

26 October 2021

CRYSTAL AMBER FUND LIMITED
("Crystal Amber Fund" or the "Fund")

Monthly Net Asset Value

Crystal Amber Fund announces that its unaudited net asset value ("NAV") per share at 30 September 2021 was 152.85 pence (31 August 2021: 138.78 pence per share). Over the quarter, NAV per share increased by 4.1 per cent and by 5.8 per cent, reflecting the dividend payment. Since 30 September 2020, NAV increased by 42.1 per cent and by 46.8 per cent, reflecting dividend payments.

The proportion of the Fund's NAV at 30 September 2021 represented by the five largest shareholdings, other investments and cash (including accruals), was as follows:

Five largest shareholdings	Pence per share	Percentage of investee equity held
De La Rue plc	49.0	11.4%
Equals Group plc	29.3	21.4%
*GI Dynamics Inc.	24.6	*
Hurricane Energy plc	21.7	25.9%
Allied Minds plc	11.9	18.5%
Total of five largest shareholdings	136.5	
Other investments	15.7	
Cash and accruals	0.6	
Total NAV	152.8	

* GI Dynamics Inc. is a private company and their shares are not listed on a stock exchange. Therefore, the percentage held is not disclosed.

Hurricane

Hurricane is an oil exploration and production company targeting naturally fractured basement reservoirs in the West of Shetland. The Fund has been an investor in Hurricane since 2013 and has to date realised profits of £43 million.

Following the High Court's refusal to sanction the previous Hurricane board's attempt to force through a highly dilutive debt for equity swap, in August 2021, after a further request from Crystal Amber, Hurricane finally launched a tender offer for up to 50% of its outstanding bonds. Allocating up to \$80 million of its cash, initially the tender was priced at up to 72 cents, but this was increased to 78 cents. Ultimately, Hurricane purchased just over one third of the bonds in issue, reducing Hurricane's capital and interest obligations by approximately \$22 million. This represents an important and material saving. Without the Fund's successful intervention at the High Court, the Fund believes this would not have happened.

Production information from Hurricane is that for September 2021, its P6 well produced an average of 10,642 barrels per day. This compares well with the company's production forecasts (released in May 2021) estimating production for the month at 9,400 barrels per day. Production for June, July and August were also ahead of forecast. The Fund estimates that simply beating production forecasts is now generating approximately \$36 million per annum in additional revenue.

For the six months to 30 June 2021, Hurricane generated \$75.9 million of operating cash flow with a cash production cost of \$24.8 per barrel. At anticipated production levels, the Fund estimates that by 30 June 2022, 2.6 million barrels will be produced, generating more than \$200 million in revenue. Based on Hurricane's management production forecasts, the Fund estimates that the remaining bonds due for repayment in July 2022 will be redeemed at par and at that time, net cash will be around \$40 million. Thereafter, by March 2024, the P6 well should yield a further 4.9 million barrels and generate revenues of \$350 million. Based on historic margins, this should generate around \$175 million of operating cash flow to Hurricane.

The Fund notes that Hurricane is evaluating options to bolster production from the Lancaster field, as well as pathways towards development of the substantial Lincoln discovery asset. The Fund believes that in addition to the existing P6 well, substantial quantities of oil can be recovered from the Hurricane portfolio.

In September 2021, the Fund wrote to the board of Hurricane to request under Article 92, that a committee (comprising of the non-executive directors) be established with the mandate to investigate what happened as regards the previous board's proposed financial reconstruction and to engage external advisers (should that be needed) for that purpose. The committee would then make a recommendation to the board.

Since September 2020 (when the convertible bond was trading at a 70 per cent. discount), Crystal Amber has urged Hurricane to use a significant proportion of its cash to buy in bonds. The High Court of Justice stated that "the possibility of buying back bonds in the market is, on the face of it, an attractive one, given that the Bonds have been trading at a substantial discount to face value". The Fund estimates that had the buyback been carried out in November 2020 and if two thirds of bond holders had sold at a 55 per cent premium to the prevailing market price, approximately \$94 million of capital and interest could have been saved. Together with the \$17 million spent on a restructuring plan that both Crystal Amber and more importantly the High Court found to be inappropriate, the Fund estimates that the Company has suffered losses of approximately \$111 million, equivalent to more than 4p a share. The Fund believes that an investigation should determine grounds for redress and recoverability of this amount.

The Fund also notes the potential for shareholders to benefit from Hurricane's taxation position. At 31 December 2020, Hurricane had ring-fenced trading losses of \$468.7 million and supplementary charge losses and investment allowances of \$707.8 million. In addition, capital allowance pools of \$383.5 million were available to be used against ring-fenced trading profits. The Fund has asked Hurricane to assess the financial implications of these tax losses and allowances in the event of a corporate transaction. The Fund believes that the quantum may be very substantial.

Over the last year, the Fund has increased its shareholding in Hurricane from 11.6 per cent to more than 27 per cent. 12 months ago, the price of Brent Crude was \$37.50 a barrel. It is now \$85 a barrel. With production now running at more than 3.5 million barrels per annum, the Fund believes that Hurricane's prospects have been transformed.

Equals Group plc ("Equals")

Equals is an e-banking and international payment services provider. It serves retail and business customers mainly in the United Kingdom under an e-money licence. Equals provides faster, cheaper and more convenient money management than traditional banking services with bank-grade UK domestic clearance.

Equals' proposition to SMEs is compelling relative to that offered by legacy banks. The company's assets include over one million customers, an upgraded technology platform and licences and industry relationships built over many years.

The record start to Q3-2021 that Equals reported at the time of its Interim Results announcement issued on 14 September 2021 was sustained throughout the remainder of the Period, generating revenues of £11.7 million. This represents a 33% run-rate increase on the prior quarter (Q2-2021: £8.8m); a 62% increase on the prior year comparative period (Q3-2020 £7.2m); and a 47% increase on the pre-Covid comparative period (Q3-2019, £8.0m). Revenue growth was broad based across all products augmented by the strong demand for the 'Equals Solutions' proposition, the new multicurrency product aimed at larger businesses. The Fund believes that for the year to December 2022, Equals can deliver EPS of more than 5p. With £10 million of net cash and operating cash flow now building, Equals is ideally positioned to be a part of FinTech consolidation.

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