in the rates charged for the various grades since the arrangement was approved. He should also provide such additional information as may be required in accordance with paragraph 5.2.
- 5.4 Where the supervisor proposes to recover costs which, whilst being in the nature of expenses or disbursements, may include an element of shared or allocated costs (such as room hire, document storage or communication facilities provided by the supervisor's own firm), they must be disclosed and be authorised by those responsible for approving his remuneration. Such expenses must be directly incurred on the case and subject to a reasonable method of calculation and allocation. A charge for disbursements calculated as a percentage of the amount charged for remuneration is not allowed.

**SCHEDULE 8**  
**ESTIMATED OUTCOME FOR BONDHOLDERS FROM ADMINISTRATIONS IN CVA**  
**SCENARIO**

| <b>Estimated Outcome Statement For Bondholders from Administrations in CVA Scenario</b> |            |             |             |             |
|---|------------|-------------|-------------|-------------|
|   | <b>£'m</b> |             | <b>\$'m</b> |             |
|   | <b>Low</b> | <b>High</b> | <b>Low</b>  | <b>High</b> |
| PLC administration distribution   | -          | -           | -           | -           |
| Debt paydown  | 3.9        | 3.9         | 5.7         | 5.7         |
| Early deferred consideration  | 0.1        | 1.7         | 0.1         | 2.5         |
| CVA fees (see below)  | (0.1)      | (0.1)       | (0.2)       | (0.2)       |
| Huntington administration distribution  | 1.5        | 2.2         | 2.2         | 3.2         |
| <b>Subtotal</b>   | <b>5.5</b> | <b>7.7</b>  | <b>8.0</b>  | <b>11.3</b> |
| Net deferred consideration (NPV10)  | -          | 10.8        | -           | 15.7        |
| <b>Total</b>  | <b>5.5</b> | <b>18.5</b> | <b>8.0</b>  | <b>27.0</b> |

Note: The above excludes US\$57.1m restricted cash that the Bond Trustee enforced over prior to the commencement of the administrations of the Company and Huntington.

**SCHEDULE 9  
ESTIMATED COSTS OF THE CVA**

| <b>Estimated costs of the CVA</b> |                                |                        |                               |                   |
|-----------------------------------|--------------------------------|------------------------|-------------------------------|-------------------|
| <b>Grade</b>                      | <b>Time by category (hrs)</b>  |                        |                               | <b>Total Cost</b> |
|                                   | <b>Appointment formalities</b> | <b>Agreeing claims</b> | <b>Distribution / Closure</b> |                   |
| SMD                               | 12                             | 10                     | 8                             | 19                |
| MD                                | 24                             | 40                     | 20                            | 47                |
| SC                                | 16                             | 20                     | 8                             | 18                |
| C                                 | 32                             | 68                     | 28                            | 45                |
| MD - Tax                          | 7                              | 2                      | 2                             | 7                 |
| D - Tax                           | 2                              | 2                      | 2                             | 3                 |
| A - Tax                           | 2                              | 2                      | 2                             | 1                 |
| <b>Total</b>                      | <b>95</b>                      | <b>144</b>             | <b>70</b>                     | <b>140</b>        |

Note

1) The Supervisors' fees and expenses will be paid by the Bond Trustee from the proceeds payable to the Bond Trustee from Huntington during its administration. The above is for disclosure purposes only and will not affect the amount available to the Approved Creditors from the Fund.

## SCHEDULE 10

### ADDITIONAL INFORMATION IN RELATION TO SUPERVISORS' FEES AND EXPENSES

#### 1. BASIS OF TIME COSTS

- 1.1 The Supervisors' fees and expenses will be met by the Bond Trustee from the proceeds payable to the Bond Trustee from Huntington during its administration. The fees and expenses incurred by the Supervisors will not impact the Fund or the dividends to be distributed out of the Fund.
- 1.2 The time charged to the CVA is by reference to the time properly given by the Supervisors and their staff in attending to matters arising in connection with the CVA. It is the Supervisors' policy to delegate tasks in the CVA to appropriate members of staff considering their levels of experience and any requisite specialism, supervised accordingly, so as to maximise the cost effectiveness of the work performance. In addition to the Supervisors' restructuring staff, the Supervisors may utilise the services of specialist departments within the Supervisors' firm, such as tax. Those departments will charge hours when the Supervisors require their advice.
- 1.3 With regard to support staff, we would advise that time spent by cashiers in relation to specific tasks on an assignment is charged. Only if there is a large block of time incurred by a member of the secretarial team, e.g. report compilation and distribution, do we seek to charge and recover our time in this regard.
- 1.4 The minimum time increment charged by the Supervisors and their staff is 6 mins. The charge out rates for each category of staff is provided below:

| <b>Grade</b>             | <b>Core<br/>£ (Per hour)</b> | <b>Tax<br/>£ (Per hour)</b> |
|--------------------------|------------------------------|-----------------------------|
| Senior Managing Director | 636                          | 716                         |
| Managing Director        | 556                          | 600                         |
| Senior Director          | 516                          | 556                         |
| Director                 | 476                          | 540                         |
| Senior Consultant        | 404                          | 460                         |
| Consultant               | 352                          | 328                         |
| Analyst (experienced)    | 228                          | 244                         |
| Analyst (junior)         | 168                          | 180                         |

- 1.5 Please note that the Supervisors' rates are subject to change over time.

#### 2. DISBURSEMENTS

- 2.1 The Supervisors' disbursements can be divided into two categories:
- 2.1.1 Category 1 disbursements can be drawn without prior approval and comprise external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

2.1.2 Category 2 disbursements do require approval by creditors and relate to services provided to the office holder by associated companies and costs which are apportioned overheads. The Supervisors anticipate incurring category 2 disbursements in the following categories:

| <b>Type of expense</b>                 | <b>Basis of incurring cost</b>                     |
|--|--|
| Postage and fulfilment by Williams Lea | Costs incurred based on numbers of letters printed |
| Mileage                                | 40 pence per mile                                  |
| IT equipment ordered internally        | Cost price   |
| Subsistence for meetings               | Charge based on number of attendees per meeting    |

### **3. PROFESSIONAL ADVISORS**

3.1 The Supervisors' primary legal advisors for the CVA will be CMS Cameron McKenna LLP. The basis of their fees will be hourly rates and disbursements.

**SCHEDULE 11  
NOTICE OF MEETING**

**IN THE COURT OF SESSION**

**IN THE MATTER OF IONA ENERGY COMPANY (UK) LIMITED  
(IN ADMINISTRATION)**

**AND**

**IN THE MATTER OF THE INSOLVENCY ACT 1986**

**Notice of Creditors' Meeting and Member's Meeting in Administration Proceedings**

**Iona Energy Company (UK) Limited (in administration) (the "Company")**

Notice is hereby given under section 3(2) of the Insolvency Act 1986 that a meeting of creditors of the Company (the "**Creditors' Meeting**") is to be held on 17 June 2016 at 11am at:

Palm Court Hotel, 81 Seafield Road, Aberdeen, AB15 7YX; and

Notice is hereby given under section 3(2) of the Insolvency Act 1986 that a meeting of the shareholder of the Company (the "**Member's Meeting**") is to be held at the above address on 17 June 2016 at 11am.

in each case for the purposes of considering the proposals of the Nominees for a company voluntary arrangement ("**CVA**") under Part I of the Insolvency Act 1986 and voting on the following resolutions:

1. (in the case of the Creditors' Meeting) that (1) the proposed CVA be approved; (2) Chad Griffin and Lisa Jane Rickelton be appointed to act as Supervisors of the CVA; and (3) if the CVA is approved and Chad Griffin and Lisa Jane Rickelton are appointed to act as Supervisors of the CVA, that any of the functions, powers and duties of a Supervisor of the CVA can be exercised by the Supervisors individually or by the two of them acting jointly; and
2. (in the case of the Member's Meeting) that (1) the proposed CVA be approved; and (2) Chad Griffin and Lisa Jane Rickelton be appointed to act as Supervisors of the CVA.

Creditors should note Rule 1.16A of the Insolvency (Scotland) Rules 1986, among other provisions of the Insolvency Act 1986 and the Insolvency (Scotland) Rules 1986, which includes the following provisions:

**1.16A(2) Three-quarters majority** Subject as follows, at the Creditors' Meeting for any resolution to pass approving any proposal or modification there must be a majority in excess of three-quarters in value of the creditors present in person or by proxy and voting on the resolution.

**1.16A(3) Votes to be left out of account** In the following cases there is to be left out of account a creditor's vote in respect of any claim or part of a claim:

- (a) where written notice of the claim was not given, either at the meeting or before it, to the chairman or nominee;
- (b) where the claim or part is secured;
- (c) where the claim is in respect of a debt wholly or partly on, or secured by, a current bill of exchange or promissory note, unless the creditor is willing:
  - (i) to treat the liability to the creditor on the bill or note of every person who is liable on it antecedently to the company, and who has not been made

bankrupt or had their estate sequestrated (or in the case of a company, which has not gone into liquidation), as a security in the creditor's hands; and

- (ii) to estimate the value of the security and (for the purpose of entitlement to vote, but not of any distribution under the arrangement) to deduct it from the creditor's claim.

**1.16A(4) Voting rendering resolution invalid** Any resolution is invalid if those voting against it include more than half in value of the creditors:

- (a) to whom notice of the meeting was sent;
- (b) whose votes are not to be left out of account under paragraph (3); and
- (c) who are not, to the best of the chairman's belief, persons connected with the company.

In order to expedite the procedure for voting, persons wishing to vote at the Creditors' Meeting are requested to return their completed Notice of Claim to the Nominees marked for the attention of William Marsden of FTI Consulting LLP by post to 200 Aldersgate Street, London, EC1A 4HD or by email to [William.Marsden@fticonsulting.com](mailto:William.Marsden@fticonsulting.com) as soon as possible and **in any event by no later than 5pm (UK time) on 14 June 2016**. Alternatively persons wishing to vote at the Creditors' Meeting may bring their completed Notice of Claim with them to the Creditors' Meeting.

If you cannot attend the meeting and wish to be represented and vote at the meeting, a Form of Proxy is also enclosed which should be completed and returned along with the completed Notice of Claim, marked for the attention of William Marsden of FTI Consulting LLP by post to 200 Aldersgate Street, London, EC1A 4HD or by email to [William.Marsden@fticonsulting.com](mailto:William.Marsden@fticonsulting.com) by **5pm (UK time) on 14 June 2016**.

Dated: 1 June 2016

.....

Joint Administrator for and on behalf of  
Iona Energy Company (UK) Limited (in administration)  
acting as agent and without personal liability



**SCHEDULE 12  
NOTICE OF CLAIM**

**INVITATION TO SUBMIT A CLAIM – TIME LIMITS TO BE OBSERVED**

In order to expedite the procedure for voting, persons wishing to vote at the Creditors' Meeting are requested to return their completed Notice of Claim (together with, if relevant, their completed Form of Proxy) to the Nominees marked for the attention of William Marsden of FTI Consulting LLP by post to 200 Aldersgate Street, London, EC1A 4HD or by email to [William.Marsden@fticonsulting.com](mailto:William.Marsden@fticonsulting.com) as soon as possible and **preferably by no later than 5pm (UK time) on 14 June 2016**.

In order to be eligible for a dividend from the Fund, Fund Creditors **must** return their Notice of Claim to the Nominees marked for the attention of William Marsden of FTI Consulting LLP by post to 200 Aldersgate Street, London, EC1A 4HD or by email to [William.Marsden@fticonsulting.com](mailto:William.Marsden@fticonsulting.com) by **5pm (UK time) on 25 July 2016**. Fund Creditors who have submitted a Notice of Claim to the Nominees in order to vote at the Creditors' Meeting do not need to resubmit their Notice of Claim for the purposes of receiving a dividend from the Fund.

| LODGEMENT OF CLAIM* |  |  |
|---------------------|--|--|
|                     | Name of the Company against which the claim is made:   | Iona Energy Company (UK) Limited (in administration) (formerly Iona Energy Company (UK) Plc) |
|                     | Name and address of creditor:<br><br>Contact name:<br>Telephone number:<br>Fax number:<br>E-mail address:            |  |
|                     | Nature of claim against the Company referred to above (e.g. energy supplied/services performed/guarantee claim etc.) |  |
|                     | Date( s) the claim was incurred  |  |
|                     | Is any party jointly liable for the claim?   | Yes (please tick box) <input type="checkbox"/>   |
|                     | <i>(If yes. please complete Box 6)</i>   | No (please tick box) <input type="checkbox"/>  |

| LODGEMENT OF CLAIM* |  |  |     |                   |  |    |                   |  |
|---------------------|--|--|-----|-------------------|--|----|-------------------|--|
|                     | <p>If yes, identify the party(ies) who are jointly liable and specify the nature of the claim against each one:</p>  |  |     |                   |  |    |                   |  |
|                     | <p>Please provide details of any documents by reference to which the claim against the Company referred to in the nature of claim section above can be substantiated:</p> <p><i>(Note: the Supervisors may call for any document or evidence to substantiate the claim at their discretion)</i></p>  |  |     |                   |  |    |                   |  |
|                     | <p>Total amount of claim as at 6 January 2016 (the date the Company went into administration). If the claim is subject to VAT please provide details of the amount of VAT payable and a copy of the relevant VAT invoice (if applicable):</p> <p><i>(Note: Payments will not be made in respect of VAT unless a VAT invoice has been provided to the Supervisors or the Company, where a tax point has previously arisen, evidencing the amount of the VAT (if any))</i></p> |  |     |                   |  |    |                   |  |
|                     | <p>Total amount of interest owed on the claim as at 5 January 2016 (please provide details as to the applicable rate of interest and the manner in which it is calculated):</p>  |  |     |                   |  |    |                   |  |
|                     | <p>Is your claim secured?</p> <p><i>(If your claim is secured, please answer question 11)</i></p> <p><i>(If your claim is unsecured, please move to question 12)</i></p>   | <table border="1"> <tr> <td>Yes</td> <td>(please tick box)</td> <td></td> </tr> <tr> <td>No</td> <td>(please tick box)</td> <td></td> </tr> </table> | Yes | (please tick box) |  | No | (please tick box) |  |
| Yes                 | (please tick box)  |  |     |                   |  |    |                   |  |
| No                  | (please tick box)  |  |     |                   |  |    |                   |  |

**LODGEMENT OF CLAIM\***

|  |   |                              |  |
|--|---|------------------------------|--|
|  | <p>Please provide brief particulars of the security, including the value of the security, and the date it was given:</p>  |                              |  |
|  | <p>Please give details of whether the whole or any part of your claim falls within any (and if so which) of the categories of preferential debts under section 386 of, and Schedule 6 to, the Insolvency Act:</p> |                              |  |
|  | <p>Have you obtained a court judgment in relation to your claim?</p>  | <p>Yes (please tick box)</p> |  |
|  |   | <p>No (please tick box)</p>  |  |
|  | <p><i>(If so, please provide particulars, including the date of the judgment)</i></p>   |                              |  |
|  | <p>So far as you are aware, have you or anyone else filed a Notice of Claim relating to your claim?</p>   | <p>Yes (please tick box)</p> |  |
|  |   | <p>No (please tick box)</p>  |  |
|  | <p><i>(If so, please provide particulars)</i></p>   |                              |  |
|  | <p>Bank account details for payment of claim by way of BACS payment:<br/> Account name:<br/> Account number:<br/> Sort code:<br/> Bank:</p>   |                              |  |

| LODGEMENT OF CLAIM* |  |
|---------------------|--|
|                     | Details for payment of claim by way of cheque:<br>Payee name:<br>Address to which cheque should be sent:   |
|                     | Signature of Creditor or person authorised to act on their behalf:<br><br>Name in CAPITAL LETTERS:<br>Position in relation to the Creditor:<br>Date: |

\* Capitalised terms used in this form have the meanings given to them in, or incorporated by reference into, the CVA.

**SCHEDULE 13  
FORM OF PROXY**

In order to expedite the procedure for voting, persons wishing to nominate a proxy to vote at the Creditors' Meeting on their behalf are requested to return their completed Form of Proxy (together with their completed Notice of Claim) to the Nominees marked for the attention of William Marsden of FTI Consulting LLP by post to 200 Aldersgate Street, London, EC1A 4HD or by email to William.Marsden@fticonsulting.com as soon as possible and preferably by no later than **5pm (UK time) on 14 June 2016**.

| <b>PROXY</b>  |   |
|---|---|
| Notes to help completion of the form  |   |
| Please insert name of the Company   | Iona Energy Company (UK) Limited (in administration) (formerly Iona Energy Company (UK) Plc)  |
| Please give full name and address for communication   | Name of Creditor:   |
|   | Address:  |
| Please insert name of person (who must be 18 or over) or the "chairman of the meeting". If you wish to provide for alternative proxy-holders in the circumstances that your first choice is unable to attend please state the name(s) of the alternatives as well | Name of proxy-holder:<br>1.<br>2.<br>3.   |
| Please delete words in brackets if the proxy-holder is only to vote as directed i.e. they have no discretion  | I appoint the above person to be my/the creditor's proxy-holder at the meeting of creditors to be held on 17 June 2016 of the Company, or at any adjournment of that meeting. The proxyholder is to propose or vote as instructed below and in respect of any resolution for which no specific instruction is given, may vote or abstain in their discretion. |
|   | Voting instructions for resolutions:  |
| *Please delete as appropriate   | 1. For the acceptance/rejection* of the proposed company voluntary arrangement [with the following modifications*:]   |

|  |  |       |
|--|--|-------|
| *Please delete as appropriate  | 2. For the acceptance/rejection* of Chad Griffin and Lisa Jane Rickelton to be appointed to act as Supervisors of the proposed company voluntary arrangement [with the following modifications*:]  |       |
|  | 3. For the acceptance/rejection*, if the CVA is approved and Chad Griffin and Lisa Jane Rickelton are appointed to act as Supervisors of the CVA, that any of the functions, powers and duties of a Supervisor of the CVA can be exercised by the Supervisors individually or by the two of them acting jointly. |       |
| Any other resolutions which the proxy holder is to propose or vote in favour of or against should be set out in numbered paragraphs in the space provided below Paragraph I. If more room is required please use the other side of this form. You should not insert anything in the space provided unless you wish to propose a formal modification to the proposed company voluntary arrangement or you wish to vote on a formal modification to the proposed company voluntary arrangement proposed by another creditor. |  |       |
| This form must be signed   | Signature:   | Date: |
|  | Name in CAPITAL LETTERS:   |       |
| Only to be completed if the creditor has not signed in person  | Position with creditor or relationship to creditor or other authority for signature:   |       |
|  | Remember: there may be resolutions on the other side of this form  |       |

**SCHEDULE 14**  
**NON-TERMINATING CONTRACTS**

**Licence P.1606**

| No.   | Description   | Date              |
|---|---|-------------------|
| <b>Licences, Assignments and Novations</b>                          |   |                   |
| 1.  | Licence P.1606 to Search and Bore For and Get Petroleum   | 26 June 2009      |
| 2.  | Deed of Licence Assignment of Licence P.1606  | 1 March 2010      |
| 3.  | Deed of Licence Assignment of Licence P.1606  | 14 March 2011     |
| 4.  | Deed of Assignment of Licence P.1606  | 6 July 2012       |
| 5.  | Deed of Licence Assignment of Licence P.1606  | 20 February 2013  |
| 6.  | Deed of Novation  | 3 September 2012  |
| 7.  | Deed of Novation of Construction and Maintenance Agreement for the modifications to be installed on Ninian Central Platform in respect of the proposed Tie-In of Orlando Field to Ninian Central Platform | 20 February 2013  |
| 8.  | Deed of Novation in respect of agreements relating to Licence P.1606, Orlando Field and Licence P.1607, Kells Field   | 20 February 2013  |
| <b>Operating Agreements</b>   |   |                   |
| 9.  | Joint Operating Agreement for Licence P.1606, Block 3/3b  | 20 February 2013  |
| 10.   | Orlando Op Com Determinations re. JOAs  | 20 February 2013  |
| <b>Transportation, Processing and Operating Services Agreements</b> |   |                   |
| 11.   | Processing and Operating Services Agreement Orlando Field Production through the Ninian Central Platform  | 8 October 2014    |
| <b>Construction and Tie-In Agreements</b>                           |   |                   |
| 12.   | Heads of Agreement for the Construction and Tie-In of the Orlando Field to the Ninian Central Platform and the Provision of Processing and Operating Services by the Ninian Owners to the Orlando Owners  | 16 November 2011  |
| 13.   | Construction and Maintenance Agreement for the modifications to be installed on Ninian Central Platform in respect of the proposed Tie-In of Orlando Field to Ninian Central Platform                     | 18 September 2012 |
| 14.   | Construction and Tie-In Agreement for the proposed Tie-In of Orlando Field to Ninian Central Platform   | 8 October 2014    |
| <b>Sales Agreements</b>   |   |                   |
| 15.   | Common Stream Agreement in relation to the Sale and Purchase of Orlando Gas   | 8 October 2014    |
| 16.   | Individual Sales Agreement for Orlando Gas  | 8 October 2014    |
| <b>Confidentiality and Study Agreements</b>                         |   |                   |
| 17.   | Confidentiality Agreement between MPX North Sea Limited and CNR International (U.K.) Limited  | 23 September 2009 |

|                        |  |                   |
|------------------------|--|-------------------|
| 18.                    | Orlando Development Ninian Study Work Agreement  | 22 October 2009   |
| 19.                    | Orlando Development FEED Study, Long Lead Items & Ninian Detailed Design Purchase Agreement (as amended by Amendment Agreement to the Orlando Development FEED Study, Long Lead Items and Ninian Detailed Design Purchase Agreement dated 1 June 2012) | 27 February 2012  |
| 20.                    | Orlando Development FEED Study Revisions Agreement   | 14 July 2014      |
| 21.                    | Confidentiality Agreement between CNR International (U.K.) Developments Limited and Iona Energy Company (UK) plc   | 23 September 2014 |
| 22.                    | Confidentiality Agreement between BP Exploration Operating Company Limited and Iona Energy Company (UK) plc (Sullom Voe)   | 10 November 2014  |
| 23.                    | Confidentiality Agreement between BP Exploration Operating Company Limited and Iona Energy Company (UK) plc (Ninian Pipeline)  | 10 November 2014  |
| <b>Decommissioning</b> |  |                   |
| 24.                    | Decommissioning Security Agreement relating to the Orlando Field   | 20 February 2013  |
| <b>Miscellaneous</b>   |  |                   |
| 25.                    | Bridging Agreement in respect of the Integrated Riser Hang-Off Structure Worksopce   | 1 June 2012       |

#### **Licence P.1607**

| <b>No.</b>                                  | <b>Description</b>  | <b>Date</b>      |
|---|---|------------------|
| <b>Licences, Assignments and Novations</b>  |   |                  |
| 1.  | Licence P.1607 to Search and Bore For and Get Petroleum   | 16 April 2009    |
| 2.  | Deed of Licence Assignment of Licence P.1607  | 19 January 2012  |
| 3.  | Deed of Licence Assignment of Licence P.1607  | 20 February 2013 |
| 4.  | Deed of Novation of Staffa Field Pre-Development Study Agreement  | 19 January 2012  |
| 5.  | Deed of Novation of Staffa Field Pre-Development Study Agreement  | 20 February 2013 |
| 6.  | Deed of Novation in respect of agreements relating to Licence P.1606, Orlando Field and Licence P.1607, Kells Field | 20 February 2013 |
| <b>Operating Agreements</b>                 |   |                  |
| 7.  | Joint Operating Agreement for Licence P.1607, Block 3/8d  | 20 February 2013 |
| <b>Sales Agreements</b>                     |   |                  |
| <b>Confidentiality and Study Agreements</b> |   |                  |
| 8.  | Staffa Development Ninian Study Agreement   | 9 October 2009   |
| 9.  | Staffa Field Pre-Development Study Agreement  | 21 October 2009  |
| 10.   | Confidentiality Agreement between Iona Energy Company (UK) Limited and CNR International (U.K.) Limited             | 11 November 2011 |
| 11.   | Confidentiality Agreement between BP Exploration Operating Company Limited and Iona Energy Company (UK) plc         | 24 January 2012  |



|                                  |  |                  |
|----------------------------------|--|------------------|
|                                  | (Sullom Voe)   |                  |
| 12.                              | Confidentiality Agreement between BP Exploration Operating Company Limited and Iona Energy Company (UK) plc (Ninian Pipeline)  | 24 January 2012  |
| 13.                              | Pre-Feed Study Work Agreement between Iona and CNR   | 31 January 2012  |
| 14.                              | Feed Study Long Lead Items Purchase and Ninian Detailed Design Agreement between Iona and CNR (Kells)  | 1 June 2012      |
| <b>Miscellaneous</b>             |  |                  |
| 15.                              | Proximity Agreement in respect of the Conduct of Survey Work in Proximity to the North Alwyn Platforms   | 12 April 2010    |
| 16.                              | Bridging Agreement in respect of the Integrated Riser Hang-Off Structure Workslope   | 1 June 2012      |
| <b>Other – P.1606 and P.1607</b> |  |                  |
| 17.                              | Sale and Purchase Agreement between Iona and Volantis in respect of Licence P.1606 (Block 3/3b Orlando) and Licence P.1607 (Block 3/8d Kells) as amended by: <ul style="list-style-type: none"> <li>- a letter agreement between the parties dated 11 January 2013;</li> <li>- a letter agreement between the parties dated 1 February 2013;</li> <li>- a second letter agreement between the parties dated 1 February 2013;</li> <li>- a letter agreement between the parties dated 6 February 2013.</li> </ul> | 13 December 2012 |
| 18.                              | Deed of Guarantee and Indemnity by Atlantic Petroleum P/F in favour of Iona Energy Company (UK) Limited in respect of Sale and Purchase Agreement in respect of Licence P.1606 (Block 3/3b Orlando) and Licence P.1607 (Block 3/8d Kells). (Index Ref 11.5)  | 18 December 2012 |
| 19.                              | Deed of Guarantee and Indemnity by Atlantic Petroleum P/F in favour of Iona Energy Company (UK) Limited in respect of Sale and Purchase Agreement in respect of Licence P.1606 (Block 3/3b Orlando) and Licence P.1607 (Block 3/8d Kells). (Index Ref 11.7)  | 14 February 2013 |

### **Miscellaneous Documents**

| <b>No.</b> | <b>Description</b>   | <b>Date</b>      |
|------------|--|------------------|
| 1.         | Service Order Number (Call-off contract): IONA-SO-075 with Oil Spill Response Limited (“OSRL”) (OSRL invoice number GB08417) in relation to: <ul style="list-style-type: none"> <li>- OSRL membership fees 24 December 2015 to 23 December 2016 for associate membership; and</li> <li>- UKCS Surveillance (Band 6) for a period of 6 months to 23 June 2016.</li> </ul> | 23 December 2015 |
| 2.         | The Offshore Pollution Liability Association Limited (“OPOL”) 2016 annual subscription. OPOL invoice number  | 18 December 2015 |

|     |  |   |
|-----|--|---|
|     | 69/2016  |   |
| 3.  | Insurance policy between Iona Energy Company (UK) plc (now Iona Energy Company (UK) Limited) and Beazley Syndicate at Lloyds & other Lloyds Underwriters with policy number B080112096J15 and any contract extending the term of the policy as entered into by Lisa Jane Rickelton and Chad Griffin each of FTI Consulting LLP in their capacity as joint administrators of Iona Energy Company (UK) Limited | Policy Period from 21 March 2015 – 20 June 2016       |
| 4.  | Insurance policy between Iona Energy Company (UK) plc (now Iona Energy Company (UK) Limited) and Allianz with policy number 20/TX/13289485/07 and any contract extending the term of the policy as entered into by Lisa Jane Rickelton and Chad Griffin each of FTI Consulting LLP in their capacity as joint administrators of Iona Energy Company (UK) Limited   | Policy Period from 1 July 2015 – 30 June 2016         |
| 5.  | Insurance policy between Iona Energy Company (UK) plc (now Iona Energy Company (UK) Limited) and Chubb Insurance Company of Europe with policy number 64821098 and any contract extending the policy as entered into by Lisa Jane Rickelton and Chad Griffin each of FTI Consulting LLP in their capacity as joint administrators of Iona Energy Company (UK) Limited  | Policy Period from 1 October 2015 – 30 September 2016 |
| 6.  | Fee agreement between Iona Energy Company (UK) Limited and Nordic Trustee ASA (formally Norsk Tillitsmann ASA)   | 26 September 2013                                     |
| 7.  | Record Management Services Contract between Iron Mountain (UK) Limited and Iona Energy Company (UK) Limited  | 14 March 2013   |
| 8.  | Contract between Iona Energy Company (UK) plc (now Iona Energy Company (UK) Limited) and Openstream Consulting Limited for the provision of IT Support Services  | 29 December 2014                                      |
| 9.  | Fee letter between Akin Gump LLP and Iona Energy Company (UK) Limited (in administration) (formerly Iona Energy Company (UK) Plc)  | 2 March 2015  |
| 10. | Letter from Huntington to the Company and the Bond Trustee confirming Huntington's obligations under the Bond Debt guarantee Huntington provided in the Bond Agreement.  | To be signed prior to Completion.                     |