

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended to seek advice from your solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) if you are in the United Kingdom or, if not, by another appropriately authorised independent financial adviser.**

If you sell or have sold or otherwise transferred all your Ordinary Shares in the Company please immediately forward this document to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. However, these documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws and restrictions of such jurisdiction. Persons into whose possession this document and any accompanying documents should come, should inform themselves about and observe any such laws and restrictions. If you have sold only part of your holding of Ordinary Shares, please contact immediately your stockbroker, bank or other agent through whom the sale or transfer was effected.

This document should be read in conjunction with the annual report and accounts of the Company in respect of the year ended 31 December 2018 and posted alongside this document.

The Directors, whose names appear in Part I of this document, accept responsibility, collectively and individually, for the information contained in this document. To the best of knowledge and belief of each of the Directors (who have all taken reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

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# **Nautilus Marine Services PLC**

*(Incorporated and registered in England and Wales with Registered Number 04330608)*

## **Proposed cancellation of admission of Ordinary Shares to trading on AIM**

### **Re-registration as a private limited company**

### **Adoption of New Articles**

**and**

### **Notice of Annual General Meeting**

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This document should be read in its entirety. Your attention is drawn to the letter from the Chairman of the Company set out in Part I of this document which includes a recommendation of the Directors that you vote in favour of the Resolutions to be proposed at the Annual General Meeting referred to below.

**A notice to convene the Annual General Meeting of Nautilus Marine Services Plc, to be held at the offices of finnCap at 60 New Broad Street, London EC2M 1JJ at 12.00 p.m. on 24 June 2019, is set out in Part IV of this document.** The action to be taken by shareholders is set out on page 12. This year, you will not receive a form of proxy for the Annual General Meeting in the post. Instead, you will find instructions in the notes to this notice to enable you to vote electronically and how to register to do so. Submission of a proxy vote will not preclude Shareholders from attending and voting at the Annual General Meeting in person should they so wish. You may request a paper form of proxy from our registrars, Link Asset Services.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS<sup>(1)</sup>

Notice provided to the London Stock Exchange to notify it of the proposed Cancellation	21 May 2019
Publication and posting of this document	31 May 2019
Latest time and date for receipt of online proxy votes or completed Forms of Proxy in respect of the Annual General Meeting	12.00 p.m. on 20 June 2019
Time and date of the Annual General Meeting	12.00 p.m. on 24 June 2019
Expected last day of dealings in Ordinary Shares on AIM <sup>(2)</sup>	1 July 2019
Expected time and date of Cancellation <sup>(3)</sup>	7.00 a.m. on 2 July 2019
Expected time and date of Re-Registration <sup>(4)</sup>	By 24 July 2019

### Notes:

- (1) All of the times referred to in this document refer to London time, unless otherwise stated.
- (2) Each of the times and dates in the above timetable is subject to change. If any of the above times and/or dates change, the revised times and dates will be notified to Shareholders by an announcement through a Regulatory Information Service and/or the Company's website
- (3) The Cancellation requires the approval of not less than 75 per cent. of the votes cast by Shareholders at the Annual General Meeting.
- (4) The Re-Registration requires the approval of not less than 75 per cent. of the votes cast by Shareholders at the Annual General Meeting.

## DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

<b>“AIM”</b>	AIM, the market operated by the London Stock Exchange
<b>“AIM Rules”</b>	the rules and guidance for companies whose shares are admitted to trading on AIM entitled “AIM Rules for Companies” published by the London Stock Exchange, as amended from time to time
<b>“Annual General Meeting”</b>	the Annual General Meeting of the Company convened for 12.00 p.m. on 24 June 2019 and any adjournment thereof, notice of which is set out in Part IV of this document
<b>“Articles”</b>	the articles of incorporation of the Company as amended from time to time
<b>“Business Day”</b>	a day (excluding Saturday, Sunday and public holidays in England and Wales) on which banks are generally open for business in London for the transaction of normal banking business
<b>“Cancellation”</b>	the cancellation of admission of the Ordinary Shares to trading on AIM, subject to passing of the Cancellation Resolution and in accordance with Rule 41 of the AIM Rules
<b>“Cancellation Resolution”</b>	Resolution number 1 to be proposed at the Annual General Meeting
<b>“Circular”</b>	this document, containing information about the Cancellation, Re-registration, adoption of New Articles and the Annual General Meeting
<b>“Company” or “Nautilus”</b>	Nautilus Marine Services, a company incorporated in England and Wales with Registered Number 04330608
<b>“Convertible Loan Notes”</b>	the Convertible A Loan Notes, the Convertible B Loan Notes and the Convertible C Loan Notes
<b>“Convertible A Loan Notes”</b>	the US\$ 10.5 Million Convertible Unsecured A Loan Notes due 2027 issued by the Company pursuant to an instrument dated 9 February 2017 and of which US\$ 500,000 in nominal value plus accrued interest remain outstanding
<b>“Convertible B Loan Notes”</b>	the US\$ 6.1 Million Convertible Unsecured B Loan Notes due 2029 issued by the Company pursuant to an instrument dated 9 February 2017 and of which US\$ 6.1 million in nominal value plus accrued interest remain outstanding
<b>“Convertible C Loan Notes”</b>	the US\$ 15 Million Convertible Unsecured C Loan Notes due 2032 issued by the Company pursuant to an instrument dated 9 February 2017 and of which US\$ 15 million in nominal value plus accrued interest remain outstanding
<b>“Convertible Loan Note Holders”</b>	the registered holders of the Convertible Loan Notes
<b>“CREST”</b>	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in those regulations)
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (S.I. 2001 No 3755) (as amended), and any applicable rules made thereunder

<b>“Current Articles”</b>	the articles of association of the Company at the date of this Circular
<b>“Directors” or “Board”</b>	the directors of the Company, whose names are set out on page 6 of this document
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited
<b>“Form of Proxy”</b>	the paper form of proxy requested by a Shareholder in the manner set out in paragraph 1 of the Notes in the Notice of Annual General Meeting for use at the Annual General Meeting or at any adjournment thereof
<b>“Irrevocable Undertakings”</b>	the irrevocable undertakings received by the Company from the Major Shareholders to vote in favour of the Resolutions, details of which are set out in paragraph 9 of Part I of this Circular
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Major Shareholders”</b>	HKN, Inc., McLarty Capital Partners SBIC, L.P. (trading as The Firmament Group), Lyford Investment Enterprises Ltd, Aeterna Capital Fund II, LLC and Evansville Limited
<b>“Matched Bargain Facility”</b>	the matched bargain trading facility to be put in place by the Company with JP Jenkins following the Cancellation, subject to the passing of the Cancellation Resolution, as described in paragraph 7 of Part I of this Circular
<b>“New Articles”</b>	the new articles of association of the Company to be adopted following the passing of Resolution number 2 to be proposed at the Annual General Meeting
<b>“Notice of Annual General Meeting” or “Notice”</b>	the notice of Annual General Meeting which is set out in Part IV of this Circular
<b>“Ordinary Shares”</b>	ordinary shares of £0.01 in the capital of the Company, and “Ordinary Share” means any one of them
<b>“Registrars”</b>	Link Asset Services
<b>“Regulatory Information Service”</b>	has the meaning given to it in the AIM Rules any of the services approved by the London Stock Exchange for the distribution of AIM announcements and included within the list maintained on the website of the London Stock Exchange
<b>“Remaining Directors”</b>	Weston Quasha and Tedmond Wong
<b>“Re-Registration”</b>	the re-registration of the Company as a private limited company and the consequential adoption of the New Articles
<b>“Re-Registration Resolution”</b>	Resolution number 2 to be proposed at the Annual General Meeting
<b>“Resolutions”</b>	the resolutions to be proposed at the Annual General Meeting in the form set out in the Notice of Annual General Meeting (and each of which shall be a “Resolution”);
<b>“Shareholders”</b>	holders of Ordinary Shares from time to time and “Shareholder” means any one of them
<b>“Takeover Code”</b>	the City Code on Takeovers and Mergers
<b>“United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland

A reference to “£” is to pounds sterling, being the lawful currency of the UK.

## PART I

### LETTER FROM THE CHAIRMAN OF NAUTILUS MARINE SERVICES PLC

*(Incorporated in England and Wales with Registered Number 04330608)*

*Directors:*

Donald Zac Phillips (*Chairman*)  
Alan Henderson (*Non-Executive Director*)  
David Paul Quint (*Non-Executive Director*)  
Weston Quasha (*Non-Executive Director*)  
Tedmond Wong (*Non-Executive Director*)

*Registered Office:*

3 More London  
Riverside  
London  
UK  
SE1 2AQ

31 May 2019

Dear Shareholder,

#### **Proposed cancellation of admission of Ordinary Shares to trading on AIM**

#### **Re-registration as a private limited company**

#### **Adoption of New Articles**

and

#### **Notice of Annual General Meeting**

#### **1. Introduction**

As announced by the Company today, the Directors have concluded that it is in the best interests of the Company and its Shareholders to cancel the admission of the Ordinary Shares to trading on AIM. Pursuant to Rule 41 of the AIM Rules, the Company (through its nominated adviser, finnCap Ltd) has notified the London Stock Exchange of the date of the proposed Cancellation.

The Cancellation is conditional, pursuant to Rule 41 of the AIM Rules, upon the approval of not less than 75 per cent. of the votes cast by Shareholders (whether present in person or by proxy) at the Annual General Meeting notice of which is set out in Part IV of this Circular.

The Directors have also concluded that it is in the best interests of the Company and its Shareholders for the Company to re-register as a private company and adopt the New Articles following the Cancellation. The Re-Registration is conditional upon the Cancellation becoming effective and the approval of not less than 75 per cent. of the votes cast by Shareholders (whether present in person or by proxy) at the Annual General Meeting.

Under the Companies Act 2006, the Company is obliged to hold an annual general meeting by no later than 30 June 2019. Accordingly, the Directors have decided to seek approval for the AIM Cancellation and the Re-Registration at the Annual General Meeting in addition to the usual business to be conducted.

The Company is therefore seeking Shareholders' approval of the Cancellation and the Re-Registration at the Annual General Meeting which has been convened for 12.00 p.m. on 24 June 2019 at the offices of finnCap, 60 New Broad Street, London EC2M 1JJ.

If the Cancellation Resolution is passed at the Annual General Meeting, it is anticipated that the Cancellation will become effective at 7.00 a.m. on 2 July 2019.

If the Cancellation Resolution and the Re-Registration Resolution are passed at the Annual General Meeting, it is anticipated that the Re-Registration will become effective by 24 July 2019.

The purpose of this document is to:

- seek Shareholders' approval for the Cancellation Resolution, the Re-Registration Resolution and the other matters normally considered at an annual general meeting of the Company;

- provide you with the information on the background to and reasons for Cancellation, Re-Registration and other Resolutions; and
- explain the consequences of the Cancellation and why the Directors unanimously consider the Cancellation to be in the best interests of the Company and its Shareholders as a whole;
- explain the consequences of the Re-Registration and why the Directors unanimously consider the Re-Registration to be in the best interests of the Company and its Shareholders as a whole.

The Notice of the Annual General Meeting is set out in Part IV of this document.

## 2. Background and reasons for Cancellation

The Directors have conducted a review of the benefits and drawbacks to the Company and its Shareholders in retaining its quotation on AIM and believe that Cancellation is in the best interests of the Company and its Shareholders as a whole. In reaching this conclusion, the Directors have considered the following key factors:

- as highlighted in the Company's announcement on 6 March 2019 of its final results for the year ended 31 December 2018, the Directors believe that conditions in the offshore service industry have made it increasingly difficult for the Company to identify investment opportunities at attractive valuations in its chosen sector of operation. The Directors believe that a primary reason for a public listing is the ability to raise capital from external investors to pursue investment opportunities and that attractive opportunities will continue to be difficult to find. In addition, as reported in the announcement of the Company's final results for the year ended 31 December 2018, the Company had cash of \$11 million as at 31 December 2018. The Directors believe it is therefore unlikely that the Company will require further external investment at this juncture;
- due to the Company's limited liquidity in its shares (with an average daily volume of 0.39 per cent. of the issued share capital of the Company traded in the last six months), modest market capitalisation (£2.44 million as at 30 May 2019, being the latest practicable date prior to the publication of this Circular) and the dilutive impact of the conversion rights under the Convertible Loan Notes, the Board believes it is unlikely that the Ordinary Shares can be used to affect any future acquisitions/investments nor can they be used to incentivise the Company's staff;
- the Major Shareholders hold, in aggregate, approximately 73.42 per cent. of the Company's currently issued Ordinary Shares as at 30 May 2019, being the latest practicable date prior to publication of this Circular, resulting in a limited free float and liquidity with the consequence that the AIM listing of the Ordinary Shares does not, in itself, offer investors the opportunity to trade in meaningful volumes or with frequency within an active market;
- as detailed below, following the Cancellation, the Remaining Directors will consider the future strategy of the Company, including the potential sale of the currently owned offshore service vessels. If effected whilst subject to the AIM Rules, any change in strategy would likely have attendant regulatory consequences including the potential requirement to publish a revised admission document. The Directors consider that the cost of complying with such requirements would be overly burdensome for a business of the Company's size;
- the considerable cost, management time and the legal and regulatory burden associated with maintaining the Company's admission to trading on AIM are, in the Directors' opinion, disproportionate to the benefits to the Company.

Following careful consideration, the Directors believe that it is in the best interests of the Company and Shareholders to seek the proposed Cancellation at the earliest opportunity.

## 3. Process for, and principal effects of, the Cancellation

The Directors are aware that certain Shareholders may be unable or unwilling to hold Ordinary Shares in the event that the Cancellation is approved and becomes effective. **Such Shareholders should consider selling their interests in the market prior to the Cancellation becoming effective.**

Under the AIM Rules, the Company is required to give at least 20 clear Business Days' notice of Cancellation. Additionally, Cancellation will not take effect until at least 5 clear Business Days have

passed following the passing of the Cancellation Resolution. If the Cancellation Resolution is passed at the Annual General Meeting, it is proposed that the last day of trading in Ordinary Shares on AIM will be 1 July 2019 and that the Cancellation will take effect at 7.00 a.m. on 2 July 2019.

The principal effects of the Cancellation will be that:

- there will be no formal market mechanism enabling the Shareholders to trade Ordinary Shares. Save for the proposed Matched Bargain Facility referred to in paragraph 7 below, no other recognised market or trading facility is intended to be put in place to facilitate the trading of the Ordinary Shares;
- while the Ordinary Shares will remain freely transferable, it is possible that the liquidity and marketability of the Ordinary Shares will, in the future, be even more constrained than at present and the value of such shares may be adversely affected as a consequence;
- in the absence of a formal market and quote, it may be more difficult for Shareholders to determine the market value of their investment in the Company at any given time;
- the regulatory and financial reporting regime applicable to companies whose shares are admitted to trading on AIM will no longer apply;
- Shareholders will no longer be afforded the protections given by the AIM Rules, such as the requirement to be notified of certain events and the requirement that the Company seek shareholder approval for certain corporate actions, where applicable, including substantial transactions, financing transactions, reverse takeovers, related party transactions and fundamental changes in the Company's business, including certain acquisitions and disposals;
- the levels of transparency and corporate governance within the Company may not be as stringent as for a company quoted on AIM;
- the Company will cease to have an independent nominated adviser and broker;
- with regard to the current Directors, Donald Zac Phillips, Alan Henderson and David Quint are not offering themselves for re-election at the Annual General Meeting and will therefore cease to be directors of the Company at the end of the Annual General Meeting. The only directors of the Company following the Annual General Meeting will be the Remaining Directors;
- the Board will no longer have independent representation. Of the Remaining Directors, Tedmond Wong has been appointed to the Board to represent the interests of McLarty Capital Partners SBIC, L.P. (trading as The Firmament Group), a Major Shareholder holding 23.85 per cent. of the issued share capital of the Company, and Weston Quasha has been appointed to the Board to represent the interests of HKN, Inc., a Major Shareholder holding 24.39 per cent. of the issued share capital of the Company, in each case as at 30 May 2019, being the latest practicable date prior to publication of this Circular;
- whilst the Company's CREST facility will remain in place post the Cancellation, the Company's CREST facility may be cancelled in the future and, although the Ordinary Shares will remain transferable, they will cease to be transferable through CREST. In this instance, Shareholders who hold Ordinary Shares in CREST will receive share certificates; and
- the Cancellation may have taxation consequences for Shareholders. Shareholders who are in any doubt about their tax position should consult their own professional independent tax adviser.

**The above considerations are not exhaustive, and Shareholders should seek their own independent advice when assessing the likely impact of the Cancellation on them.**

The Company currently intends that it will continue to provide certain facilities and services to Shareholders that they currently enjoy as shareholders of an AIM company. The Company will:

- continue to communicate information about the Company (including annual accounts) to its Shareholders, as required by the Law;
- continue, for at least 12 months following the Cancellation, to maintain its website, [www.nautilusmarineplc.com](http://www.nautilusmarineplc.com) and to post updates on the website from time to time, although Shareholders should be aware that there will be no obligation on the Company to include all of the information required under AIM Rule 26 or to update the website as required by the AIM Rules. In particular, following Cancellation the Remaining Directors will consider the future strategy of the Company including pursuing other acquisition opportunities outside the offshore service sector as



well as the potential disposal of the currently owned offshore service vessels however no decisions have been made in this regard at this time. Any future change in strategy will be communicated via a Regulatory Information Service.

#### **4. Re-registration**

The Board believes that the requirements and associated costs of the Company maintaining its public company status are overly burdensome considering its size and that the Company will benefit from the more flexible requirements and lower costs associated with private limited company status. It is therefore proposed to re-register the Company as a private limited company. In connection with the Re-Registration, it is proposed that the New Articles be adopted to reflect the change in the Company's status to a private limited company. The principal effects of the Re-Registration and the adoption of the New Articles on the rights and obligations of Shareholders and the Company are summarised in Part II of this Document. A copy of the New Articles can be viewed on the Company's website at [www.nautilusmarineplc.com](http://www.nautilusmarineplc.com).

Subject to and conditional upon the Cancellation and the passing of the Re-Registration Resolution, application will be made to the Registrar of Companies for the Company to be re-registered as a private limited company. Re-Registration will take effect when the Registrar of Companies issues a certificate of incorporation on Re-Registration. The Registrar of Companies will not issue the certificate of incorporation on Re-Registration until the Register of Companies is satisfied that no valid application can be made to cancel the resolution to re-register as a private limited company.

If the Cancellation Resolution and the Re-Registration Resolution are passed at the Annual General Meeting, it is anticipated that the Re-Registration will become effective by 24 July 2019.

#### **5. Takeover Code**

Shareholders should note that once the Re-Registration becomes effective, the Takeover Code will cease to apply to the Company should the Company's central management and control of the Company be deemed to have moved outside the United Kingdom. Donald Zac Phillips, Alan Henderson and David Quint are not offering themselves for re-election at the Annual General Meeting and will therefore cease to be directors of the Company at the end of the Annual General Meeting. The Board will therefore be comprised of the two Remaining Directors, one of whom is based in the United Kingdom and one of whom is based in the United States. However, the intention of the Company is to relocate the central management and control of the Company outside the United Kingdom by the appointment of a majority of overseas directors in due course following the Re-Registration.

If the Re-Registration becomes effective and the Company subsequently relocates the central management and control of the Company outside the United Kingdom, the Takeover Code will therefore no longer apply to the Company with effect from the date when the relocation of the central management and control of the Company becomes effective. In such circumstances, the Shareholders will not be afforded the protections under the Takeover Code and in particular, any individual or entity, including the Major Shareholders, will be able to purchase Ordinary Shares without incurring a requirement to make an offer to the rest of the Shareholders to purchase the remaining Ordinary Shares.

Shareholders should also note that the new Articles do not contain any provisions to suspend the voting rights of Shareholders in situations where the Takeover Code might otherwise have applied. This is further described in the **Takeover Code** paragraph in Part II of this Circular.

The Directors consider that the removal of these provisions in the New Articles is consistent with the Company's status as a private company following the Cancellation.

#### **6. Convertible Notes**

The Company has agreed changes to the Convertible Loan Notes with the Convertible Loan Note Holders conditional upon the Cancellation to reflect the fact that the Ordinary Shares arising on conversion of the Convertible Loan Notes will no longer be traded on AIM.

A summary of the principal changes to the Convertible Loan Notes is set out in Part III of this document.

## **7. Transactions in the Ordinary Shares post the proposed Cancellation**

The Board is aware that the proposed Cancellation, should it be approved by Shareholders at the Annual General meeting, would make it more difficult for Shareholders to buy and sell Ordinary Shares should they wish to do so.

Therefore, the Company has made arrangements for a Matched Bargain Facility to assist Shareholders to trade in the Ordinary Shares to be put in place from the day of Cancellation if the Cancellation Resolution is passed. The Matched Bargain Facility will be provided by JP Jenkins for a period of not less than twelve months following Cancellation. Under the Matched Bargain Facility, Shareholders or persons wishing to acquire or dispose of Ordinary Shares will, via their broker, be able to leave an indication of the number of Ordinary Shares that they are prepared to buy or sell at an agreed price. In the event that JP Jenkins is able to match that order with an opposite sell or buy instruction, they would contact both parties and then effect the bargain. Should the Cancellation become effective and the Company put in place the Matched Bargain Facility, details will be made available to Shareholders on the Company's website at [www.nautilusmarineplc.com](http://www.nautilusmarineplc.com) and directly by letter or e-mail (where appropriate).

## **8. Current Trading, Strategy and Prospects**

The Company released its final results for the 12 months ended 31 December 2018 on 6 March 2019. In this report, the Directors stated:

“Following its decision during the prior year to shift the Group’s focus from Latin American oil and gas exploration and production to global offshore services, the Group spent substantial time during the year seeking and evaluating opportunities to acquire or otherwise invest in offshore service companies as well as related offshore service assets and technologies. The offshore industry conditions have made it increasingly difficult for the Group to locate investment opportunities at attractive pricing. As a result, the Group began to investigate expanded energy investment strategies during the second half of the year.

While the Group continued to actively monitor and assess offshore market conditions to identify opportunities to either put its offshore vessels and equipment into service or sell these at attractive pricing, it also concurrently implemented further significant reductions in its administrative and offshore operating cost structures. These reductions included additional staff reductions, the transition of the fleet closer to cold layup status, and relocation and down-sizing of its corporate office. The Group expects to keep this reduced cost structure in place while depressed market conditions persist.

The Group also worked during the year to address contractual concerns over the continuity of production at its two remaining oil and gas fields in Colombia. In response to these concerns, the Group developed and initiated a plan to resume production and/or development activities at both of its fields. These plans include testing and analysis of its current wellbores to evaluate their potential to restore production given advances in technologies. Further, the Group intends to obtain new seismic studies which will aid in the identification of potential well sites. The Group is confident that these actions will assuage any contractual concerns and that the Group will continue to enjoy full title over these assets until they are sold.

As the Group worked to develop these plans for the Colombia assets, it also began to receive increasingly attractive offers to purchase these assets. Following initial evaluations of these offers, the Board and management concluded that it is in the Group’s best interests to pursue the divestiture of these properties during 2019, and as a result this operating segment is reflected at year-end as discontinued operations within the Group’s reporting. Until the Group is able to identify and complete an acceptable transaction for its Colombian assets, it intends to continue to focus on controlling costs at these fields while maintaining contractual and environmental compliance and progressing its reactivation plans.”

Following the Cancellation, the Remaining Directors will consider the future strategy of the Company including pursuing other acquisition opportunities outside the offshore service sector or winding the Company’s operations down and returning the Company’s capital to Shareholders. No decisions have been made in this regard at this time, however, any future change in strategy will be communicated via a Regulatory Information Service.

## **9. Irrevocable Undertakings/ Voting Intentions**

The Company has received irrevocable undertakings from each of the Major Shareholders to vote or procure votes in favour of the Resolutions in respect of, in aggregate, 38,550,458 Ordinary Shares, representing approximately 73.42 per cent. of the entire issued share capital of the Company as at 30 May 2019, being the latest practicable date prior to publication of this Circular.

**Accordingly, the Directors believe it is likely that the Resolutions will be passed at the Annual General Meeting.**

## **10. Process for Cancellation and Re-Registration**

Under the AIM Rules, it is a requirement that the Cancellation must be approved by not less than 75 per cent. of votes cast by Shareholders at a general meeting. Accordingly, the Notice of Annual General meeting set out in Part IV of this document contains a special resolution (Resolution number 1) to approve the Cancellation.

Furthermore, Rule 41 of the AIM Rules requires any AIM company that wishes the London Stock Exchange to cancel the admission of its shares to trading on AIM to notify shareholders and to separately inform the London Stock Exchange of its preferred cancellation date at least 20 Business Days prior to such date. In accordance with AIM Rule 41, the Directors have notified the London Stock Exchange of the Company's intention, subject to the Cancellation Resolution being passed at the Annual General meeting, to cancel the Company's admission of the Ordinary Shares to trading on AIM on 2 July 2019. Accordingly, if the Cancellation Resolution is passed the Cancellation will become effective at 7.00 a.m. on 2 July 2019. If the Cancellation becomes effective, finnCap Ltd will cease to be nominated adviser of the Company and the Company will no longer be required to comply with the AIM Rules.

Under the Companies Act 2006, it is a requirement that the Re-Registration and adoption of the New Articles must be approved by not less than 75 per cent. of votes cast by Shareholders at a general meeting. Accordingly, the Notice of Annual General meeting set out in Part IV of this document contains a special resolution (Resolution number 2) to approve the Re-Registration and adoption of the New Articles.

## **11. Annual General meeting**

The Annual General meeting will be held at finnCap Ltd at 60 New Broad Street, London EC2M 1JJ commencing at 12.00 p.m. on 24 June 2019. The resolutions to be proposed at the Annual General Meeting are as follows:

### **SPECIAL RESOLUTIONS:**

#### **Cancellation of admission of the Ordinary Shares to trading on AIM (Resolution 1)**

Under the AIM Rules, it is a requirement that the Cancellation must be approved by not less than 75 per cent. of votes cast by Shareholders at a general meeting. Accordingly, the Notice of Annual General meeting set out in Part IV of this document contains a special resolution (Resolution number 1) to approve the Cancellation.

#### **Re-registration of the Company as a private company under the Companies Act 2006 (Resolution 2)**

Under the Companies Act 2006, it is a requirement that the Re-Registration and adoption of the New Articles must be approved by not less than 75 per cent. of votes cast by Shareholders at an Annual General meeting. Accordingly, the Notice of Annual General meeting set out in Part IV of this document contains a special resolution (Resolution number 2) to approve the Re-registration and adoption of the New Articles.

## **ORDINARY BUSINESS:**

### **Re-election and election of the Directors (Resolutions 3 and 4)**

In accordance with Article 85 of the Current Articles, each of the Directors (other than Remaining Directors who were appointed after the last annual general meeting and who must retire by under Article 81) is required to retire by rotation at each annual general meeting of the Company. Accordingly, each of Alan Henderson, David Quint and Donald Zac Phillips shall retire. None of these individuals is putting themselves forward for re-election which means that they will cease to be directors at the end of the Annual General Meeting.

In accordance with Article 81 of the Current Articles, as the Remaining Directors were appointed after the last annual general meeting they must retire at the Annual General Meeting but can submit themselves for re-election. Accordingly, each of Tedmond Wong and Weston Quasha shall retire at the Annual General Meeting and have submitted themselves for re-election.

Brief biographical details of the Remaining Directors standing for re-election appear on the Company's website.

### **Annual Report and Accounts (Resolution 5)**

Shareholders will be asked to receive and adopt the Annual Report and Accounts together with the Directors' and Auditors' reports on the Annual Report and Accounts.

### **Auditors (Resolutions 6 and 7)**

As a public company, the Company is required at each annual general meeting at which accounts are presented to appoint auditors to hold office until the next such meeting. BDO LLP have indicated their willingness to continue in office. There are, however, different requirements that apply to private companies.

Accordingly, Resolution 6 will, if passed, reappoint BDO LLP as auditors of the Company to hold office:

- until the next annual general meeting at which accounts are laid before the Company if the Company remains a public company; or
- if the Company is re-registered as a private company, until 30 September 2020 or, if earlier, the date on which the Company's annual accounts and financial reports for the year ended 31 December 2019 are sent to shareholders.

Resolution 7 will, if passed, authorise the Directors to fix their remuneration.

## **12. Action to be taken**

You will not receive a Form of Proxy for the 2019 Annual General meeting in the post. Instead, you can vote online at [signalshares.com](http://signalshares.com). To register, you will need your Investor Code, which can be found on the letter or e-mail you received announcing the meeting. Once logged on, click on the 'Vote Online Now' button to vote. Proxy votes should be submitted as early as possible and in any event, no later than 48 hours before the start of the meeting (excluding weekends and public holidays). Submission of a proxy vote will not preclude you from attending and voting at the Annual General meeting in person if you so wish. You may request a hard copy proxy form directly from the Registrars, Link Asset Services on 0871 664 0300. Calls cost 12p per minute plus your phone company's access charge. If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 a.m. – 5.30 p.m., Monday to Friday, excluding public holidays in England and Wales.

### **13. Recommendation**

For the reasons noted above, the Directors consider that the Resolutions to be put to the meeting are in the best interests of the Company and its Shareholders as a whole and therefore unanimously recommend that you vote in favour of all of the Resolutions to be proposed at the Annual General Meeting, as they intend to do (other than in respect of their own appointment as Directors) in respect of their own beneficial holdings amounting in aggregate to 164,768 shares, representing approximately 0.3 per cent. of the Company's issued share capital as of the date of this Notice.

Yours faithfully,

**Donald Zac Phillips**

*Chairman*

Registered Office: 3 More London Riverside, London SE1 2AQ, UK

Registered in England No. 4330608

## PART II

### EFFECT OF RE-REGISTRATION AND PRINCIPAL PROPOSED CHANGES TO THE ARTICLES OF ASSOCIATION

#### **Redeemable preference shares**

The Company no longer has any redeemable preference shares in issue. Accordingly, the provisions of the Current Articles dealing with redeemable preference shares have been removed from the New Articles.

#### **Share warrants to bearer**

English companies are no longer permitted to issue, or have in issue, share warrants to bearer (or bearer shares). Accordingly, the provisions of the Current Articles dealing with redeemable preference shares have been removed from the New Articles.

#### **Lien on shares not fully paid**

Following the Re-registration and the adoption of the New Articles the Company will continue to have a first lien on shares not fully paid, but the New Articles have been updated to make clear that as a private company such lien is no longer subject to restrictions under the Companies Act 2006.

#### **Disclosure of interests in shares**

Part 22 of the Companies Act 2006, relating to disclosure of interests in the Company's shares, applies only to public companies. Accordingly, the provisions of the Current Articles dealing with failure to disclose interests in shares, and the sanctions that may be imposed in such circumstances, have been removed from the New Articles.

#### **General meetings and resolutions**

A public company is required to hold an annual general meeting of Shareholders each year, whereas a private company is not. Therefore, following the Re-registration and the adoption of the New Articles the Company will not hold annual general meetings and references to annual general meetings have been removed from the New Articles.

#### **Takeover Code**

The Current Articles contain provisions that permit the Board, at any time when the Company is not subject to the Takeover Code (or any relevant successor regime), to suspend voting rights attaching to certain shares.

If a person, together with persons acting in concert with him, acquires shares in the Company and as a result he would, in the opinion of the Board, have been obliged under Takeover Code to extend an offer to the holders of any other shares in the Company had the Takeover Code applied to the Company, and such person fails to make such an offer on terms no less favourable than would have been required under the Takeover Code within 21 days following the date on which the obligation would otherwise have arisen, the Board may suspend voting rights attributable to the shares in which the Board considers such person (and persons acting in concert with him) to have an interest.

These provisions have been removed from the New Articles.

### **Directors' retirement by rotation**

The Current Articles contain provisions requiring the Directors to retire by rotation at every annual general meeting. These provisions have been removed in the New Articles. In addition, the New Articles will not require any Director appointed by the Board to be re-appointed by the Shareholders at the next annual general meeting following his appointment, as is currently required.

### **Vacation of office by directors**

To minimize the risk that the Company inadvertently engages in or is alleged to engage in discriminatory conduct, the provision of the Current Articles automatically removing a director of the Company from office if by reason of his mental health a court makes an order that wholly or partly prevents him from personally exercising any powers or rights he would otherwise have has been removed from the New Articles.

### **Company secretary**

There is no requirement for a private company to have a company secretary, although a private company may appoint one should it wish. The New Articles have been updated to reflect this.

### **Scrip dividends**

Provisions in the Current Articles relating to scrip dividends establish "relevant value" by reference to middle market quotations for the Company's shares on the London Stock Exchange. This will no longer be possible after Cancellation and the New Articles have been updated accordingly.

### **Circulation of annual accounts and reports**

A public company must file its accounts with the Registrar of Companies within six months following the end of its financial year and circulate copies of the accounts to Shareholders at least 21 days before the date of the annual general meeting at which the accounts are to be laid. Following Re-registration, the period for the preparation of accounts is extended to nine months following the end of the financial year. The Company will still be required to circulate accounts to Shareholders although the period for doing so is extended for private companies and the New Articles have been updated accordingly.

### **Issue of Shares for non-cash consideration**

As a public company, there are restrictions on the ability of the Company to issue new shares, for example, by requiring the Company to obtain a valuation report in the case of shares issued for non-cash consideration. These restrictions will not apply following the Re-Registration.

### **Financial assistance, reductions of capital and purchase of own shares out of capital**

As a public limited company, the Company is currently prohibited from performing actions which constitute financial assistance for the acquisition of its own shares. This limits the ability of the Company to engage in certain transactions. However, following the Re-Registration, these restrictions will no longer apply.

In addition, the Company must currently obtain the sanction of the Court for any reduction of capital, which can be a lengthy and expensive process. However, following the Re-registration, the Company will be able to take advantage of more flexible provisions applicable to private companies, which do not require the approval of the Court. Similarly, following Re-Registration, the Company will be able to effect buy backs of shares out of capital, which it is currently prohibited from doing as a public limited company.

## **PART III**

### **SUMMARY OF PRINCIPAL PROPOSED CHANGES TO THE CONVERTIBLE LOAN NOTES**

#### **AIM Listing**

In each of the Convertible Loan Notes, the obligation on the Company to maintain its listing on AIM has been removed to reflect the fact that the Ordinary Shares will no longer be admitted to trading on AIM following the Cancellation.

#### **Mandatory Conversion**

In each of the Convertible Loan Notes, the mandatory conversion provisions which permit the Company to require the Convertible Loan Note Holders to convert the Convertible Loan Notes to Ordinary Shares if the average closing price of the Company's shares on AIM equals to or exceeds 100 per cent. of the Conversion Price (being 50p in the case of the Convertible A Loan Notes, 160p in the case of the Convertible B Loan Notes and 225p in the case of the Convertible C Loan Notes) for a period of 10 business days, has been removed as the Ordinary Shares will no longer be traded on AIM following the Cancellation.

#### **CREST**

The references to CREST have been removed as any Ordinary Shares issued on the conversion or redemption of the Convertible Loan Notes will be issued in certificated form following the Cancellation.

#### **Redemption**

The Convertible B Loan Notes and Convertible C Loan Notes allow the Company, at its discretion, to settle the nominal amount of the Convertible B Notes and the nominal amount of the Convertible C Loan Notes on the Final Redemption Date (being 1 January 2029 in the case of the Convertible B Loan Notes and 1 January 2032 in the case of the Convertible C Loan Notes) by the issue of new Ordinary Shares at a price equal to the higher of (i) the Conversion Price (160p in the case of the Convertible B Loan Notes and 225p in the case of the Convertible C Loan Notes) and (ii) 110 per cent. of the average closing price of the Ordinary Shares on AIM for a period of 10 consecutive business days prior to the Final Redemption Date provided that if the value of the new Shares issued on the basis of the foregoing is less than the value of the principal amount on the Convertible Notes thereby paid, the Conversion Price shall be reduced to such level as would result in these values being the same, provided that the price at which such Shares are issued cannot be less than their par value. These provisions have been removed.

This has been replaced by a discretion for the Company to settle the nominal amount of the Convertible B Loan Notes and the nominal amount of the Convertible C Loan Notes on the Final Redemption Date by the issue of new Ordinary Shares at a price equal the lower of 160p in the case of the Convertible B Loan Notes and 225p in the case of the Convertible C Loan Notes and (ii) the fair market value per Ordinary Share to be determined by an independent third party valuation firm to be appointed by the Company.



## PART IV

### Nautilus Marine Services PLC

(the Company)

*(Incorporated in England and Wales with Registered No. 04330608)*

#### Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Company (**Meeting**) will be held at finnCap Ltd, 60 New Broad Street, London EC2M 1JJ at 12.00 p.m. on 24 June 2019 for the transaction of the following business:

#### SPECIAL RESOLUTIONS

To consider and, if thought fit, to pass each of the following resolutions, as a special resolution:

1. **THAT**, in accordance with Rule 41 of the AIM Rules for Companies, the cancellation of the admission of the ordinary shares of £0.01 each in the capital of the Company to trading on AIM, the market operated by London Stock Exchange plc, be and is hereby approved and that the directors of the Company be and are hereby authorised to take all actions reasonable or necessary to effect such cancellation.
2. **THAT**, subject to and conditional upon the cancellation of the ordinary shares of £0.01 each in the capital of the Company to trading on AIM, the market operated by London Stock Exchange plc, becoming effective:
  - (a) the Company be re-registered as a private company under the Companies Act 2006 with the name Nautilus Marine Services Limited; and
  - (b) pursuant to section 101 (4) of the Companies Act 2006, the regulations contained in the printed document submitted to the meeting and for the purpose of identification signed by the Chairman be approved and adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association of the Company.

#### ORDINARY BUSINESS

To consider and, if thought fit, to pass each of the following resolutions, as an ordinary resolution:

3. **TO** elect Tedmond Wong, who was appointed as a director of the Company on 1 April 2019 and who retires pursuant to Article 81 of the Company's articles of association and who, being eligible, offers himself for election as a director.
4. **TO** elect Weston Quasha, who was appointed as a director of the Company on 1 April 2019 and who retires pursuant to Article 81 of the Company's articles of association and who, being eligible, offers himself for election as a director.
5. **TO** receive and adopt the annual report and audited accounts of the Company for the year ended 31 December 2018 together with the reports of the Auditors and Directors on those audited accounts.

6. **TO** re-appoint BDO LLP as Auditors of the Company to hold office from the conclusion of this meeting until:
  - (a) if the Company remains a public company, the conclusion of the next annual general meeting at which accounts are laid before the Company; or
  - (b) if the Company is re-registered as a private company, 30 September 2020 or, if earlier, the date on which the Company's annual accounts and financial reports for the year ended 31 December 2019 are sent to shareholders.
7. **TO** authorise the directors of the Company to fix the remuneration of the Auditors.

By order of the Board,  
31 May 2019

**Kristina Humphries**  
**Company Secretary**

Registered Office: 3 More London Riverside, London SE1 2AQ, UK

**Notes:**

1. A member entitled to attend and vote at the meeting may appoint one or more proxies to exercise all or any of the member's rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company but must attend the meeting for the member's vote to be counted. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member. If a member wishes to appoint more than one proxy they may do so at [www.signalshares.com](http://www.signalshares.com) and if paper proxy forms are required, the member should contact the registrars' helpline on 0871 6564 0300 (calls cost 12p per minute plus network extras). If you are outside the United Kingdom, please call +44 371 664 0300 (calls will be charged at the applicable international rate). We are open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Submission of a proxy vote shall not preclude a member from attending and voting in person at the meeting in respect of which the proxy is appointed or at any adjournment thereof.
2. To be effective, the proxy vote must be submitted at [www.signalshares.com](http://www.signalshares.com) so as to have been received by the Company's registrars not less than 48 hours (excluding weekends and public holidays) before the time appointed for the meeting or any adjournment of it. Any power of attorney or other authority under which the proxy is submitted must be returned to the Company's Registrars, Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF. If a paper form of proxy is requested from the registrar, it should be completed and returned to Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF to be received not less than 48 hours before the time of the meeting.
3. Pursuant to Regulation 41(1) of the Uncertificated Securities Regulations 2001 (as amended), the Company has specified that only those members registered on the register of members of the Company at close of business on 20 June 2019 (the **Specified Time**) (or, if the meeting is adjourned to a time more than 48 hours after the Specified Time, by close of business on the day which is two days prior to the time of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. If the meeting is adjourned to a time not more than 48 hours after the Specified Time, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purposes of determining the number of votes they may cast) at the adjourned meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the

procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

5. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a **CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instruction, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message, regardless of whether it constitutes the appointment of a proxy, or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's registrars (ID: RA10) by the latest time(s) for receipt of proxy appointments specified in Note 3 above. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
6. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings ([www.euroclear.com/CREST](http://www.euroclear.com/CREST)).
7. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).
8. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
9. Any electronic address provided either in this Notice or in any related documents (including the Form of Proxy) may not be used to communicate with the Company for any purposes other than those expressly stated.
10. As at 30 May 2019, being the last practicable date prior to the printing of this Notice, the Company's issued share capital consisted of 52,505,629 ordinary shares carrying one vote each. Therefore, the total number of voting rights in the Company as at 30 May 2019 are 52,505,629.
11. Copies of the service agreements and letters of appointment between the Company and its Directors will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays, Sundays and Public Holidays excluded) until the date of the meeting and also on the date and at the place of the meeting from 9.30 a.m until the conclusion of the meeting.
12. You may vote your shares electronically at [www.signalshares.com](http://www.signalshares.com). On the home page, search 'Nautilus Marine Services PLC' and then log in or register, using your Investor Code. To vote, click on the 'Vote Online Now' button.

