

15 November 2018

Dear fellow Shareholders

On behalf of Kuwait Energy, we are pleased to inform you that on 24 September 2018, Kuwait Energy plc (**Kuwait Energy** or the **Company**) and United Energy Group Limited (**UEG**) each announced that they had agreed the terms of a recommended acquisition for cash consideration to acquire the entire issued and to be issued share capital of Kuwait Energy (the **Acquisition**).

The Kuwait Energy portfolio currently consists of exploration, development and production oil and gas assets in Egypt, Iraq, Oman and Yemen. Its most significant assets are Block 9 in Iraq, an oil field situated near Basra, the Siba gas field south of Basra and several oil-producing assets in Egypt. Over the years, Kuwait Energy has made progress in terms of the scale of its business, and has sought to derive value for shareholders by focusing on increasing the production and reserves levels of hydrocarbons across its assets.

Notwithstanding this progress, Kuwait Energy remains a relatively small player within the global oil and gas industry. The Company has experienced, through the years, both positive as well as challenging market conditions, in particular oil price volatility. However, the combination of Kuwait Energy's large development capital commitments under its licence agreements and its debt obligations including the senior notes due 2019 and the convertible loans means that Kuwait Energy's scope to take full advantage of the growth opportunities of its business remains constrained. This makes it more difficult for the Company to improve its profitability and exploit the full potential of its assets than if it had greater capital resources at its disposal.

The Board and management team are aware that a significant proportion of Kuwait Energy shareholders wish to achieve a liquidity event and realize their investment. Therefore, the Board worked hard to find other alternatives by engaging advisers including an international investment bank, Tudor Pickering Holt & Co., and began a wide reaching strategic process in June 2018 to investigate other options to maximize shareholder value.

More than 70 industry partners were contacted with several parties engaging in a due diligence process. The Company received varied responses, with offers for a corporate acquisition and other offers for specific assets. The Board and its advisers evaluated the proposed offers and determined that the offer put forward by UEG provides Kuwait Energy shareholders with a cash value that represents fair market value of each Kuwait Energy share.

In assessing the terms of the Acquisition, the Board specifically considered the following:

- the Acquisition represents an opportunity for Kuwait Energy shareholders to realise on their investment in Kuwait Energy for cash at a fair and reasonable value expected to be approximately USD1.50 (approximately 0.46 KD)/share, subject to adjustment as described further in the enclosed scheme document;
- the Acquisition delivers more value to Kuwait Energy shareholders than proposals received from other interested parties;
- the certainty of the Acquisition (subject to the satisfaction of certain conditions) now against the inherent uncertainty of the delivery of future value that exists in the business under challenging financial and operational conditions for a private E&P company; and
- the benefits to Kuwait Energy's employees, customers, host governments and other stakeholders from the opportunities provided by the Acquisition to support future growth and development that Kuwait Energy will have as part of a larger group.

The Acquisition will be implemented using a procedure called a "scheme of arrangement" under Jersey law (the **Scheme**), which requires the approval of Kuwait Energy shareholders and the sanction of the Jersey court.

The Board has unanimously approved the Acquisition and recommends that Kuwait Energy shareholders vote in favour of the resolutions relating to the Acquisition at the Court Meeting and the Extraordinary General Meeting to be held on 19 December 2018 from 10.00 a.m. Kuwait time, at Symphony Style Hotel Kuwait, Salmiya, Kuwait. Enclosed is a summary of the process to vote your shares.

Enclosed with this letter are the following documents:

- a scheme document setting out the terms of the Acquisition and enclosing an explanatory statement and notices of the Court Meeting and the Extraordinary General Meeting;
- forms of proxy for the Court Meeting and the Extraordinary General Meeting;
- a currency election form, under which you may indicate how you wish to receive your cash consideration under the Acquisition; and
- a privacy notice describing how Kuwait Energy uses, stores, transfers or otherwise processes personal data.

The scheme document is also available on our website www.kuwaitenergy.co/acquisition/, together with a “questions and answers” document setting out responses to a number of questions you might have in relation to the Acquisition. The scheme document and “questions and answers” document are also available on our website in Arabic. If you are missing any of the documents, please contact us at ir@kec.com.kw and we will send you a copy.

We encourage you to read all of the documents in full to make sure you fully understand the Acquisition and the matters on which we are asking for your vote. If you have any further questions, please contact:

- Kuwait Energy on +965 2576 7700 (between 8.00 a.m. to 4.00 p.m. (Kuwait time) Sunday to Thursday) if you are based in Kuwait or wish to discuss your questions with an Arabic speaker; or
- the Computershare Shareholder Helpline between 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday (except UK public holidays) on:
 - 0370 707 4040 (if calling from within the United Kingdom); or
 - +44 370 707 4040 (if calling from outside the United Kingdom).

Calls to the Shareholder Helpline will be charged, and further details on this can be found in the scheme document.

On behalf of Kuwait Energy’s entire board and management team I would like to thank you for your support and patience during our journey together.

Sincerely,



Mansour Aboukhamseen
Chairman

PROCESS TO VOTE YOUR SHARES

- In order to approve the terms of the Acquisition, Kuwait Energy shareholders will need to vote in favour of the resolutions to be proposed at the Court Meeting and the Extraordinary General Meeting.
- In order to cast your vote, you should complete, sign and return the enclosed forms of proxy for each of the Court Meeting and the Extraordinary General Meeting to Computershare (please refer to the forms of proxy for postal and email address details) by no later than 6.00 p.m. (Kuwait time) on 17 December 2018.
- Even if you have completed and returned the proxy forms, you can still attend and vote at the meetings if you wish. It is best to complete and return the proxy form in any event, just in case you cannot attend the meetings for some reason and you miss out on the chance to vote.
- You should also complete and return the enclosed currency election form to Computershare or the Company (please refer to the currency election form for postal and email address details) by 3.00 p.m. (Kuwait time) on 7 January 2019, or if the court hearing to sanction the Scheme (the **Court Hearing**) is held after 7 January 2019, by 3.00 p.m. (Kuwait time) on the date of the Court Hearing. We currently anticipate that the Court Hearing will be held on or around 7 January 2019. We will give adequate notice of the date of the Court Hearing (and therefore the date by which completed currency election forms should be returned to Computershare or the Company) by displaying a notice on our website (www.kuwaitenergy.co/acquisition/) and notifying by email all Scheme shareholders for whom we hold an email address. It is important that you return a completed currency election form because, if the Scheme becomes effective, you will automatically receive payment in US dollars by cheque sent to your last known address unless you specify a different method or currency of payment in the currency election form.
- If you are a company and you intend to vote at the meetings by your corporate representative, please make sure they bring evidence of their authority to vote.
- If you hold shares on behalf of someone else (or several other people), we would suggest that you contact them to seek instructions on how to vote. If you receive conflicting instructions, you may complete more than one proxy form to ensure that all the shareholders you represent have a fair chance to express their views. You may obtain additional proxy forms from the Company's website (www.kuwaitenergy.co/acquisition/) or by contacting the Company or the Registrar (please refer to the forms of proxy for details), or photocopy the ones enclosed, if you need to do this.
- Your vote is important, even if you only hold a small number of shares. We encourage all shareholders to vote at both the Court Meeting and the Extraordinary General Meeting.

Notice to shareholders

If you are in any doubt regarding the contents of the enclosed documents or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the UK, or an appropriately authorised independent financial adviser if you are outside the UK.

If you have sold or otherwise transferred all your shares in Kuwait Energy, subject to the restrictions on distribution described below and in the enclosed scheme document, please send this letter and its enclosures as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

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