

WILDCAT

Interim Report

This is a confidential and internal interim report for Wildcat Petroleum Plc. As such it is frank in nature, devoid of gloss and graphics, and should not be shared outside the Board of the company and their Advisors. This report is part one of a two part report commissioned by WCAT and its purpose is to allow the Board to make some early strategic decisions on the potential direction of the use of blockchain technology within their business. It is not a detailed definition and comprehensive description of the marketplace, nor referenced or evidenced as it reflects the hands on real-world experience and expertise of the sector by the CCEG group of companies. It is not written for external scrutiny outside WCAT but targeted at the WCAT Board, advisors and reflects the commission, timescale allowed and modest value of the advisory sought. It must be read in conjunction to the numerous written and single oral correspondence between the Client and the Advisor which may be referenced but not included. The report contains opinion.

CCEG Publications Approvals Board

15 March 2021 | Scope Summary

**Centre for Citizenship, Enterprise and
Governance**

Authored by: Rothbadi & Co

EDITED & REDACTED



Scoping of Markets and Opportunities

Current Status of Institutional Global Blockchain Market

1 Bitcoin equals

43,646.55 Pound sterling

14 Mar, 10:20 UTC · Disclaimer

1	Bitcoin
43646.55	Pound sterling



The current hypergrowth in the blockchain and related cryptocurrency markets are largely driven by the bitcoin price which is at its historical highest. The global cryptocurrency marketcap passed UK£ 1 trillion in January 2021. There are also some international movement towards decentralized and transparent systems which blockchain enables.

Generally there has been no mainstreaming and adoption of this technology despite media attention. In 2019 Facebook made an attempt at a new crypto called Libra backed by Mastercard and Visa, Vodafone, Paypal, etc but it has so far failed and scheduled for relaunch in 2021 under 'Diem' name. Since January 2021 Paypal and Tesla announced bitcoin adoption in payment for goods, and Twitter, Amazon etc have also announced support is likely to happen; it should be noted, however, that they accept crypto only through fixing spot rates so there is no risk. There is some early adoption first mover advantage which Tesla has embarked on by investing US\$1.5 billion and seeing greater return than their 2020 profits from making EV cars. Like share price, crypto value is susceptible to media but has the key advantage of being largely unregulated; Elon Musk was taken to court by SEC in 2019 over one tweet due to share price sensitivity, but this oversight procedure does not apply to a crypto move. Concluding, the WCAT timing to examine options, whether by fortune or design, is excellent.

If there was ever a time to act on blockchain and cryptocurrency integration, now would be good as there is undoubtedly momentum in the market.

Current Status of LSM Crypto Outlook

The London Stock Market (LSM) has hosted some early blockchain exemplars such as Argo Blockchain Plc (LSM:ARB) and Online Blockchain Plc (AIM:OBC) but these have not witnessed any spectacular operational success although the former closed on c UK£ 27m raise over the last week as it took advantage of the crypto rise.

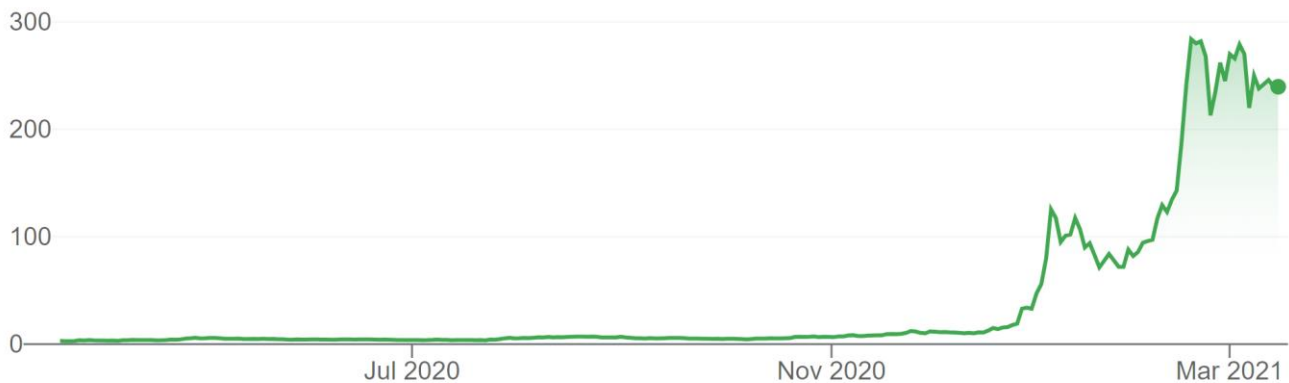
240.00 GBX

LON: ARB

-6.00 (2.44%) ↓

12 Mar, 17:07 GMT · Disclaimer

1 day | 5 days | 1 month | 6 months | ytd | 1 year | 5 years | max



There are some supporting companies who invest in the sector - Blue Star Capital Plc (AIM:BLU), Clear Leisure Plc (AIM:CLP), Wandisco Plc (LSM:WAND), etc but again nothing noteworthy as yet. FCA approved exchange Archax claims to be a gamechanger. The 2019 LSE experiment to allow company 20|30 to sell UK£ 3m shares in tokenised form has not been repeated.

The appetite of regulators is largely driven by the person at the top. Under Dr Mark Carney as Governor of Bank of England the mood was fairly positive with Central Bank Digital Currency (CBDC) openly discussed but his 2020 replacement with Andrew Bailey has seen a tone change. Dr Bailey was immediately former FCA CEO, and comes from central banking, PRA, etc regulatory background and so perhaps more risk averse. The FCA reports since his appointment are cautionary, removing certain kinds of derivative trade, largely uncommitted to this new instrument at the end of consultative reports. Companies wish to trade with crypto in the UK must have, as usual - full AML, KYC, CFT, and PEP but in addition must now also be registered with FCA as part of their Temporary Registration Regime for cryptoasset businesses active since 10 January 2021.

Outside the UK the situation is mixed depending, in the main, how established and senior their financial markets are. The position in tier 2-3 changes very frequently and may vary month to month subject to surrounding politics. In brief common desired destinations falls into 3 categories:

APPROACH	TIER 1 REGS	TIER 2 REGS	TIER 3 REGS
Hostile	China/HK – banned USA (SEC) – litigious	India – in flux UAE – changing	
Neutral	UK		
Supportive	Singapore Switzerland Japan Korea	Russia Brazil Mexico UAE – as of 1 Nov 2020	Malta Gibraltar Seychelles Caymen Islands Estonia Isle of Man Mauritius

There are many emerging markets like Netherlands, but in general the trend is led by smaller financial centres that may lack desired credibility for a LSM company like Wildcat except for Switzerland and now UAE. The SEC in USA has even sued Ripple (made of hundreds of financial institutions), Telegram with US\$ 1.5 billion of investment, etc but also goes after small players. The UK FCA tends to follow SEC but not as litigious. Ironically 70% of the world’s blockchain patents and cryptocurrencies came from China but now death and life imprisonment are the way they have enforced substantial bans.

One common theme, however, is that virtually every country is now planning a Central Bank Digital Currency (CBDC) with China already in trials since 2020. No country wants to be left behind and there are even consortium of countries like BRICS attempting to find a common crypto settlement system. The rise of CBDC has followed two G7 consultations on the issue of cryptocurrencies provides a more regulated and pedestrian approach in sharp contrast to the wild-west days of ICO’s where fund raises even as high as US\$ 4 billion (EOS) over 12 months, and sometimes in extraordinarily short timescales - Tezos US\$ 232, Bancor US\$ 153m, etc in a matter of minutes, even a US\$ 24m virtual property ICO in 35 seconds.

The art for Wildcat will be to decide where in the regulatory grey scale it wishes to operate, and whether it can capture both the excitement of crypto funding whilst remaining compliant within an LSM framework.

The Wildcat Token



Any blockchain application for Wildcat will inevitably result in tokenomics, whether financial or non-financial, and the above interdependent matrix outlines the KPI's for consideration by the WCAT Board. In no particular order we provide the query and our interpretation of the Wildcat position:

Timescale – when is the solution required for? We imagine WCAT is looking to implement asap after approval in order to take advantage of the current global impetus. A technical solution will take 9-18 months to design and implement, and a financial raise 6-12 months from now.

Target Raise – if a traditional crypto raise, the amount is dependent on the 'shape' of the above 10 KPI's and certainly successful campaigns are substantially smaller than the early days of 2017. Given the international nature of WCAT proposition, and the traditional petroleum asset which will attract mainstream investors, we can envisage a 9 figure sterling amount being possible if market parameters do not change substantially.

Available Budget – Costs of crypto raises have risen from US\$ 50k in 2016 to UK£ 1.5m due to legal compliance and marketing costs. A platform provider can offset some of this through traditional investors.

Regulatory Framework - Choosing a compliant jurisdiction is not simply looking at the written legislation. Some 95% of activities in this sector are scams and 20% hacked. The UK under FCA may appear attractive but with over 200 companies applied for FCA registration there is a long backlog.

Instrument – There have been a myriad of instruments ICO, IEO, STO, DeFi, NFT, etc and hybrids in between. Much is fad, or perceived stability/risk, or legal acceptance. In essence, however, they operate similarly despite cosmetic dressing. It is best to choose the instrument after other KPI's are determined. In addition, there are inherent risks with certain kinds of instruments such as Initial Exchange Offerings as most of these exchanges are unregulated and have a history of fraud.

Utility – So what will the WCAT token actually do, and what is the purpose of this initiative? Form and Function are important to ensure compliance and particular investor channels are attracted, and of less interest to token speculators who really do not care as long as they can make money. We explore this later in the document with suggestions.

Investor Channels – This is key in terms of balancing the targeting of institutional, retail or crypto investors ... and in some cases government (sovereign funds for example). They have completely different goals and Wildcat may well decide to attack all 3 investor types although this is complex.

Market and Territory – These are not the same. The market is the petroleum industry or if targeting impact investors, for example, ESG, SDG and climate change sector. The territory is the target region to aim for (eg. the list of opportunities confidentially shared with us by WCAT), or the future target geography of the market we are aiming for eg. gulf oil states. Often the market and territory is the same eg. Switzerland Zug area – known as the 'crypto valley'. Is Wildcat open to international trade?

Tokenomics – It is important to understand the potential financial benefits and opportunities for having a secondary Wildcat instrument.

- Fiat currency investment into traditional bank accounts
- Crypto currency investment which can be held to enjoy subsequent rise eg. bitcoin investment
- Profits from a WCAT price rise
- Efficiencies of utilising the blockchain solution the WCAT token enables
- Political leverage if the token utility is aligned to government agendas even for target oi/gas fields and negotiated pitch where the token could be part of the reward offered

Solution Scenarios

STRICTLY CONFIDENTIAL

2nd Stage Next Steps

Once we have come to a clear outline of the direction that the WCAT Board wishes to take we will then immediately engage in the 2nd part of this report which consists of the following:

- Statement from crypto lawyers on WC proposal
- Liaison with FCA for statement on WC outline proposal
- Risk Assessment (probability, impact)
- Detailed roll out budget
- Detailed time schedule
- Go/No Go recommendation
- RNS (if appropriate)

3rd Stage Implementation

This as been discussed and detailed previously to our engagement

STRICTLY CONFIDENTIAL