

Explanatory notes to the agenda of the Extraordinary General Meeting of Shareholders (EGM) of Sequa Petroleum N.V. (the Company) to be held at the 24th floor, Rembrandt Tower, Amstelplein 1 (1096 HA) in Amsterdam, the Netherlands on Monday 24 August 2015 at 14.00 hour p.m. CET.

1 Explanation to agenda item 2

- 1.1 On the basis of section 2:107a of the Dutch Civil Code and article 12.1 of the articles of association of the Company (the **Articles**), the general meeting of shareholders of the Company (the **General Meeting**) is required to approve and/or ratify the transactions described in agenda item 2 (i.e. the Tellus Transaction and Wintershall Transaction, each as defined below).
- 1.2 These transactions entail a significant change in the identity or character of the Company and its business, since the value of the total investment exceeds one third of the Company's assets on its consolidated balance sheet, and therefore fall within the category of resolutions described in section 2:107a of the Dutch Civil Code and article 12.1 of the Articles, which are to be approved by the General Meeting. These transactions have been recommended and approved by the management board (the **Management Board**) and supervisory board of the Company (the **Supervisory Board**). The background of these transactions is as follows.

Background Tellus and Wintershall Transactions

- 1.3 The Company has entered into an agreement (the **Tellus SPA**) for the acquisition of the entire issued share capital of Tellus Petroleum Invest AS (**TPI**) with the shareholders of TPI (the **Sellers**) dated 16 June 2015 (the **Tellus Transaction**). The consideration for the acquisition of TPI by the Company is a combination of cash and new shares issued by the Company to the Sellers of the shares in TPI. Depending on future performance, the consideration will be a maximum of 6,000,000 shares in the capital of the Company (the **Consideration Shares**) and a maximum of NOK 30,000,000 (which is the equivalent of approximately \$ 4,000,000) cash. The contingent part of the consideration is dependent on, *inter alia*, completion of the Wintershall Transaction (as described below).
- 1.4 Wintershall Norge AS (**Wintershall**) has entered into an agreement (the **Wintershall SPA**) with Tellus Petroleum AS (**TP**), a wholly owned subsidiary of TPI, and TPI dated 16 June 2015, pursuant to which Wintershall agrees, subject to the satisfaction of the conditions contained therein, to sell certain ownership interests in production licences and pipelines, as more particularly described therein and as previously presented to the Management Board, against a total consideration of USD 602 million, which amount is subject to certain adjustments as specified in the Wintershall SPA (the **Wintershall SPA**) (the **Wintershall Transaction**).
- 1.5 To be able to meet its obligations pursuant to the Wintershall SPA, TP shall require further funding in the amount of USD 602 million, which it will be partially seeking from the Company following the completion of the Tellus SPA and partially intends to fund through a reserved based lending arrangement with a bank for which discussions are currently ongoing.
- 1.6 Furthermore, a deposit agreement has been entered into between, Wintershall, the Company, TPI, TP and Sapinda Holding B.V. (**Sapinda**) dated 16 June 2015 (the **Deposit Agreement**), which provides, in short, for an obligation of each of the Company and Sapinda to pay 50% of the USD 30,100,000 deposit amount as well as for the circumstances in which the deposit amount will either be repaid to the Company and Sapinda respectively or retained by Wintershall. If the Wintershall SPA shall be terminated, this deposit can be retained by Wintershall under certain circumstances.

Rationale of Tellus and Wintershall Transactions

- 1.7 The rationale for the entry into the Tellus SPA (and hence indirectly the Wintershall SPA) is that it will bring large production assets to provide a solid basis for the Company's debt profile, an attractive business development portfolio with identified targets that provide additional economies of scale, with attractive incremental returns in the near term. This fits with the

Company's strategic goal to acquire oil and gas assets that are in production or are being rapidly developed towards production.

Press release and further background Tellus and Wintershall Transactions

- 1.8 A press release has been issued by the Company and Wintershall upon entry into the Tellus SPA and Wintershall SPA, dated 18 June 2015. The press release *inter alia* explains the following with regard to the Wintershall Transaction.
- 1.9 TP has entered into the Wintershall SPA with Wintershall to complete a large asset portfolio transaction on the Norwegian Continental Shelf (**NCS**), acquiring working interests in 4 fields; Knarr 20%, Maria 15%, Ivar Aasen 6.5% and Veslefrikk 4.5%. Interests in seven exploration licenses and 10% in PL316 which contains YME are also included in the transaction. As is normal for this type of transaction it is subject to consent by the Norwegian Authorities, including the approval of TP as a new NCS player, closing is expected at the end of 2015.
- 1.10 The purchase price for this portfolio is USD 602 million, which makes it one of the major acquisitions on the NCS so far this year. In addition, TP will make a further payment of up to USD100 million depending on the development of the oil price in the period from 2016 to 2019. With proven and probable (2P) reserves estimated to be 59 million boe net, based on the numbers from the Norwegian Petroleum Directorate (NPD). The production peak is expected to be in the order of 15,000 boe net per day, predominantly oil. The effective date for the transaction is 1st January 2015.
- 1.11 On completion of the acquisition of TPI, the Company will become the 100% owner. Completion is subject to a shareholder vote with simple majority of the votes cast, for which irrevocable undertakings of 48% of its shareholders have been obtained in addition to 15% of votes held by the Company management team and customary competition law confirmations and filings, if applicable (which are not expected to prevent completion).
- 1.12 The current management team in TP will continue to run the company and the organisation will be further developed to manage the portfolio.
- 1.13 In addition to their extensive technical and commercial expertise in Norway, TP brings an attractive business development portfolio with identified targets that provide additional economies of scale, with attractive incremental returns in the near term. This fits with the Company's strategic goal to acquire oil and gas assets that are in production or are being rapidly developed towards production.

About TP

- 1.14 TP was established in 2012 by a group of entrepreneurs with background from Saga Petroleum, Norsk Hydro, Phillips Petroleum, Hess and PetroAdvisor as an independent Norwegian upstream oil & gas company with sole focus on the NCS. The aim is to establish and further enhance the value of a portfolio of interests in producing fields and small to medium sized discoveries/developments. TP will work the assets technically and commercially together with the authorities, operators, partners and suppliers to mature discoveries into production, including time critical satellite tie-backs to existing infrastructure and contribute to improved area solutions.

About Wintershall Holding

- 1.15 Wintershall Holding GmbH (**Wintershall Holding**), based in Kassel, Germany, is a wholly-owned subsidiary of BASF in Ludwigshafen. The company has been active in the extraction of natural resources for 120 years, and in the exploration and production of crude oil and natural gas for over 80 years. Wintershall Holding focuses on selected core regions where the company has built up a high level of regional and technological expertise. These are Europe, Russia, North Africa, South America and increasingly the Middle East region. The company wants to expand its business further with exploration and production, selected partnerships, innovation and technological competence. Wintershall Holding employs some 2,500 staff worldwide from

40 nations and is now Germany's largest, internationally active crude oil and natural gas producer.

About the fields in the transaction

Knarr

- 1.16 The Knarr oil and gas field is located in the North Tampen area, 40km north of the Snorre field with the initial discovery in 2008 and Knarr West in 2011. The field is operated by BG Group (45 %) and partners are Idemitsu (25 %), Wintershall (20 %) and Dea (10 %). The field is developed by subsea templates tied-in to a FPSO leased from Teekay and started production in March 2015. The FPSO has a production capacity of 63,000 bbl of oil per day, and the water depth is 400 m. The oil and gas is being produced from lower Jurassic sandstones in the Cook formation at some 3,800 m. The proven and probable reserves in Knarr is 85 mill boe according to the NPD website. Ownership interest in the Knarr Gas Pipeline (20 %) is included in the transaction.

Maria

- 1.17 The Maria field is located in the Haltenbanken area of the Norwegian Sea. Wintershall is the Operator of the field and will retain the largest interests (35%) and operatorship post transaction. The other partners are Petoro (30 %) and Centrica (20 %). The Plan for Development and Operation (PDO) was submitted to the Ministry of Petroleum of Energy 5th May 2015. The Maria development solution is a subsea tie-back to the Kristin platform with two templates, two producers and one injector on each template with injection water from Heidrun and gas lift from Åsgard via Tyrihans. Oil will be exported via existing pipeline from Kristin to Åsgard C storage ship where it is blended and offloaded to shuttle tankers. Rich gas exported via Gassled to Kårstø and further as dry gas to the European market. Capex is estimated at NOK 15.3 bn and production is planned to commence 1st October 2018. Peak production is expected to 41,000 boe per day and gross proven and probable reserves is 190 mill boe according to NPD.

Ivar Aasen

- 1.18 The Ivar Aasen oil field is located in the northern part of the North Sea, northwest of the Johan Sverdrup field. The partners are Det norske (operator 34.8%), Statoil (41.5 %), Bayerngas (12.3 %), Wintershall (6.5 %), VNG Norge (3.0 %), Lundin (1.4%) and OMV (0.6 %). Production is planned to commence in October 2016 and Ivar Aasen will be developed with a 4 legged Steel Jacket platform and topside facilities include 1st stage separation, produced water treatment, water injection system, living quarter, and utility and safety systems. Power and gas lift will be provided by the neighbouring Lundin operated Edvard Grieg platform. A total of 7 producers and 6 injectors (all platform wells) are planned and oil and gas will be exported to the Edvard Grieg platform via pipeline and further onwards to the Grane Oil Pipeline (to the Sture terminal) and gas via the SAGE system to the UK. Peak production is estimated at 65,000 boe per day and gross reserves are 189 million boe according to NPD. Ownership interests in the Utsira High Gas Pipeline (3.8769%) and the Edvard Grieg Oil Pipeline (2.5846%) is included in the transaction.

Veslefrikk

- 1.19 The Veslefrikk oil and gas field is located in the northern part of the North Sea, about 30km north of Oseberg and was discovered in 1981 in the Jurassic Veslefrikk reservoir at depths of 2,800-3,200m. The field is developed with two facilities that are bridge-linked. Veslefrikk A that is a steel jacket wellhead and drilling platform and Veslefrikk B a semi-submersible living quarter and processing platform. The field commenced production in 1989. The field is on the tail-end and has started gas blow down. Partners are Statoil (operator, 18.0 %), Petoro (37.0 %), Talisman (27.0 %), Dea (13.5%) and Wintershall (4.5 %). Remaining reserves are 34 million boe according to NPD.

Exploration licenses

- 1.20 10 % in PL 611 with an exploration well on the Kvalross prospect planned to be drilled in the Barents Sea in 2015. 40 % equity in PL 457 in the Ivar Aasen area.
- 1.21 Working interests in five production licenses in the Maria area; PL475 (10%), PL 475D (10%), PL 590 (5%), PL 590B (5%), and PL 638 (16%).

2 Explanation to agenda item 3

- 2.1 On 31 March 2014, the General Meeting designated the Management Board as the authorized body for a period of two years to *inter alia* resolve to the issue of shares in the capital of the Company. This authority is restricted to 80% of the entire issued share capital of the Company on a fully diluted basis at the time of issuance. Although the issuance of the Consideration Shares would fall within the delegated authority of the Management Board to issue shares, this delegation will lapse on 31 March 2016. Since the Consideration Shares will be issued in tranches and not at the same time, and therefore perhaps also after 31 March 2016, a new delegation is proposed by the General Meeting as per agenda item 3. The existing delegation mentioned above will continue to exist and be in full force and effect until 31 March 2016.
- 2.2 In accordance with article 6.1 of the Articles and section 2:96 paragraph 1 of the Dutch Civil Code, the Supervisory Board proposes to the General Meeting to designate the Management Board of the Company as the competent body to resolve to the issuance of up to 6,000,000 Consideration Shares to the Sellers under the Tellus SPA (as described in agenda item 3), in one or more tranches, for a period of 2 years as of the day of the EGM. The Management Board resolution to issue shares requires the approval of the Supervisory Board.
- 2.3 The designation of the Management Board as the competent body to resolve to the issuance of (up to) 6,000,000 Consideration Shares contemplates flexibility with regard to the completion of the Tellus Transaction and Wintershall Transaction.
- 2.4 It is envisaged that the Consideration Shares will be listed on the Marché Libre of Euronext Paris.

3 Explanation to agenda item 4

- 3.1 In accordance with article 6.6 of the Articles and section 96a paragraph 6 of the Dutch Civil Code, it is proposed to the General Meeting to designate the Management Board of the Company as the competent body to resolve to restrict or to exclude the pre-emptive rights of existing shareholders of the Company in respect of the issuance of the (up to) 6,000,000 Consideration Shares, in one or more tranches, for a period of 2 years as of the day of the EGM. The Management Board resolution to restrict or exclude the pre-emptive rights requires the approval of the Supervisory Board.

4 Explanation to agenda item 5

- 4.1 In accordance with article 35 of the Article, the Supervisory Board proposes to amend the Articles and to authorise each member of the Management Board as well as each (deputy) civil law notary of Norton Rose Fulbright LLP, Amsterdam office, each of them severally, to have the deed of amendment of the Articles executed. The proposal for the amendment of the Articles concerns the changes that are desirable to achieve a corporate governance structure (in particular with regard to the reserved matters) which can be seen to be more common and in line with market practice for Dutch listed N.V.'s and these reserved matters are mandatory for companies to which the large company regime (*structuurregime*) is applicable. Currently, the approval of the Supervisory Board is required for quite a few reserved matters and it is envisaged to bring this more in line with similar reserved matters lists in articles of association of companies to which the large company regime is applicable. These changes are reflected in the proposed amendments to article 12, in particular, as well as articles 6 and 35 of the Articles. The other proposed changes to the Articles are merely clean-up changes or clarifications.

4.2 The complete proposed text for the amendment to the Articles can be reviewed and received at no expense at the offices of the Company. Furthermore, these documents can be inspected and obtained through the corporate website of the Company (www.Sequa-Petroleum.com).