

BRITANNIA'S GOLD LIMITED

CROWDFUNDING PROSPECTUS

AUGUST 2017



BRITANNIA'S GOLD LIMITED CROWDFUNDING PROSPECTUS

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Disclaimers

IMPORTANT INFORMATION ABOUT THIS CROWDFUNDING PROSPECTUS

The Company accepts responsibility for the information contained in this Crowdfunding Prospectus. To the best of the knowledge and belief of the Company (having taken all reasonable care to ensure that such is the case), the information contained in this Crowdfunding Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Crowdfunding Prospectus does not constitute an offer to sell or the solicitation of an offer to buy shares in any jurisdiction to any person whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Crowdfunding Prospectus and the offer or sale of shares may be restricted by law in certain jurisdictions. The Company does not represent that this Crowdfunding Prospectus may be lawfully distributed, or that shares may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Company which is intended to permit a public offering of shares or the distribution of this Crowdfunding Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no shares may be offered or sold, directly or indirectly, and neither this Crowdfunding Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Crowdfunding Prospectus or any shares may come must inform themselves about, and observe any such restrictions on the distribution of this Crowdfunding Prospectus and the offering and sale of shares.

The shares have not been nor will they be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or qualified under applicable State statutes, and the shares may not be offered or sold, directly or indirectly, in the United States of America, its territories or possessions and all areas subject to its jurisdiction ("**United States**") or to any US Person (except in accordance with an applicable exemption to the registration requirements of the Securities Act and with the prior consent of the directors of the Company). For the purposes thereof, the term "US Person" shall have the meaning described in Regulation S under the Securities Act. Applicants will be required to certify that they are not US Persons precluded from purchasing, acquiring or holding shares or if they are US Persons, that they are permitted to purchase, acquire or hold shares (i) in accordance with an applicable exemption to the registration requirements of the Securities Act and (ii) with the prior consent of the directors of the Company.

This Crowdfunding Prospectus is strictly confidential and is addressed to investors approved by Angel Equity International Limited for the sole purpose of providing information about an investment in the Company. This Crowdfunding Prospectus should not be distributed, published or reproduced, in whole or in part, nor should its contents be disclosed by recipients to any other person.

The contents of this Crowdfunding Prospectus are not to be construed as, and shall not be relied on as legal, business or tax advice, and each investor should consult its own legal, business, tax and other advisers for any such advice that may be relevant to such investor.

No person is or has been authorised by the Company to give any information or to make any representation not contained in or not consistent with this Crowdfunding Prospectus or any other information supplied in



connection with the offering of the shares and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Company.

Neither this Crowdfunding Prospectus nor any other information supplied in connection with the offering of the shares (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Company that any recipient of this Crowdfunding Prospectus or any other information supplied in connection with the offering of the shares should purchase any shares. Each investor contemplating purchasing any shares should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Company.

Neither the delivery of this Crowdfunding Prospectus nor the offer, issue, sale or delivery of the shares shall, under any circumstances, imply that there has been no change in the affairs of the Company since the date hereof or that the information contained herein concerning the Company is correct as at any time subsequent to its date or that any other information supplied in connection with the offering of the shares is correct as at any time subsequent to the date hereof.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

The Crowdfunding Prospectus must not be acted on or relied on by persons in United Kingdom who are not relevant persons. Any investment or investment activity in the United Kingdom to which the prospectus relates is available only to relevant persons and will be engaged in only with the following relevant persons:

Either

You have declared that you are a self-certified sophisticated investor for the purposes of the Financial Services and Markets Act (Financial Promotion) Order 2005. This means: (a) you can receive financial promotions that may not have been approved by a person authorized by the Financial Services Authority; (b) the content of such financial promotions may not conform to rules issued by the Financial Services Authority; (c) you may lose significant rights; (d) you may have no right to complain to either of the following: (i) the Financial Services Authority; or (ii) the Financial Ombudsman Scheme; and (e) you may have no right to seek compensation from the Financial Services Compensation Scheme. You are a self-certified Sophisticated Investor because at least one of the following applies; (a) you are a member of a network or syndicate of business angels and have been so for at least the last six months prior to the date below; (b) you have made more than one investment in an unlisted company in the two years prior to the date below; (c) you are working, or have worked in the two years prior to the date below, in a professional capacity in the private equity sector, or in the provision of finance for small and medium enterprises; (d) you are currently, or have been in the two years prior to the date below, a director of a company with an annual turnover of at least £1 million. You accept that you can lose my property and other assets from making investment decisions based on financial promotions. You are aware that it is open to you to seek advice from someone who specialises in advising on investments.

Or

You have declared that you are a certified high net worth individual for the purposes of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005. You understand that this means: (a) you can receive financial promotions that may not have been approved by a person authorized by the Financial Services Authority; (b) the content of such financial promotions may not conform to rules issued by the Financial Services Authority; (c) you may lose significant rights; (d) you may have no right to complain to either of the following: (i) the Financial Services Authority; or (ii) the Financial Ombudsman Scheme; and (e) you may have no right to seek



compensation from the Financial Services Compensation Scheme. You are a self-certified High Net Worth Individual because at least one of the following applies; (a) you had, during the financial year immediately preceding the date below, an annual income to the value of £100,000 or more; or (b) you held, throughout the financial year immediately preceding the date below, net assets to the value of £250,000 or more. "Net assets" for these purposes do not include; (i) the property which is your primary residence or any loan secured on that residence; (ii) any rights of yours under a qualifying contract of insurance within the meaning of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001; or (iii) any benefits (in the form of pensions or otherwise) which are payable on the termination of your service or on your death or retirement and to which you or your dependents are, or may be, entitled. You accept that you can lose my property and other assets from making investment decisions based on financial promotions. You are aware that it is open to you to seek advice from someone who specialises in advising on investments.

Any other person to whom this document has been passed must return it immediately. This document is being supplied to you solely for your information and may not be reproduced, further distributed or published, in whole or in part, by any other person. Reliance on this document for the purpose of engaging an investment activity may expose the individual to a significant risk of losing all of the property invested or of incurring additional liability. Any person who is in any doubt as to an investment in shares should consult an authorised person specializing in investments of the kind in question.

NOTICE TO PROSPECTIVE INVESTORS IN THE EEA

No shares have been offered or sold, or will be offered or sold, to the public in any member state of the European Economic Area that has implemented directive 2003/71/EC of the European Union (the "**Prospective Directive**") (each a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") except (with effect from and including the Relevant Implementation Date): (a) to legal entities that are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities; (b) to any legal entity that has two or more of: (i) an average of at least 250 employees during the last year; (ii) a total balance sheet of more than €43,000,000; and (ii) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; (c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospective Directive); or (d) in any other circumstances that do not require the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

IMPORTANT INFORMATION ABOUT RISKS

The attention of investors in the Company is drawn to the general and specific risk factors which appear under the heading "Risk Factors" in this Crowdfunding Prospectus. Accordingly, any investment should only be undertaken by persons in a position who understand and are happy to take such a risk.

Investors should note that because such an investment in this sector can be volatile and that their value may decline as well as appreciate, there can be no assurance that the Company will be able to attain its objectives (or any of them).

Investment in any shares will involve significant risks as identified below and should be viewed as a long term investment. Shares may not be suitable for all recipients or be appropriate for their personal circumstances. An investment in the Company is only suitable for financially sophisticated investors who are capable of



evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may arise (which may be equal to the whole amount invested).

Potential Investors should note the following specific risks:

- The potential to lose all the investment. Most investments in start-up companies will often result in a 100% loss of capital as most start-up businesses fail.
- Capital will not be repaid and/or dividends will not be paid if the company you invest in defaults or there is a fraud.
- It may be unlikely that income in the form of dividends will be paid.
- The value of an investment may be diluted if more shares are issued, and this is likely as start-up businesses can undergo multiple rounds of funding.
- May be a wait for a return on investment, as even successful start-up businesses tend to take time to generate income
- Potential lack of a secondary market for the sale of shares – liquidity risk
- No access to government compensation schemes if the investment fails.

Any Potential Investor should also read the full risk warning at:

<https://angeleguity.angelbusinessclub.com/article/ae-full-risk-warning>

This Crowdfunding Prospectus may not be translated into any other language.



Corporate information

Company Name:	BRITANNIA'S GOLD LIMITED
Company number	10413252
Company type	Private Limited Company
Incorporated on	6 October 2016
Accounts Date	31 October
Registered Office	Bond House, 4 th Floor, 20 Woodstock Street, London, W1C 2AW
Telephone	+44 (0) 203 375 8189
Website	www.britanniasgold.com

Important dates and investment summary

Up to £1,000,000 invested by the Seed Investors for 1,000 preference shares, which have been fully subscribed.

Additional fund raising:

Offer price (per share)	£1,000
Number of shares	8,000
Maximum additional amount to be raised	£8,000,000
Minimum additional amount to be raised	£4,000,000
Maximum to be raised by EIS Investors	£5,000,000
Minimum subscription level per investor	£1,000
Maximum subscription level per investor	No maximum
Offer period open	09:00 28 March 2017
Offer period close	12:00 30 September 2017
Notification of allotments	6 October 2017

The offer period will close earlier if all funds are raised at which point allotment of shares will be notified within 7 days of close. The board of directors of Britannia's Gold Limited reserves the right to extend the offer period.



Definitions

AIM means Alternative Investment Market.

Angel Equity means Angel Equity International Limited.

BGL or the **Company** means Britannia's Gold Limited.

BoE means Bank of England.

Britannia's Founders or the **Current BGL Shareholders** means Philip Reid, IDM Exploration Limited, Belgravia Gold Limited, Mauricio Garrido and Nick Henry.

Bn means Billion.

Board means the board of Directors of the Company.

C. means circa.

Cargo means the gold or other precious commodities that may be recovered from the Vessels.

CEO means Chief Executive Officer.

CFO means Chief Financial Officer.

CGT means Capital Gains Tax.

Charterhire means money (or payment in kind) paid to the ship owner by a charterer for the use of a vessel under a Time Charter. Such payments are usually made during the course of the charter, every 15 or 30 days in advance, or in arrears by multiplying the daily charter rate by the number of days and, under a time charter only, subtracting any time the vessel was deemed to be off-hire.

Charter Rate means the amount of money agreed between the Company as charterer and the Owner accrued on a (usually) a 15 or 30 day basis that is used to calculate the vessel's Charterhire under a Time Charter.

Chartered in Ship means the dynamically positioned salvage vessel to be subject to a Time Charter between the Company as charterer and an Owner and includes (where appropriate) the "*work class remotely operated vehicles*" to be deployed from the mother vessel and its cranes and other equipment.

Crowdfunding Prospectus means this Crowdfunding Prospectus.

Data and Materials means research information (in any and every format whether paper, software, computerised, digitised or any other format) owned and/or acquired by the Researchers relating to ships and ship cargos carrying precious metals and other valuable cargos, as well as various non-



ferrous metals on vessels sunk during WW1 and WW2 including the Vessels and shall include any improvement thereof.

Directors means the directors of the Company.

EIS means the Enterprise Investment Scheme.

FCA means the Financial Conduct Authority.

FCCA means the Fellow of the Chartered Association of Certified Accountants.

FSMA means the Financial Services and Markets Act 2000.

FSW means Feet of Sea Water.

HMG or **Cargo Owner** means the duly constituted government of the Great Britain and Northern Ireland.

HMRC means Her Majesty's Revenue and Customs.

HMT means Her Majesty's Treasury.

HSEQ means Health, Safety, Environment and Quality.

IDM means IDM Exploration Ltd, a company incorporated in the Isle of Man with its registered office at 11 Hope Street, Douglas, Isle of Man IM1 1AQ.

K means thousand.

Lehman Scale means a formula used to calculate fees on funds raised. The scale is: 5% on the first £1m raised, 4% on the second £1m raised, 3% of the third £1m raised, 2% on the fourth £1m raised and 1% on any balance above £4m.

Licenses means the agreements between BGL, IDM and the Researchers (as amended and supplemented from time to time) in relation to the Data and Materials.

LLC means Limited Liability Company.

M means Million.

Market Gold means gold used for everyday commerce, shipped by Midland Bank and by The Joint Stock Banks

New Ordinary Shares means new ordinary shares issued by the Company.



Order means article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005.

Owner means the owner of a Chartered in Ship.

P&I Insurance means insurance obtained through mutual associations (called “Clubs”) formed by shipowners to provide liability insurance protection against a large financial loss by one member by contribution towards that loss by all members.

Prospective Directive means directive 2003/71/EC of the European Union.

Relevant Implementation Date means the date on which the Prospectus Directive is implemented in that Relevant Member State.

Relevant Member State means any member state of the European Economic Area that has implemented the Prospective Directive.

Relevant Person means to whom the Crowdfunding Prospectus may otherwise lawfully be distributed in accordance with the Order.

Researchers means the research teams working with BGL and IDM.

RIE means Remote Intervention Equipment.

ROV means Remotely Operated Vehicle.

Salvage Convention means the International Convention on Salvage, 1989 (and includes any amendment or replacement to the same).

Services Agreement means the agreement dated 9 March 2017 (as amended and supplemented from time to time) made between IDM and the Company in relation to the provision of (amongst other matters) offshore services.

SDRT means Stamp Duty and Stamp Duty Reserve Tax.

Securities Act means the United States Securities Act of 1933.

Seed Investors means early investors in the Company.

Set-Aside Gold means gold belonging to other governments than HMG.

Shareholder means any person, company or other institution that owns at least one share in the Company.

SMEs means Small and Medium Entities.

SOLAS means the International Convention for the Safety of Life at Sea 1974, as amended, adopted under the auspices of the International Maritime Organisation.



A. INFORMATION ON BRITANNIA'S GOLD LIMITED

1. Background of the Company

To pay for munitions and goods in both World Wars, HMG shipped gold bullion worldwide with an estimated present day value of circa \$300bn/£230bn. The majority of these gold shipments were carried by the merchant fleet under HMG direction. During the World Wars, some 7,500 merchant ships were sunk with great loss of life.

The Company has been established to try to recover a certain number of these cargoes and return them to the UK for the benefit of HMG, investors and merchant marine charities.

Significant specialist research covering the maritime losses in both World Wars has been gathered over the past 25 years resulting in a database of some 27 terabytes of digitized information. Of the 7,500 ships lost, this research has identified more than 700 to have been specific gold and silver carriers.

BGL has unique and exclusive access to this research which provides for a clear strategy to identify and locate the lost gold carriers. Working exclusively with IDM, which is a procurer and provider of specialist services on behalf of BGL, and utilising tried and tested modern day survey and salvage techniques, BGL's board are confident a number of these known cargoes are recoverable.

BGL is compiling digital shipwreck research packs on each Vessel which will be made available, after signing a Non-Disclosure Agreement, to those investors who invest over £750k in BGL.

Currently BGL has five research packs ready to be viewed and further packs are under development.

Each individual shipwreck research pack will have all available information contained within an electronic folder structure which will allow the reader to cross reference between documentation. The folders shall be further populated with relevant information as it becomes available.

The folders will include details on:

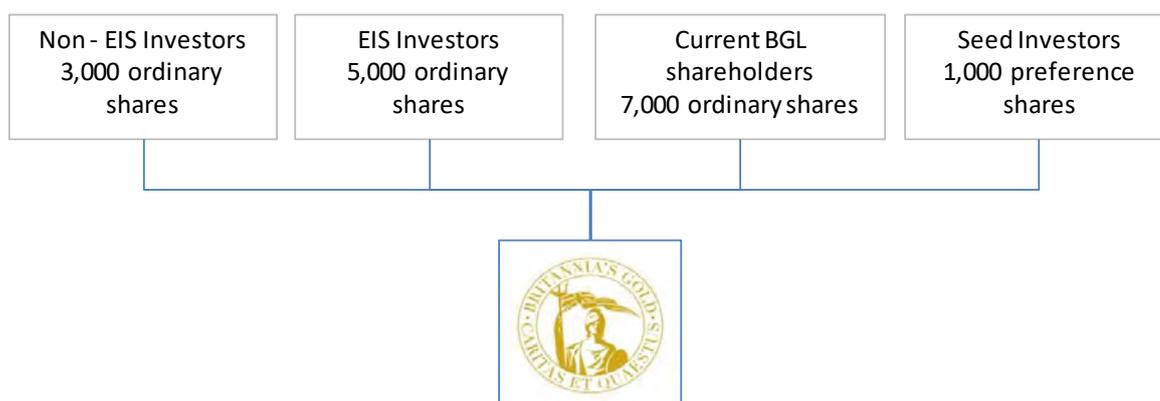
- Vessel particulars
- Researcher reports
- Depositions
- Cargo manifests
- Bank ledgers
- Specie and bullion stowage
- Plans
- Images
- Survey data
- Maps
- Previous salvage attempts
- Press cuttings
- Passenger listings
- Sketches
- General information
- WRIO



BGL believes an opportunity exists for investment offering potentially exceptional returns when the cargoes are recovered. BGL intends to raise up to £9m through equity share capital from a range of investors to fund these recovery operations.



2. Group structure



Share structure:

	Preference shares	Ordinary shares	% allocation	
Non - EIS Investors		3,000	18.75%	<i>At least</i>
EIS Investors		5,000	31.25%	<i>Up to</i>
Current BGL shareholders		7,000	43.75%	-
Seed Investors	1,000		6.25%	<i>Up to</i>
Total	1,000	15,000	16,000	

Notes:

The Seed Investors' preference shares will have rights to the first dividend distribution, equal to 3x the initial investment, after which they will convert to ordinary shares.

The Current BGL Shareholders will have their shares held under option, subject to meeting certain financial performance hurdles, as detailed further in Section 15 of this Crowdfunding Prospectus. Further information on the dividend policy for all shareholders is detailed in Section 15 of this Crowdfunding Prospectus.

Further, a shareholders agreement will be entered into that will further detail applicable rights and obligations of the shareholders of the Company and the Company itself. Shareholders holding more than 5% of the equity of the Company may be obliged to enter into such shareholders agreement as further detailed in Section 11 of this Crowdfunding Prospectus. It is likely that such shareholders agreement may contain additional protections for the Britannia's Founders in their capacity as directors.



3. Objectives of the Fundraising

The purpose of the fundraising is to raise adequate funding to fulfil the business objectives of the Company, which are to recover certain shipwreck cargoes and return them to the UK for the benefit of HMG, investors and merchant marine charities. The Company is seeking to raise up to £9m by way of equity capital and the majority of the funding will be used for financing the mobilisation and operation of bespoke survey and salvage craft, all on a sub contract time charter basis, with the rest of the funding to be used to cover administrative expenses and third-party costs.

BGL intends that this Crowdfunding Prospectus should facilitate and encourage as wide an investor base as possible. Whilst the quantum of investment sought would indicate an institutional offering, the Company believes this unique opportunity will have real appeal for the private investor.

Therefore, the minimum subscription is £1,000 and save for any individual limit under EIS legislation, there is no maximum cap on participation.

The Company will have a full pay out policy, save for the retention of a level of working capital each year to fund the following year's salvage operations, as discussed further in Sections 14 to 16 of this Crowdfunding Prospectus, and any retentions made to cover subrogated claim at the discretion of the Directors. Investors will receive their return by way of dividends; further details on the dividend policy can be found in Section 15 of this Crowdfunding Prospectus.

Of the Founder Shareholders, the Chairman and Non-Executive Directors will be paid modest fees for their services. The Operational Director, Will Carrier, will be paid a salary commensurate with his position of executive responsibility. Any additional payments to shareholders will be via dividends, which will be awarded in line with the dividend policy.

IDM, which is a Founder Shareholder of BGL, is a procurer and provider of specialist services on behalf of BGL. The specialist services are provided at cost and are always subject to approval by the BGL Board. IDM may have various costs which have to be covered in the provision of such services but IDM's reward will be as a Founder Shareholder and not as a sub-contractor.

It is intended that there will be no increase in the management and staff salary costs until investors have received their initial investment return and the Company is in possession of sufficient working capital to fund the second shipwreck cluster without further recourse to investors.

The private placement will be carried out by Angel Equity International Limited ("Angel Equity") on their platform www.angeleqt.com. Angel Equity is an appointed representative of Angel Corporate Finance Ltd (formerly Orange Corporate Finance Ltd) which is authorised by the Financial Conduct Authority ("FCA") to carry out Crowd Funding activity with the FRN: 189495. Angel Equity International Ltd will provide this service on a non-advisory basis only.

Philip Reid, who is Executive Chairman of BGL, is also a director of Angel Equity.



The minimum amount the Company requires to commence operations is £4m, either in cash or a combination of cash and equipment contribution in kind. The minimum amount is required in order to carry out the key operational procedures but does not change the anticipated charter range. The following points outline key operational procedures and activities once BGL has raised the minimum funding requirement:

1. The Company will undertake 60-day Time Charters with extensions. This mitigates day one financial exposure and allows for the Company to extend to longer charters as and when required or justified.
2. The minimum funding will permit the Company to continue fundraising although any success in the first salvage operations will preclude the need for any further external finance.
3. The Company believes that its relationships with salvage companies provides a reasonable and probable expectation of "in kind" contributions of survey and salvage craft as well as "credit terms for deferred success payments". In this case, it is anticipated that any such contributions will be rate card charged and treated as equity contributions ranking pari passu with ordinary shareholders.

The Company has commenced discussions regarding potential commercial offers from major suppliers of vessels and equipment. If these commercial offers are forthcoming, this would potentially reduce the minimum cash requirement. It is possible that the Company will offer shares to such suppliers as a payment in kind for a certain portion of the charter hire of such vessels. As a result, and contingent on the clarity and certainty of equipment provision in kind, the Company reserves the right to adjust the minimum cash raise.



4. Strategy and objectives

Objective: Recovering Britain's Gold

During both World Wars, Britain paid for war supplies through shipments of predominantly gold bullion.

- During WW1, the BoE shipped gold worth \$125bn/£97bn at 2016 prices.
- During WW2, the BoE shipped gold worth \$175bn/£135bn at 2016 prices.

These figures do not include other substantial shipments of precious metals, gems and gold owned or controlled by Joint Stock Banks.

The great majority of shipments were carried out by merchant ships under the direction of HMG; approximately 5,000 of these were sunk in WW1 and a further 2,500 in WW2, many of which were designated "Official Gold Carriers". The approximate attrition rate of merchant ships during both World Wars has been estimated at around 60%. Although HMG introduced War Risk Insurance during both World Wars, this only covered 'market' and 'set-aside' gold as well as some BoE gold – HMG gold was not insured.

Research: Exclusive access to 25 years' worth of research

BGL has exclusive access to four dedicated research teams located in the UK, the US and Canada, although investigations have also taken place in South Africa and India. The teams have spent some 25 years accumulating 8 million documents (27 terabytes of digitized information) which provide substantive evidence of which sunken ships carried the valuable cargoes.

Records of these shipping losses are scattered globally throughout HMG archives, maritime museums, banks and National Record Offices both public and privately sealed to which our research teams have had access. Widespread research is continuing with existing research being further validated and previously unknown losses continually being brought to light.

Current research covers both World Wars. Today, historians are currently engaged in on-going research, in the UK, the US and Canada with discoveries of previously unknown losses. Appendix One outlines the archives used to gather the evidence and the documentation and digitisation of information from the research.

This is not the first time that recovery has been attempted; there have been a number of successful recoveries including:

- HMG agreed the recovery of gold bullion from HMS Edinburgh, north of Murmansk in 1981. The recovery was estimated at £60m with the salvor being awarded circa £16m.
- Odyssey Marine confirmed recovery of 110 tons of silver ingots from SS Gairsoppa, 300 miles South West of Ireland in 2013 – estimated recovery value £137m with the salvor believed to have been awarded 80% of recovery value.



- During 2013, Deep Ocean Search recovered cargo from City of Cairo, sunk in 1942. Lying at 5,000 metres some 160 miles south west of St. Helena, she carried silver Rupees worth c.£34m.

Massive shipments of non-ferrous metals were not kept secret and there have been scattered salvage missions over the years on ships carrying these cargoes.

Salvage and recovery: Treating all shipwrecks with the highest level of respect at all times.

These shipwrecks are not war graves but will be treated with utmost respect at all times. Any researched wrecks that are legally or equally importantly, emotionally sensitive, will not form part of any potential recovery programme. A combination of high level research identifying the cargo positions on board and the use of modern day salvage technology will facilitate a surgical approach to the extraction of cargoes, thus ensuring as little interference to the wreck as possible.

Upon the completion of operations at each site, a commemorative plaque will be placed upon each shipwreck, honouring those that succumbed to the loss at the time.

All salvage and recovery will be undertaken by IDM, whose experienced and dedicated management personnel have decades of successful salvage missions behind them, including:

- **Nuestra Señora de las Mercedes:** a Spanish merchant vessel which was sunk off the coast of Portugal in 1804 with a large cargo of gold and silver coins, worked gold and artefacts. Recoveries commenced in 2007 with a total estimated value of \$500m.
- **SS Republic:** a passenger ship lost in a storm whilst on a journey from New York to New Orleans in 1865, carrying a large cargo of gold and silver coins. To date \$75m has been recovered, with an estimated further \$150m still to be salvaged.
- **François Vieljeux:** a French cargo vessel lost in 1,250 meters of water off the North West coast of Spain in 1979 with a cargo of 3,500 tons of copper and 350 tons of zinc. The salvaged value of metals is estimated at \$25m.
- Multiple shipwrecks located, positively identified and surveyed by IDM team members.
- Recovery of a perished submarine, numerous commercial aircraft, an oil tanker, an oil platform and an oil storage facility.
- Various oil field decommissioning projects.

a) Salvage criteria

BGL has access to databases containing many thousands of wrecks of interest. From this, BGL has identified wrecks of high value, and has prioritised recoveries based on the “Cluster Principle”, whereby wrecks within close vicinity are grouped to ensure optimisation of survey and salvage procedures and cost effectiveness, whilst minimising risk.

Each cluster consists of three to six high probability target wrecks within typically a 500-square mile area.



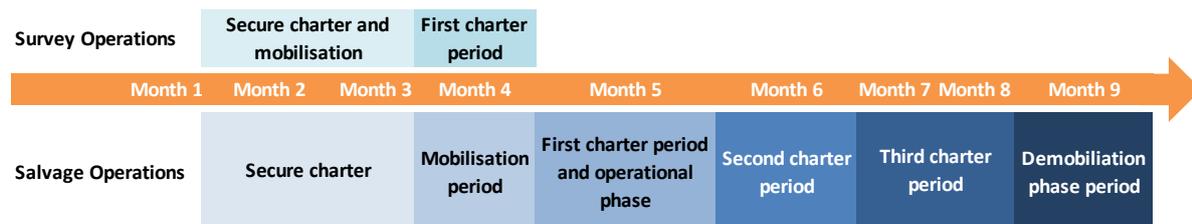
b) Salvage technical

BGL's research has highlighted a number of criteria for selection including: cargoes, location, water depth and ownership claims which together with the following help to ensure the clusters identified have the highest probability of success.

Criteria:

- The circumstances and location of the sinking being known from inquest documentation and survivor accounts.
- Formed research packages of each individual wreck target.
- Cluster principle allows for close proximity survey and salvage operations, single mobilisation and demobilisation of survey and salvage vessels.
- GPS provides pinpoint accuracy of target's position.
- Autonomous underwater vehicles or side scan sonar are used for detection of "Position Approximate" wrecks – these coordinates allow for identification and conclusive inspection.
- Processed survey data determines best methods for cargo extraction.
- ROV and RIE allow for cutting and removal of hull and superstructure and ultimate access to the bullion storage locations.

The timeline below shows the expected survey and salvage operations process for the first survey and salvage operation:



The commencement of the salvage operations are subject to the timing of raising the equity investment funding.

How does the salvage reward work?

Research indicates that the Cargoes on the ships targeted for recovery were covered under British Government War Risk Reinsurance, and are therefore legally owned by HMG.

In the absence of a prior agreed contract with HMG, as owner of the Cargo, all salvage claims are governed by the Salvage Convention.

Subject to jurisdiction in the event of a successful recovery, the Company will aim to establish a lien over the Cargo immediately after recovery, pending and until agreement is reached with HMG. This



lien is covered under the Salvage Convention and local law, and the Company will seek legal advice as to local law regarding the sanctity of the proposed recovery landings.

Assuming the salvage operation is successful, in the absence of agreement, the Company will seek to commence proceedings for a salvage claim under the Salvage Convention which as a minimum would ensure the Company's recovery of all reasonable "out-of-pocket expenses" incurred in the salvage operation, subject to the value of the goods recovered as a cap.

The Company has no formal agreement with HMG but intends to negotiate to commit 20% of each Cargo's recovery value to HMG, for which there is precedent. A firm agreement with HMG at the outset would be preferable, but this is not possible as HMG will only commence negotiations after a successful recovery operation and confirmation that it is the legal owner of the salvaged Cargo.

If the salvage operation is successful, the Company as a proven salvor, would hope to establish a formal agreement with HMG which would cater for all future recoveries, irrespective of the value, and would provide more certainty as to profitability within each future recovery operation.

As the general practice during WW1 was for War Risk Insurance to cover only 70% of the cargo value, in certain cases there could be subrogated claims for which the Company will maintain a retention fund and/or attempt to identify and validate any insurance claims that could be brought against the Company. It is intended that any retention fund in relation to these claims would be established after the investors have received their initial investment return.

Outsourcing the salvage and recovery operations

Pursuant to the Services Agreement, IDM is able to provide the experienced offshore management personnel to identify, guide and oversee the salvage and recovery operations undertaken by the designated contractors and sub-contractors. The employment of any ship will be through the Company and not IDM.

Having good market experience, IDM is able to identify contractors with the knowledge, expertise and proven track records to undertake the operations on their behalf. Furthermore, interacting with the designated contractors engineering departments ahead of time allows for a clear understanding of the project and to agree the requirements for safe and efficient execution.

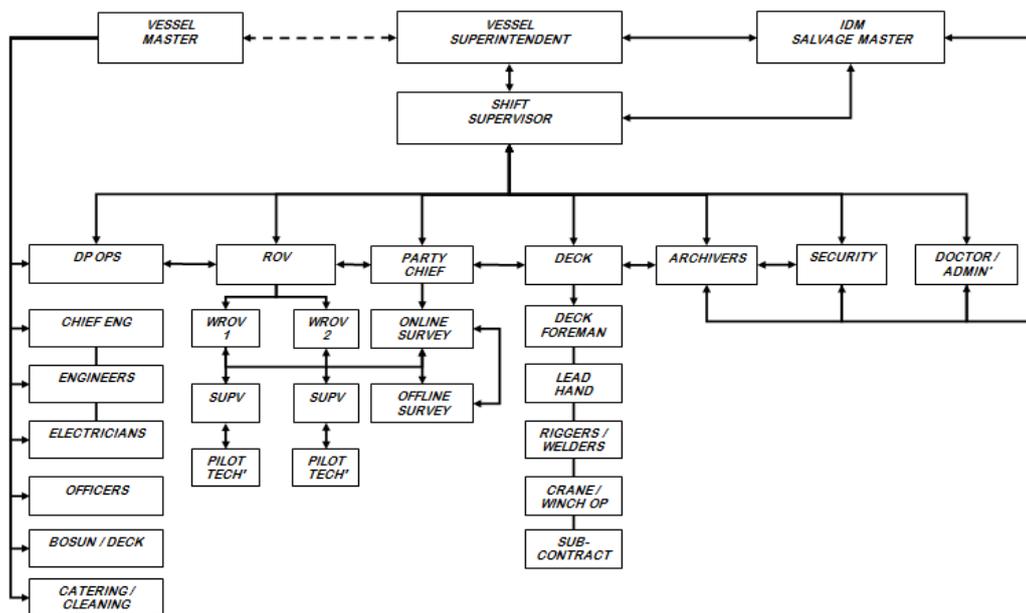
For survey operations, BGL will utilise the services of a reputable marine survey company who shall provide the survey vessel, marine survey equipment and suitably competent personnel to undertake the surveys on their behalf. IDM will provide management personnel onboard the survey vessel at time of survey to guide and oversee all survey operations. It is the intention of BGL to conduct full video and acoustic multibeam.

With the current downturn in the marine oil and gas industry, the securing of a suitable salvage vessel, equipment and crew is not considered to be problematic when coupled with the ability of IDM to



'hand-pick' both equipment and personnel on offer to suit the operational requirements. Additionally, the Non-Executive Directors, who have significant experience and standing in the industry, will be able to assist the Company in securing sub-contracts on competitive terms with major suppliers of vessels and equipment.

The organogram below highlights the relevant departments onboard the salvage vessel and their subsequent interaction:





5. Media and PR policy

The search for British gold is an attractive story line. Stories of gold and precious cargo recoveries such as the infamous pirate ship the *Wydah*, the Spanish Galleon *Atocha* or the Chinese *Nan King* cargo have filled newspapers and television screens for the last 20 years. From Discovery Channel to National Geographic, the BBC, ITV and Channel 4, television shows about shipwrecks and treasure hunts continue to attract large audiences.

The Company believes there is considerable potential for generating revenue through the production of a single 50-70-minute film or a short three-part series of 45 minutes each that describes inter alia the BGL story, the story of individual ships and the modern day story of survey and salvage recovery. The Company is also considering developing an internet based streaming programme.

BGL is advised by Will Aslett, an ex-BBC executive producer and creator of many hours of prime-time marine salvage and archaeology films for every major broadcaster. Guided by him, the Company will examine the merits of three approaches to creating high-quality TV documentary coverage:

1. Control the editorial content by paying for the production of the film upfront and then selling the completed film to broadcasters through an international distributor. This also allows control over video and still images for News Media.
2. Seek a co-production agreement in which the film is funded by a group of broadcasters but in which case they control the editorial thrust and content of the resulting film and there is a smaller financial return.
3. Try to have the film commissioned by a streaming service like Amazon or Netflix. Revenue is unpredictable and again access by News Media may also be compromised.

In all cases, the cost of production of a documentary film is the same. The costs only vary by length or ambition but a basic outline is: 50-70 minutes at c.£500k or a three-part series at £600k.

BGL are still considering the merits of producing a documentary film and therefore there are no income or expenditure assumptions in relation to this project in the proforma financial forecasts, as discussed further in Sections 13 and 14.

After the fundraising, BGL is considering developing a trailer in order to attract broadcaster interest in the Company; it is expected that this will cost in the region of £25k to produce.

6. Donations to charities

BGL is intending to make charitable donations to merchant marine (or other armed services) charities after each successful salvage operation. The amount of the donations will be at the discretion of the Board and will be made directly to appropriate charities.



7. Directors and employees

Directors
Philip Reid (*Executive Chairman*)
Will Carrier (*Operational Director*)
Mauricio Garrido (*Non-Executive Director*)

IDM employees
Benton Wilcoxon (*CEO*)
Capt Mark Martin (*Salvage Master / Offshore Manager*)
Seb Lacombe (*Naval Architect/ Marine Engineer/ Salvage Master*) TBC (*Marine Archaeologist*)

BGL Board

Philip Reid (*Executive Chairman*)

Philip is currently Chairman of the Angel Business Club and has over 35 years' experience in financial services specialising in the development and funding of early stage companies. He was a Chief Executive of the National Research Development Corporation, a government backed venture capital organisation which oversaw the exploitation of many of the UK's leading industrial innovations. He was later a Senior Vice President of Merrill Lynch, co-founder of Custom House Asset Management in Dublin and in recent years has been Chairman of some five AIM or Plus Listed public companies.

Will Carrier (*Operational Director*)

Will has spent over 30 years working in the marine subsea industry, both operationally and as business development consultant to corporate level. His broad spectrum of expertise encompasses relevant legislation, HSEQ and maritime contracting both on and offshore gives credence in his ability to manage and develop the operational aspects of the business.

Will has been involved in some of the world's largest and most challenging marine engineering and oilfield subsea construction and decommissioning projects, including the Piper Alpha disaster, the recovery of the Kursk and the salvaging of the Francois Vieljeux. More recently, Will has conducted preliminary survey expeditions on various wrecks BGL has identified as targets, using state of the art vessels equipped with the latest in marine survey technology.



Mauricio Garrido (*Non-Executive Director*)

Mauricio's role in BGL is to provide strategic advice on the operations of the Company. Mauricio is currently the president of Houston based T&T Salvage LLC ("T&T Salvage"), from where he manages global operations in response to salvage, wreck removal, oil spill and other emergencies for the maritime and energy sectors. Since October 2008, Mauricio has been at the helm of T&T Salvage, a Teichman Group LLC company, where he has successfully led the company's expansion into the top tier of the international marine and offshore salvage market. As president of T&T Salvage, Mauricio is responsible for leading the day to day global operations of a highly skilled and specialized team to deliver solutions to challenging salvage cases.

Mauricio is a past president and executive committee member of the American Salvage Association. He is a member of the North American Environmental Protection Association and the International Association of Emergency Managers. In addition, Mauricio is an active member and lecturer of the Organization of American States Inter-American Committee on Ports, as well as the Pan-American Institute of Naval Engineering.

IDM Team

Benton Wilcoxon (*CEO*)

Benton leads the financing, administration and landside operations of IDM. He is an experienced founder and CEO of several advanced materials and processes technology companies that have established significant markets worldwide. He is currently involved in commercializing novel high performance Nano-structured titanium metal products for use in subsea equipment and the oil industry. He has also been responsible for both funding and co-ordinating the research effort and will be responsible for the latter within IDM and BGL.

Capt. Mark Martin (*Salvage Master/Offshore Manager*)

Mark is an accomplished marine manager with an excellent knowledge of marine survey systems and deep-water salvage and recovery techniques, having started his career as a submariner on USS Dolphin, the world's deepest diving submarine. He subsequently spent five years at Odyssey Marine Exploration, managing expeditions that discovered Black Swan, HMS Victory, SS Republic and five WW2 German U-boats. He has conducted numerous other expeditions in the Atlantic, Western Approaches, Caribbean and Mediterranean, operating in depths from 300FSW to 17,000FSW.

Seb Lacombe (*Naval Architect/Marine Engineer/ Salvage Master*)

Seb, a fully qualified marine engineer, has huge knowledge of the marine oil and gas industry as well as shipwreck survey and salvage enabling him to design and implement subsea salvage systems such as electro-mechanical grabs and Remote Operated Vehicle tooling skids for use on recovery projects. Seb has been involved in search, identification and survey operations utilising side-scan and acoustic multi-beam survey systems as well as several successful recovery operations.

TBC (*Marine Archaeologist*)

BGL is also seeking a suitably qualified marine archaeologist to assist in all survey and salvage activities.



8. Summary of operation agreements

Licences

Licence agreement one

- A six-year licence agreement was signed on 14th July 2017 between BGL, IDM and one of the Researchers to use and exploit the Data and Materials. During the licence period, the Licence provides BGL with exclusive access to view and exploit the Data and Materials and to work with the Researcher to improve the Data and Materials on the Vessels.
- BGL shall pay the Researcher an amount of £10,000 by 1 August, 2017. Further, if the salvage operations are not actually commenced by BGL or BGL have not raising the required amount of financing to commence salvage operations (such date being the “Commencement Date”): (A) by 1 September 2017, then the Researcher shall receive another payment of £10,000 and (B) by 1 October 2017, then the Researcher shall receive another payment of £10,000.
- Unless BGL has commenced a survey of any Vessel and has either (i) also raised (or has had commitments to provide) adequate financing to commence salvage operations by 1 November 2017, but for technical and/or force majeure reasons (such as, without limitation, unsuitable weather or unavailability or poor performance of equipment or personnel, accidents, or any similar cause or other usual force majeure event) BGL cannot commence salvage operations by that date, but plan to commence salvage operations as soon as reasonably practicable (including in the next calendar year) or (ii) received commitments for such financing, but is unable to meet the 1 November 2017 deadline to commence salvage operations as the commitments of financiers have not yet been fulfilled but BGL believes, in good faith, that such commitments will be fulfilled within a reasonable period and BGL intends to commence salvage operations as soon as reasonably practicable (including in the next calendar year), BGL will need to pay £10,000 per monthly extension in accordance with the terms of the License and such extension will automatically continue as long as BGL pays the said monthly fee.
- If BGL does not pay the monthly extension amount (or any other amount due under the licence) then the License can be terminated. Should none of these circumstances apply then the License may be extended by mutual agreement of the parties. However, it is expressly agreed therein that (a) the Researcher must agree with BGL the same terms as existing on 30 October 2017 if it has not received any other formal written offer for the Data and Materials by that date and/or (b) if it has received a formal written offer from a third party for the Data and Materials then BGL has a right of first refusal on the same terms as such third party has offered.
- Once the Commencement Date has occurred, the Researcher shall be paid a royalty of £20,000 every month in advance during the term of the License with the first month period starting on the Commencement Date and lasting until the salvage has been completed in relation to the targets detailed therein. Any advance payments made prior to the Commencement Date shall be deducted from the royalty payments.



Services Agreement

- An agreement was signed on 9 March 2017 between BGL and IDM for the provision of services, as outlined below:
 1. research information on shipwreck targets with valuable cargos to salvage;
 2. agreements with the researchers to utilize the information;
 3. providing the analysis and selection of the shipwreck targets for salvage;
 4. locating and procuring survey vessels with equipment and crews, salvage vessels, equipment, and crews, survey and salvage expertise;
 5. logistics operations;
 6. recovery and handling of recovered cargos;
 7. providing presentations and reporting as required by the Company;
 8. coordinating with the Company on any public relations and media necessary; and
 9. participation in discussions with any identified recovered cargo owners.

Time Charter

- BGL entered into a Time Charter on July 30 2017 for the provision of a vessel in order to undertake the required 2017 target surveys. The Charter is for a vessel owned by Atlantic Marine and Aviation LLP and is expected to take two weeks at a day rate including ROV mounted acoustic and video survey equipment of approximately £21,450 per day, excluding fuel, lubricants, victualling, and bunking for the BGL team on board. The survey of the 2017 targets is expected to be completed around end of August 2017.

9. Advisers

Financial Advisers

Angel Corporate Finance Ltd, Bond House, 4th Floor, 20 Woodstock Street, London, W1C 2AN

Accountants

Moore Stephens LLP, 150 Aldersgate Street, London, EC1A 4AB

Legal Advisers

Campbell Johnston Clark Ltd, 59 Mansell Street, London, E1 8AN

Registrars

Beaufort Securities Ltd, 63 St Mary Axe, London, EC3A 8AA

Bankers

The Royal Bank of Scotland plc, 62/63 Threadneedle Street, London, EC2R 8LA



B. DETAILS OF THE PRIVATE PLACEMENT

10. Purpose of the Private Placement

The fundraising is being undertaken to raise funds for BGL to enable it to commence survey and salvage operations as defined within this Crowdfunding Prospectus. Funding of up to £9,000,000 (including funds from the SEED Investors) is being sought from both individual and institutional investors. A maximum of £5,000,000 is to be raised from individuals who will be looking to benefit from EIS status and a minimum of £3,000,000 is to be raised from institutional and other non-EIS investors.

The Directors retain discretion as to the timing of the spending of funds which are intended to be utilised as detailed in Section 15 of this Crowdfunding Prospectus.

EIS and VCT Schemes

BGL has applied for, and hopes to have obtained before the shares are allotted, provisional advance assurance from HMRC that the shares placed constitute a qualifying holding under EIS. HMRC should also confirm that the shares should satisfy the requirements for tax relief under EIS. However, eligibility is also dependent on a shareholder's own position and not just that of BGL. Accordingly, you should take your own independent advice and you are referred in particular to Section 12 of this Crowdfunding Prospectus.

Applying for shares

Members of the public will be invited to participate through the Angel Equity website – www.angeleqt.com. On application, the potential investor will be requested to self-certify as either a restricted investor, high net worth investor or a sophisticated investor. The potential investor will also be requested to provide the necessary identification documents in order that Angel Equity and its custodian partner, Beaufort Asset Clearing Services Ltd, can comply with their client take on procedures including their anti-money laundering policies. All investment funds will be wired directly to Beaufort Asset Clearing Services bank account, who are authorised and regulated by the Financial Conduct Authority to handle client money and provide custodian services under: FRN: 485165.

11. Terms and conditions

Board of Directors' authorise Share Issue

The Directors of the Company at a board meeting held on 24 March 2017 agreed to a share issue on the terms found below.

The Board of the Company decided on a share issue pursuant to which the Company shall offer a maximum total of 8,000 new ordinary shares in the Company for subscription to third party investors, in accordance with these terms and conditions (the "**Share Issue**"). The purpose of the Share Issue is



to raise working capital for the Company in accordance with the stated aims in this Crowdfunding Prospectus. The Board believes that the Share Issue is in the best interests of the Company.

Amount of subscription

A maximum total of 8,000 new ordinary shares shall be offered for subscription in the Share Issue.

The minimum subscription is £1,000 per person which equates to one ordinary share in the Company. There is no maximum investment per person.

Subscription Period

The subscription period for new ordinary shares shall begin on 28 March 2017 and end on 30 September 2017 (the "**Subscription Period**"). The subscription shall be made during the Subscription Period in accordance with the requirements found at www.angeleqt.com.

Approval and payment of subscription

The Board shall decide on the approval of and amount of the subscription after the close of the Subscription Period. Subscribers shall be informed by email of the approval (or otherwise) of subscriptions.

The Board may approve or reject a subscription in its absolute discretion, reduce the size of the subscription or reject the subscription outright. No approval of subscriptions is guaranteed.

Approved subscriptions must be paid no later than 6 October 2017 in accordance with the instructions provided together with notice of approval.

Transfer restriction

A subscriber shall have no right to transfer or pledge the right to the shares subscribed in the Share Issue except as permitted by the Articles of Association and/or the shareholders agreement of the Company.

Shareholder's general rights

The new ordinary shares shall have the right to receive dividends from the date when the ordinary shares are fully paid and entered into the statutory books of the Company.

Each new ordinary share shall rank *pari passu* and have the same rights as the Company's other shares (other than its preference shares) from the time of their registration. Each new ordinary share shall be entitled to one vote at the Annual General Meeting of the Company.

Notwithstanding the foregoing, it is agreed and understood that all the shareholders of the Company shall have the rights that are given to shareholders of the Company pursuant to the Company's Articles of Association or under statute or common law. For the avoidance of doubt, the Company's Articles



of Association will provide regulations relating to the transfer of shares, the redemption of shares, pre-emption rights, the conduct of general meetings and all other matters that would reasonably be expected to be covered in such Articles of Association.

Further, a shareholders agreement will be entered into that will further detail applicable rights and obligations of the shareholders of the Company and the Company itself. Shareholders holding more than 5% of the equity of the Company may be obliged to enter into such shareholders agreement.

The terms of the shareholders agreement will depend on the number of shareholders investing in the Company. The Board of the Company shall decide upon other matters related to the issue of the new ordinary shares and to the Share Issue and for practical measures arising thereof.

Registration of new shares

The new ordinary shares subscribed in the Share Issue shall be issued by the Company and sent to the new shareholders. The name of each shareholder shall be recorded in the statutory register of the Company which will be held at the registered office of the Company from time to time.

Governing law and settlement of disputes

The Share Issue and this Crowdfunding Prospectus shall be governed by English law. Any disputes arising in respect of the Share Issue shall be resolved by the High Court of Justice, London, England.

12. Tax considerations

The following statements are intended only as a general guide to current UK tax legislation and to the current practice of HMRC and may not apply to certain shareholders in the Company, such as dealers in securities, insurance companies and collective investment schemes, or shareholders whose opportunity to acquire shares arose from their or another's employment. They relate (except where stated otherwise) to persons who are resident, ordinarily resident and, in the case of individuals, domiciled in the UK for UK tax purposes, who are beneficial owners of new ordinary Shares and who hold their new ordinary shares as an investment. Any person who is in any doubt as to his tax position, or who is subject to taxation in any jurisdiction other than that of the UK, should consult his or her professional advisers immediately.

Dividends

a. Withholding at source

The Company will not be required to withhold at source on account of UK tax when paying a dividend.

b. Individual Shareholders

The first £5,000 of dividends received in aggregate from all sources by a UK resident individual shareholder each tax year are taxed at 0%. This threshold will reduce to £2,000 from 6 April 2018.



Any dividends received in aggregate from all sources in excess of this amount will be taxed at 7.5%, 32.5% and 38.1% for income falling within the basic rate, higher rate and additional rate bands respectively.

Individual shareholders who are not resident in the UK for tax purposes should consult their own advisers concerning their tax liabilities on dividends received.

c. Other shareholders

Shareholders who are within the charge to UK corporation tax will be subject to corporation tax on dividends paid by the Company, unless the dividends fall within an exempt class and certain other conditions are met. Whether an exempt class applies and whether the other conditions are met will depend on the circumstances of the particular shareholder, although it is expected that the dividends paid by the Company would normally be exempt.

UK pension funds and charities are generally exempt from tax on dividends which they receive.

Chargeable gains

For the purpose of UK tax on chargeable gains, the amounts paid by a shareholder for new ordinary shares will generally constitute the base cost of his holdings in each type of security. If a Shareholder who is resident in the UK (for UK tax purposes) disposes of all or some of his new ordinary shares, a liability to tax on chargeable gains may arise. This will depend on the base cost which can be allocated against the proceeds, the shareholder's circumstances and any reliefs to which they are entitled. In the case of corporate shareholders, indexation allowance may apply to any amount paid for the new ordinary shares.

The current rate of capital gains tax for individuals liable to income tax at the higher or additional rate is 20 per cent. Individuals whose taxable income for the year in question is less than the upper limit of the basic rate income tax band are subject to capital gains tax at the rate of 10 per cent, except to the extent that the aggregate of their total taxable income and chargeable gains (less allowable deductions) in that year exceeds the upper limit of the basic rate income tax band. Any such excess over the upper limit is subject to tax at the rate of 20 per cent. For trustees and personal representatives, the rate of capital gains tax is 20 per cent. Corporate shareholders suffer tax on capital gains at the prevailing rate of corporation tax applicable to them. In certain circumstances a corporate shareholder may qualify for the substantial shareholding exemptions, which exempt certain gains from corporation tax on chargeable gains.

Shareholders who are not resident in the UK for tax purposes may not, depending on their personal circumstances, be liable to UK taxation on chargeable gains arising from the sale or other disposal of their new ordinary shares (unless they carry on a trade, profession or vocation in the UK through a branch or agency or, in the case of a company, a permanent establishment with which their new ordinary shares are connected).



Individual shareholders or holders who are temporarily neither UK resident nor ordinarily resident may be liable to UK capital gains tax on chargeable gains realised on their return to the UK.

Stamp duty and Stamp Duty Reserve Tax ("SDRT")

The statements below are intended as a general guide to the current position. They do not apply to certain intermediaries who are not liable to stamp duty or SDRT, or to persons connected with depository arrangements or clearance services, who may be liable at a higher rate.

In relation to stamp duty and SDRT:

- (i) the allocation and issue of the new ordinary shares will not give rise to a liability to stamp duty or SDRT; and
- (ii) any subsequent conveyance or transfer on sale of shares will usually be subject to stamp duty on the instrument of transfer at a rate of 0.5 per cent of the amount or value of the consideration (rounded up, if necessary, to the nearest £5). An exemption from stamp duty is available on an instrument transferring shares where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the transaction exceeds £1,000. A charge to SDRT at the rate of 0.5 per cent will arise in relation to an unconditional agreement to transfer such shares. However, where within six years of the date of the agreement (or, if the agreement was conditional, the date the agreement became unconditional) an instrument of transfer is executed pursuant to the agreement and stamp duty is paid on that instrument, any liability to SDRT will be cancelled or repaid.

EIS relief

This summary has been prepared on the basis of current legislation and HMRC practice. Relevant legislation, regulation and HMRC practice may change, as may the rates of tax and tax relief available. The tax relief's referred to are those currently available, and are personal to the investor. Their value and availability depends on the individual circumstances of the investor.

Investors wishing to claim EIS relief are advised to consult their own professional advisers.

BGL has applied for, and hopes to have obtained before the shares are allotted, provisional advance assurance from HMRC that the shares placed constitute a qualifying holding under EIS.

Investment under the EIS provides an investor with a number of tax benefits. In summary, these are:



a. Income tax relief

Individuals can obtain income tax relief on the amount subscribed for shares (up to £1,000,000 in 2016/17) in one or more qualifying companies provided they are not connected with the issuing company. Husbands and wives can each subscribe up to £1,000,000, however, when considering whether an individual's shareholding exceeds the maximum proportion allowed under the EIS (30 per cent), that individual's shareholdings will be aggregated with shares held by his spouse, lineal ancestors and lineal descendants. To calculate the relief the amount subscribed is multiplied by 30 per cent. The relief is given against, and cannot exceed, the individual's income tax liability for the tax year in which the shares are issued unless the individual makes a carry back claim.

An investor will not be eligible for EIS income tax relief if he is connected with the company. Connection is by either acquiring or entitlement to acquire more than 30 per cent of the shares or by being an employee or paid director of the company.

However, there is an exception for directors who are "Business Angels". Where an investor's only connection with the company is as director who receives no remuneration (and is not entitled to such remuneration) and the investor has not previously been involved in carrying on the trade the company is carrying on, an investment may qualify for income tax relief.

That relief is not withdrawn if the investor subsequently becomes a paid director, providing the remuneration is reasonable.

b. Exemption from Capital Gains Tax ("CGT")

Any capital gains realised on disposal after the three-year period of the shares on which EIS income tax relief has been given and not withdrawn, are tax-free.

This relief is in addition to the initial income tax relief described in a. above.

c. Loss relief against income or gains

Tax relief is available where there is a loss on a disposal of shares on which EIS income tax relief (see a. above) or CGT hold-over relief (see d. below) has been given. The amount of the loss (after taking account of any income tax relief initially obtained) can be set against the individual's gains or taxable income in the tax year in which disposal occurs.

d. CGT deferral relief

To the extent to which a UK resident investor (including individuals and certain trustees) subscribes for qualifying shares, he can claim to defer paying tax on all or part of a chargeable gain. The gain may have arisen on the disposal of any asset or a previously deferred gain may have become chargeable to tax. Although under current legislation there is a limit of £1,000,000 for income tax relief and the exemption from CGT (see a. and b. above), there is no limit on the amount of gain which can be deferred. The subscription must be made and the shares issued within one year before or three years after the date of disposal which gives rise to the gain or the date when a previously deferred gain



crystallises. The gain is deferred until there is a chargeable event such as a disposal of shares or an earlier breach of the EIS rules.

e. Inheritance tax

Provided a shareholder has owned shares in a qualifying trading company for at least two years and certain conditions are met, at the time of the transfer, 100% business property relief is available, which reduces the potential inheritance tax liability on such an investment to nil.

f. Qualifying company

In order for investors to be able to claim and keep EIS tax reliefs, the company (or group, if applicable) issuing the shares must:

- not have gross assets in excess of £15,000,000 immediately before the share issue and £16,000,000 immediately after;
- have fewer than 250 full time employees (or equivalent) at the time the shares are issued; and
- be carrying on a qualifying activity, or intend to carry on such an activity and commence to carry on the activity within 2 years of the time the shares are issued.

Certain activities such as dealing in land, shares or securities, financial, leasing or letting, providing legal or accountancy services, developing property, farming and managing hotels or nursing homes do not qualify.

It should be noted that companies are not allowed to raise more than £5m in any 12 month period from EIS and VCTs. Investments from any or all of these schemes must fall within the £5m limit.

Additionally, companies may only raise a total of £12m from the issue of EIS shares, unless they qualify as “knowledge intensive” in which case the limit is £20m.

This summary of UK taxation issues can only provide a general overview of these areas and it is not a description of all the tax considerations that may be relevant to a decision to invest in the Company. The summary of certain UK tax issues is based on the laws and regulations in force as of the date of this document and may be subject to any changes in UK law occurring after such date. Legal advice should be taken with regard to individual circumstances. Any person who is in any doubt as to his tax position or where he is resident or is otherwise subject to taxation in a jurisdiction other than the UK, should consult his professional adviser.



C. FINANCIAL INFORMATION

13. Proforma statement of financial position

The table below shows the forecast proforma annual statement of financial position for BGL for the three years to 31 December 2019:

Britannia's Gold Ltd				
Forecast proforma annual statement of financial position				
	As at 01 Jan 2017 £000s	2017 £000s	2018 £000s	2019 £000s
Assets				
Trade receivables	-	-	-	-
VAT receivable	-	60	116	116
Prepayments	-	83	83	83
Cash and cash equivalents	0	100,071	114,575	273,652
	0	100,214	114,775	273,852
Total current assets	0	100,214	114,775	273,852
Total assets	0	100,214	114,775	273,852
Equity				
SEED Investors' share capital	-	1	1	1
Britannia Founders' share capital	0	7	7	7
EIS Investors' share capital	-	4	4	4
Non-EIS Investors' share capital	-	4	4	4
Total share capital	0	16	16	16
SEED Investors' share premium	-	999	999	999
Britannia Founders' share premium	-	-	-	-
EIS Investors' share premium	-	3,996	3,996	3,996
Non-EIS Investors' share premium	-	3,996	3,996	3,996
Total share premium	-	8,991	8,991	8,991
Retained earnings	(21)	11,979	23,979	35,979
Other capital reserves	-	(7)	(7)	(7)
Total equity and reserves	(21)	20,979	32,979	44,979
Liabilities				
Trade and other payables	21	38	52	52
Current tax liabilities	-	79,197	81,744	228,821
Dividends payable	-	-	-	-
Total current liabilities	21	79,235	81,795	228,873
Total equity and liabilities	0	100,214	114,775	273,852

Key forecast statement of financial position assumptions:

- It is assumed that all salvage income has been received by the year end.
- It is assumed that the corporation tax liability will be paid in the year following the year it is incurred.
- It is assumed that any dividends are paid in the year in which they are recognised.



14. Forecast proforma financial information

The table below shows the forecast proforma profit and loss for BGL for the three years to 31 December 2019:

Britannia's Gold Ltd Forecast proforma annual statement of profit and loss			
	2017	2018	2019
	£000s	£000s	£000s
Revenue			
Salvage income	546,700	582,120	1,590,050
	546,700	582,120	1,590,050
Cost of sales			
Survey vessel costs	(549)	(1,167)	(1,167)
Salvage preparation costs	(405)	(560)	(560)
Salvage costs	(6,501)	(17,124)	(17,124)
Total survey, research and salvage costs	(7,455)	(18,851)	(18,851)
Research royalty	(167)	(1,000)	(1,000)
Cargo owner's share	(107,816)	(112,454)	(314,040)
	(115,438)	(132,305)	(333,891)
Gross profit	431,262	449,815	1,256,159
<i>Margin</i>	79%	77%	79%
Selling, general and administration expenditure	(519)	(797)	(797)
Fundraising costs	(750)	-	-
Charitable donation	(13,167)	(18,787)	(51,040)
Operating profit	416,827	430,231	1,204,321
Finance costs	-	-	-
Profit before tax	416,827	430,231	1,204,321
Corporation tax	(79,197)	(81,744)	(228,821)
Profit after tax	337,630	348,487	975,500
Dividends:	(325,630)	(336,487)	(963,500)
Profit after tax and dividends	12,000	12,000	12,000

Key forecast profit and loss assumptions:

Income:

- Salvage income value assumes 100% recovery of the expected salvage value of the targets.
- In 2017, it is assumed that the salvage operation will focus on three less valuable targets ("Cluster 1"). The choice of less valuable Cluster 1 targets has been made after studying several factors to identify the highest probability of success for the first year, these include:



- 1) High quality of research available for the target;
 - 2) Known location;
 - 3) Less complex salvage strategy; and
 - 4) The objective is to achieve a successful expedition to repay and benefit all stake holders from Cluster 1, ideally completed in 2017, and to internally fund the 2018 salvage operation.
- It is assumed that in 2018 and 2019, the salvage operations will focus on the higher value targets ("Clusters 2 and 3"). In Clusters 2 and 3, BGL has intentionally selected much higher value targets. These are equally well researched but have a higher risk factor owing to more complex salvage requirements, and will likely be both longer and costlier than Cluster 1.
 - The salvage assumptions are based on the insured amounts under the WRIO and so do not include any self-insured HMG gold.
 - The forecasts only include recovery of gold specie and bullion covered under WRI.
 - No allowance has been made for other precious metals or valuable artefacts.
 - No allowance has been made for any income derived from television or publishing.

Expenditure and dividends:

- It is assumed that HMG will receive a 20% share of the net salvage income, which is after deducting survey, research and salvage costs and the research royalty.
- The fundraising costs in 2017 include payment of commission. Angel Equity will receive commission on a £5m fund raise using the Lehman scale. Angel Corporate Finance Ltd and another financial institution will receive commission of 6% on any introduction of investors.
- It is assumed that the charitable donation, which will be paid to merchant marine charities, is calculated as a % of salvage income after deducting the Cargo Owner's share. The donation % is assumed as 3% in 2017 and 4% per annum in 2018 and 2019.
- Corporation tax is assumed to be 19% per annum, and it is assumed that all income and expenditure is to be included in the tax calculation.
- It is assumed that there will be retention of £12m of profits per annum before distributing dividends; note that the level of retention is at the discretion of the Board.

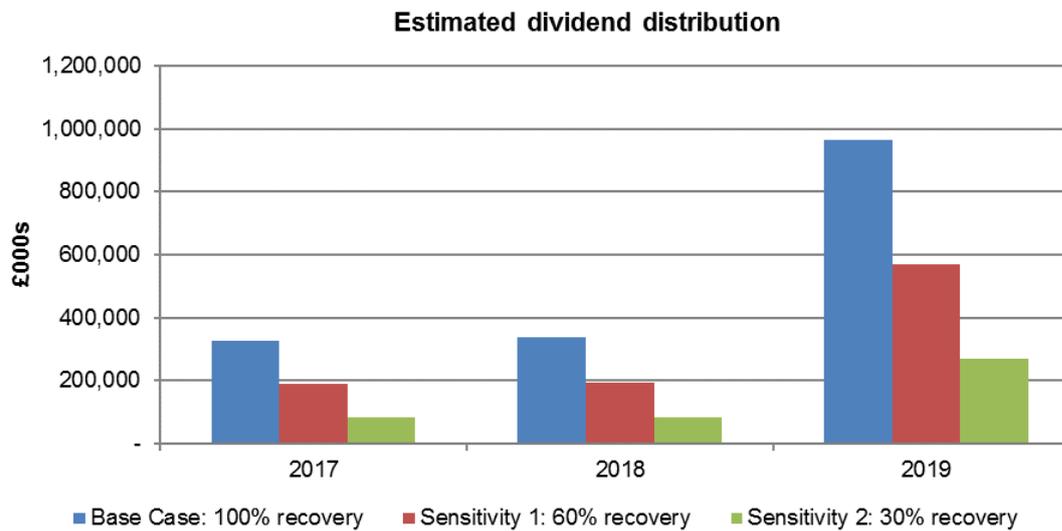
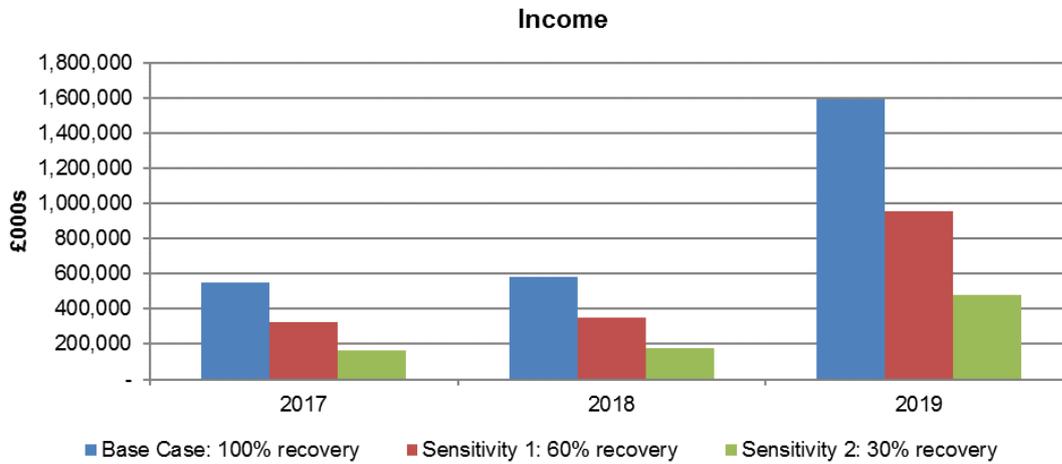


Sensitivity of salvage income

The graphs below show the forecast income and estimated dividends based on:

Sensitivity One: 60% salvage recovery

Sensitivity Two: 30% salvage recovery



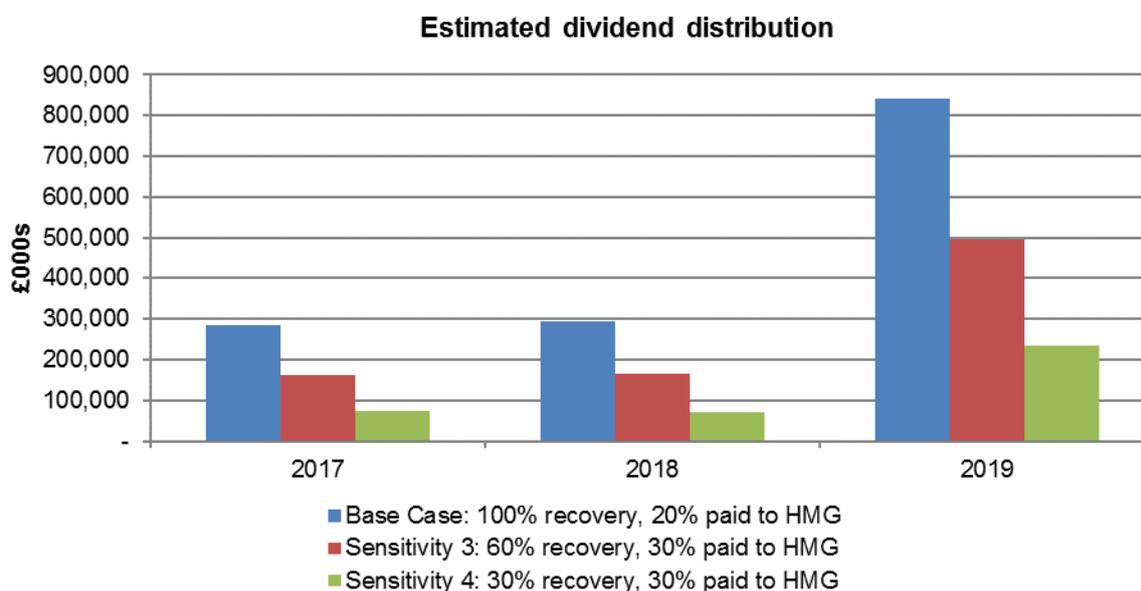


Sensitivity of cargo share paid to HMG

The graphs below show the estimated dividends based on:

Sensitivity Three: 60% salvage recovery and 30% share of the cargo paid to HMG

Sensitivity Four: 30% salvage recovery and 30% share of the cargo paid to HMG



15. Dividend policy

In each year after successful recoveries, BGL intends to make dividend distributions to the shareholders. Dividends will be awarded on a quarterly basis, after retention of profits per annum and subject to the discretion of the Board.

It is currently anticipated that the retention of profits in Year One will be up to £12m to fund the next cluster; however, the retentions will be subject to the number of salvage operations that are expected to be undertaken in the following year.

An illustration of the distribution, based on 60% recovery and retention of £12m of profits in years One to Three, is shown below:

	Year 1 £000s	Year 2 £000s	Year 3 £000s
Retention	12,000	12,000	12,000
Dividend distribution:			
Preference shares	3,000	-	-
Ordinary shares	185,176	191,637	567,845
	<u>188,176</u>	<u>191,637</u>	<u>567,845</u>



The Seed Investors preference shares will have rights to up to the first £3m of dividend distribution, after which they will convert to ordinary shares.

The Current BGL Shareholders will have shares which are under option, subject to financial performance hurdles. The hurdles will be based on the profit after tax after the retention of reserves and the preference share distribution, as shown below:

Financial performance hurdles
(Profit after tax after reserves retained and distribution to preference shareholders)

	1st £9m	2nd £9m	Greater than £18m
Founders ordinary share distribution	1.10%	30.00%	43.75%
Seed ordinary share distribution	10.99%	7.78%	6.25%
EIS/Non-EIS ordinary share distribution	87.91%	62.22%	50.00%
	100.00%	100.00%	100.00%

The distribution of dividends to ordinary shareholders will be pari passu to the number of ordinary shares held.

16. Material commitments and contingent liabilities

BGL has a commitment to pay the research teams a royalty of £250k per quarter in advance during the term of the licence agreement. The first payment will be in the first month following from the company closing the fundraising after subscriptions have been confirmed.

There is currently no formal agreement with HMG in relation to its share of any recovery. However, BGL intends to pursue a formal agreement and does believe one will be forthcoming following a successful recovery. BGL will seek agreement in line with previous salvaged valuable cargo agreements where HMG or one of its entities will be entitled to 20% of the cargo value.

In the unlikely event that agreement is not reached in timely fashion, BGL will have recourse to the Salvage Convention where as an absolute bare minimum BGL would be entitled to recover all properly attributable survey and salvage costs.

See also Section 8 of this Crowdfunding Prospectus for further details on the operating contracts BGL has entered into.



D. BUSINESS AND INVESTMENT RISKS

Investing in the Company involves a degree of risk. You should carefully consider the specific risks set out below and the other information contained in this Crowdfunding Prospectus before you decide to invest in the shares of the Company. You should note that the risks described below are not the only risks faced by the Company nor are they listed in any order of priority and there may be additional risks that the directors currently consider not to be material or of which they are not presently aware.

If any of the following risks actually occur, the Company's business, financial condition, capital resources, results or future operations could be materially adversely affected. In such a case, the price of the shares could decline and investors may lose all or part of their investment.

Additional risks and uncertainties not currently known to the board of directors may also have an adverse effect on the Company's business and the information set out below does not purport to be an exhaustive summary of the risks affecting the Company.

An investment in the shares described in this Crowdfunding Prospectus is speculative. Potential investors are accordingly advised to consult a person authorised for the purposes of such who specializes in advising on investments of this kind before making any investment decisions. A prospective investor should consider carefully whether an investment in the Company is suitable in the light of his or her personal circumstances and the financial resources available to him or her.

17. Risks relating to the salvage operation

The amount of the Cargo on the Vessels may not be as substantial as the research by IDM may indicate.

As further described below, if no Cargo is located and/or recovered then there will be no financial benefit to the Company. The amount of Cargo on the Vessels may not be as substantial as the research by IDM may indicate. The Cargo (or a part of it) may have been displaced from the Vessels either by natural causes or by the operation of unknown human activity. It may not be possible to recover the Cargo from the Vessels due to technical or other operational difficulties. It is possible that no Cargo would ever be recovered or not in sufficient quantities to make the Company profitable.

A Chartered in Ship (or any of the equipment on board) may not operate in the manner contracted for or may become defective and so prevent recovery of Cargo.

A Chartered in Ship (or any of the equipment on board) may not operate in the manner contracted for or may become defective and so prevent recovery of Cargo. Any such matter may adversely impact the Company's results and operations.



The research undertaken by the Researchers may be inaccurate and/or the Researchers a may not legally own the Data And Materials.

The success of the Company depends, to a large extent, on the accuracy of the research undertaken by the Researchers. The Company relies heavily on the technical research undertaken (and to be undertaken) by the Researchers and the Data And Materials provided (and to be provided) to it. This is critical to the success of this investment and any inaccuracy of the research and the Data And Materials provided could materially impact the value of any investment in the Company. The Company is also reliant on IDM performing its obligations under the Services Agreement.

Further, the Company is relying on the representations by the Researchers that they are the owner(s) and/or developer of the Data and Materials provided pursuant to the Licenses (to the extent that such information can be owned by such parties). If Researchers' rights to the intellectual property were challenged by a third party then this may have an adverse effect on the operations of the Company.

The salvage operations are not commenced by BGL or BGL does not raise the required amount of financing to commence salvage operations by 1 November 2017.

If the salvage operations are not commenced by BGL or BGL does not raise the required amount of financing to commence salvage operations by 1 November 2017 then unless BGL pays a £10,000 monthly extension fee then each License will be capable of termination by the applicable Researcher.

18. Risks relating to the salvage reward

No reward can be earned if no property has been salvaged.

A fundamental principle of salvage is that a salvor should be rewarded for success by reference to the value of the property salvaged, a corollary of which is that no reward can be earned if no property has been salvaged. This is known as the "*no cure, no pay*" principle. Therefore, any salvage operation is at the Company's risk and without any recovery of Cargo there may be no salvage remuneration.

The amount of any salvage reward is uncertain.

Even where Cargo is salvaged, the amount of any salvage reward is uncertain. This may be a question of applicable law, which will depend upon the location of the Cargo and the place to which it is brought or where a claim against it is asserted. Usually, but not necessarily, the reward is fixed by reference to the criteria contained within the Salvage Convention, which applies in most, but not all, relevant jurisdictions. The criteria for fixing a reward includes but is not limited to the value of the salvaged property, the skill and effort used, the measure of success, the dangers, the time used and expenses incurred, the risk of liability and the availability and use of third-party equipment.

Even where the Salvage Convention, applies, there may be disputes in relation to the weight attached to certain criteria. For example, the value of the Cargo may be disputed, which may have a direct effect on the value of any salvage reward. Furthermore, in principle, the total reward cannot exceed the



value of the property salvaged, which has the effect of ensuring that at least some benefit accrues to the owner of the salvaged property, with the result that a loss may arise if the recovery costs exceed the value of the property. However, assuming that sufficient value is salvaged then reasonable out of pocket expenses ought to be recovered, as an absolute minimum.

The salvage operation is an inherently risky undertaking.

Even where there is a measure of success, a salvage operation would not be without risk. The Salvage Convention places an obligation upon salvors to carry out the operation with due care, as well as to prevent or minimise damage to the environment (for example, pollution). The Company may suffer loss and may be exposed to claims in respect of any failure to comply with these duties, which may also count against it by reference to the criteria.

Although actual or immediate distress is *not* required, the Company will need to demonstrate that the Cargo could be exposed to risks of damage/destruction if the salvage services are not rendered. In this case, this will have to be long term evidence but it does entail some risk. Successfully salvaging the Cargo is therefore only part of the process of securing a reward. Establishing the most appropriate jurisdiction in which to assert a claim against the property will come next. This may require local law advice, including advice connected with the exercise of a lien over the salvaged property.

HMG or another relevant state might be able to prohibit any salvage operation.

Other difficulties may still be encountered. For example, the Salvage Convention imposes a duty upon the owners of property (including HMG/or the relevant state) which is the subject of salvage to cooperate. However, HMG/the relevant state might also have the right (acting reasonably) to prohibit salvage operations. Accordingly, although express permission may not be needed, HMG/the relevant state may (as long as it acts reasonably) prohibit any salvage operation, and if it does, the revenue of the Company may be materially affected. In the absence of prohibition, HMG/the relevant state might not agree reasonable salvage remuneration (or at all) and the Company may have to resort to litigation and/or arbitration to enforce its rights.

To mitigate risks and when it would appear likely that the salvage operations will commence, the Company will notify HMG/the state of such operations and open negotiations to agree a percentage of value reward for the potential Cargoes. However, without an agreement the Company may be subject to the risks identified above, or others. Special immunities including sovereign immunity may exist in relation to state owned property. Significant disputes may arise such as, but not limited to, in relation to jurisdiction, given that the salvage operation may involve more than one state interest, and in relation to title to the salvaged property, conceivably resulting in competing claims against the property, particularly if issues of mixed ownership arise.



There is a risk of subrogated claims arising for which the Company would need to maintain a retention fund and/or attempt to identify and validate any insurance claims.

Research indicates that the Cargos were covered under British Government WRI, and are therefore legally owned by HMG. However, in certain cases, such as the general practice during WW1 of WRI covering only 70% of the cargo value, there could be subrogated claims for which the Company will maintain a retention fund and/or attempt to identify and validate any insurance claims that could be brought against the Company. Any such claim may reduce the revenue of the Company.

The Company does not believe there are any other possible owners of the Cargo but there may be – for example another government, insurance company, corporation or private individual. The existence of any other owner may reduce the revenue of the Company.

19. Risks relating to the management of the Company

The Company is dependent on its management and employees.

The Company's success will depend on the management, skill and acumen of its Directors and employees. If some of the personnel employed by the Company should leave, become incompetent, die or otherwise cease to participate in the Company's management, the Company's ability to perform could be impaired.

The Company has a limited operating history.

The Company is a recently formed entity and has no operating history at the date of this Crowdfunding Prospectus upon which prospective investors may evaluate the Company's future performance.

The Company's distributions may be reduced due to payment obligations and the need to establish appropriate reserves.

Cash that might otherwise be available for distribution will be reduced by payment of the Company's obligations, payment of the Company's expenses and establishment of appropriate reserves.

Shareholders will have no participation in the management of the Company.

The overall management of the Company's operations is vested solely in the Directors. Shareholders have no right to take part in the conduct of the business of the Company. Shareholders holding more than 5% of the shares in the Company shall be obliged to enter into a shareholders agreement and such agreement shall regulate the relationship between the shareholders and certain corporate governance issues of the Company. In connection with the management of the Company's business, the Directors will devote only such time to Company matters as they, in their sole discretion, seem appropriate.



Involvement with previous projects/other business history

It is noted that each of Will Carrier, IDM (and its directors) and the Researchers have been involved in previous similar salvage projects. The main project was through a company called DMS UK Limited (website <http://www.deepmarinesalvage.com>). This company has not (to date) had success in any salvage project and it is noted that none of Will Carrier, IDM (or its directors) or the Researchers retain any connection with DMS UK Limited (whether as a shareholder or as a director of such company) and, further, that DMS has no ownership interest or control over the Data And Materials.

Philip Reid was made bankrupt on 17 November 2010 which bankruptcy was connected with the failure of a business called The Charterhouse Food Group and he was successfully released by the Trustee in bankruptcy on 17 November 2011. Philip is currently authorised and regulated by the Financial Conduct Authority as a CF1 which allows him to be a director of a regulated firm.

20. Risks relating to the shipping industry

The global supply and demand for vessels could have a material adverse effect on the Company's ability to charter vessels.

The Company has to charter in specialist vessels or vessels for the purpose of the intended salvage operation pursuant to a form of Time Charter.

The factors affecting the supply and demand for vessels are unpredictable and outside of the Company's control. The nature, timing, direction and degree of changes in industry conditions are also unpredictable.

Factors that influence demand for vessel capacity include (a) global, regional, political and economic conditions, (b) the distance to be travelled by sea, (c) Vessel Operating Costs and (d) changes in seaborne and other transportation patterns.

Factors that influence the supply of vessel capacity include (a) the number of new building deliveries, (b) the scrapping rate of older vessels, (c) the number of vessels that are out of service and (d) port/discharge productivity.

An economic slowdown in any global region could have a material adverse effect on the Company's business, financial position and results of operations.

A negative change in economic conditions in any global region may have an adverse effect on the Company's business, financial position and results of operations, as well as its future prospects.

Under the usual charter contract of employment, a charterer is responsible for the payment of fuel oil and bunkers. In particular, the transportation costs of the Chartered in Ships are subject to the fluctuation and/or increase in the cost of fuel oil and bunkers.



The shipping industry has inherent operational risks that could negatively impact the Company's results and operations.

Vessels chartered by the Company and any salvaged Cargo are at risk of being damaged or lost because of events such as marine disasters, bad weather, mechanical failures, human error, war, terrorism, piracy and other circumstances or events. While the Cargo will be adequately insured through a marine risk insurance policy with a first-class maritime insurance provider, an exposure does exist regardless of the quality of the insurance policy in place.

All these hazards can result in death or injury to persons, loss of revenues or property, environmental damage, higher insurance rates, delay or rerouting. If a Chartered in Ship were to be involved in an accident with the potential risk of environmental contamination, this could have a material adverse effect on the Company's business, results of operations, cash flows and financial condition.

Further a Chartered in Ship (or any of the equipment on board) may not operate in the manner contracted for or may become defective. Any such matter may adversely impact the Company's results and operations.

Governments could requisition the Company's vessels during a period of war or emergency, resulting in a loss of earnings.

A government could requisition one or more of the Chartered in Ships for title or for hire. Requisition for title occurs when the government of the ship's flag (or registry) takes control of the vessel and becomes her owner, whilst requisition for hire occurs when a government takes control of a vessel and effectively becomes her charterer at dictated Charter Rates. Generally, requisitions occur during periods of war or emergency, although governments may elect to requisition vessels in other circumstances. Government requisition of such vessels may negatively impact the Company's revenues.

The Company may not be fully protected from certain liabilities under its insurance coverage or indemnities coverage liabilities, and insurance premiums may increase in the event of war or terrorist attacks.

The operation of ocean-going vessels, the use of the equipment necessary to load and prepare those vessels for transit and the maintenance of such vessels involve inherent risks, including those of catastrophic loss, environmental incidents including oil pollution, personal injury and loss of life, maritime disaster, mechanical failure, fire, collision, stranding and loss of, or damage to, Cargo as well as damage to or loss of vessels. In addition to losses caused by human errors and accidents, the Company may also be subject to losses resulting from factors outside its control such as war, terrorism, piracy, political instability, business interruption, strikes or other labour problems with staff serving on vessels and at ports, some of whom are unionized or covered by collective bargaining agreements, and adverse weather events. Any of these events could result in the Company experiencing direct losses and liabilities, loss of income, increased costs and reputational damage or litigation against or by third parties. There can be no certainty that the insurance policies of either an Owner or the Company would be sufficient to cover the cost of damages suffered from any of these events or that



such insurances would be renewable on commercially reasonable terms. Additionally, insurers may refuse to pay particular claims if there is a failure to take certain actions, such as maintaining classification and certification of the vessels within applicable regulations.

The above risks (other than in relation to the Cargo which the Company will insure) will fall principally on the Owner(s) and be covered by the Owner's Hull and Machinery or P&I Insurance but the Company may suffer loss or damage as a consequence as identified.

The Company could face substantial liability if an Owner or the Company fails to comply with existing operational regulations and it may be adversely affected by changes in those regulations.

All vessels are subject to a wide variety of international, national and local laws, regulations and agreements (including SOLAS) relating to shipping operations. Such laws, regulations and agreements may change materially sometimes with limited notice. In particular, additional requirements to obtain permits or authorisations may come into force which could impose significant new burdens upon the business of the Company, requiring it to change its business strategy significantly and impact its cost structure. The Company could face substantial liability for penalties, fines and damages and litigation if it fails to comply with such laws, regulations and agreements.

Each Owner may incur substantial costs in order to comply with existing and future environmental, health, security and safety and other regulatory requirements, (including, among others, obligations relating to spills and discharges of oil or other hazardous substances, requirements of classification societies or vessel flag states, ballast water management, transportation of dangerous goods, maintenance and inspection, development and implementation of emergency procedures and security and insurance coverage) and it is likely that these costs would be passed on to the Company through an increased rate of Charterhire.

The Company could also face liability under environmental laws and regulations for penalties, fines, damages and remediation costs associated with oil and other hazardous substance spills or other discharges involving our shipping operations. Changes in enforcement policies for existing requirements and additional laws and regulations adopted in the future could limit our ability to do business or further increase our operating costs. Finally, even if the Company complies with relevant health, safety and security of its employees and others, it could incur substantial liability in the event of accidents, environmental contamination, exposure to hazardous substances and other events resulting in their injury or death, even if such an event is not a result of any fault on its part.

Should any of the above events occur this may lead to a restriction in the availability of any Chartered in Ship.

Any of the foregoing factors or events could have a material adverse effect on our business, financial condition and results of operations.



Creditors could arrest vessels, leading to a negative effect on our operations as well as our cash flows.

Crew members, suppliers of goods and services to a vessel, shippers of cargo, vessel financing participants and other parties may be entitled to a maritime lien against any Chartered in Ship for unsatisfied debts, claims or damages. In many jurisdictions, a maritime lienholder may enforce its lien by arresting a vessel through foreclosure proceedings. In some jurisdictions, the sister vessel of the vessel for which services have been provided may also be arrested. The arrest or attachment of one or more of our Chartered in Ships could interrupt and/or delay our business, which could have a negative effect on the operations and cash flows of the Company.

The Company relies on third-party contractors to provide various services and any problems with such third-party contractors could have a material adverse effect on its business, financial condition and results of operations.

The Company has and will engage third-party contractors to provide various services in connection with its business including the Chartered in Ships and the Data and Materials provided by the Researchers and referred to above. There can be no guarantee that the services rendered by such third-party contractors will be satisfactory and match the required quality levels.

Furthermore, there is a risk that such contractors may experience financial or other difficulties that might affect their ability to carry out their contractual obligations, thus delaying or preventing the completion of projects or the rendering of services. Such problems with third-party contractors could have a material adverse effect on our business, financial condition and results of operations.

There is also a risk of the Company becoming subject to legal proceedings with third party contractors due to their (or the Company's) failure to comply with agreed contractual obligations. Such legal proceedings may cause increased costs and may affect the revenue of the Company's business.

The Company may also be responsible for liquidated damages if it does not comply with certain provisions of some of its contracts, which are not covered by relevant insurance policies.

Defaults under the Time Charters may adversely affect the Company's results, operations and cash flow.

It is anticipated that each Time Charter gives the Owner the right to terminate the charter on the occurrence of stated events or the existence of specified conditions, such as, amongst other things, a total loss or constructive total loss of the Chartered in Ship or its requisition for hire, or the failure of the Company to perform its contractual obligations. In addition, the ability of each Owner to perform its obligations under a Time Charter will depend on a number of factors that are beyond the Company's control. These factors may include general economic conditions, the Charter Rates for the Chartered in Ships and various operating expenses. The costs and delays associated with the default of the Company and or an Owner of a Chartered in Ship may be considerable and may adversely affect business, results of operations, cash flow and the Company's financial condition.



E. APPENDICES

Appendix One: Research sources and outcomes

Archives used to gather evidence:

- National Archives (Kew, London)
- Department for Transport War Risk Insurance Office (“WRIO”) (London)
- Bank of England (London)
- Midland Bank (now HSBC, London)
- London Metropolitan Archives (London)
- Admiralty Library (Portsmouth)
- National Automated Archival Information Retrieval System (“NAAIRS”) (South Africa)
- Mersey Maritime Archives (Liverpool)
- Barclays Bank (London)
- NatWest Bank (London)
- Liverpool, Glasgow & Edinburgh University Archives
- National Archives (Washington DC, Virginia, NYC, Toronto, Montreal)

Outcomes of research:

1. Digitization of 30 volume set of WW1 WRIO claims settlement ledgers. The database of these ledgers is now in the National Archive in Kew, with full credit given to the Researchers for the database creation.
2. Digitization of 12 volume set of WW2 WRIO claims settlement ledgers.
3. Digitization of the entire WRIO claims data cards, reference cards, files containing manifests, bills of lading, cargo details, assay reports, claims payment receipts, etc., of over 4,500 shipwrecks held by the Department for Transport.
4. Digitization of all of the BoE documents pertaining to all gold shipments for both wars.
5. Two ‘extremely sensitive’ reports with the history of HMT gold shipments and losses during WW2.
6. Digitization of the Midland Bank WW1 gold ledgers and other pertinent documents covering the shipment of both Set-Aside Gold (belonging to other governments) and Market Gold.
7. Digitization of the Price, Forbes & Co. correspondence pertaining to the insurance of BoE gold shipments (for the most part HMT gold).



8. Database of gold carrier shipping lines, with details of losses, etc.
9. Digitization of all of the UK Hydrographic Office Shipwreck Database showing known locations of all shipwrecks, with an interactive section pertaining to all admiralty charts showing shipwrecks.
10. Digitization of J.P. Morgan ledgers and correspondence pertaining to WW1 gold shipments.
11. Official database of over 100,000 North American shipwrecks from the 1500s to the 1990s.
12. Digitalization of the London Metropolitan Archive Collection of the various insurance companies' ledgers and other pertinent documents concerning gold shipments for both World Wars and a large analogue collection of documents pertaining to both wars.
13. Digitization of the Morgan, Grenfell & Co. Account Ledgers covering WW1 (these are owned by the Deutsche Bank who was the UK agent between HMT and J.P. Morgan, who was the UK Agent for all HMT gold shipments).
14. Digitization of the two-volume set of the War Risk Advisory Committee - Records of Meetings - 1914-1919. These volumes contain information on the gold and silver shipments of WW1 and their losses.
15. Official database of all of the UK fisherman's snags for the entire UK coast. This was compiled over a 35-year period by the UK Fishing Fleets.
16. Full catalogues of the archives for Barclays Bank, NatWest Bank, Lloyds Bank etc. These were part of the Joint Stock Banks, during WW1 and all shipped out both Set-Aside and Market Gold.
17. Official Interactive Catalogue of the South African Archive, NAAIRS.
18. Digitized set of WW2 US Department of the Interior - Minerals Yearbooks for 1939 – 1945.