



UK COMPANY TAX STRATEGY

This document sets out the Tax Strategy of Dragon Resources (Holdings) plc (the “UK Company”), a wholly owned subsidiary of Dragon Oil (Holdings) Limited (registered and based in the United Arab Emirates), in compliance with section 161 and section 22 (2) of schedule 19 Finance Act 2016 for the year ending 31 December 2017.

This Tax Strategy applies to all UK taxes as set out in s15 of Schedule 19 Finance Act 2016 and any reference to ‘tax’, ‘taxes’, or ‘taxation’ are to all taxes as defined within. This Tax Strategy will be owned by the Board of Directors (‘Board’) of the UK Company and will be reviewed annually with any proposed amendments ultimately discussed and approved by the Board.

The Board is responsible for ensuring there is an appropriate framework for the implementation of the Tax Strategy and oversight of the identification and management of tax risk. The Board maintains responsibility for implementing new controls where material tax risks are identified.

The Board is supported by finance and tax teams who have responsibility for implementing the Tax Strategy and reporting back to the Board. A number of tax sensitive processes are performed within the finance and tax teams and each relevant individual is responsible and accountable for meeting their tax obligations, controls and policies as issued by the Board. Performance of the finance and tax teams is reportable to the Director of Finance, who in turn reports up to the Board.

This Tax Strategy was approved for publication by the Board on 28th December 2017 and applies thereafter until it is superseded.

Risk management and governance arrangements

The UK Company is committed to ensuring that its tax affairs are open, transparent and compliant with tax legislation.

The UK Company’s internal structure is set up to ensure:

- The Board understand the importance of tax compliance, and how it is achieved;
- There is a constant dialogue between the Board and those individuals tasked with the operation of the finance and tax function; and
- The UK Company portrays a positive view towards tax compliance and the importance of meeting its obligations.

The Board has established that the following principles will form the basis of management’s philosophy and the Tax Strategy to achieve the vision of compliance and governance with respect to tax:

- Good governance: The UK Company seeks to comply with all relevant tax legislation;
- Internal control: Implement a system of internal controls in order to minimise tax risk;
- Documentation: Ensure that agreed tax processes are documented in order to mitigate the risk of error;
- Training: Investing in training for those staff tasked with tax compliance and governance;
- External advice: Seeking specialist external tax advice where required.



Tax planning

The UK Company does not undertake aggressive or artificial tax planning, the sole purpose for which would be obtaining a tax advantage. The UK Company undertakes tax decisions and planning as part of its overall business strategy and engages the services of professional advisers to assist with major or complex business decisions in order to fully understand any associated tax risks.

The UK Company seeks to ensure that transactions are structured such that any tax reliefs or incentives available are realised in line with the intended tax legislation and only where there is a credible technical standing.

Attitude towards risk

The Board sees compliance with the tax legislation as a key to managing tax risk. The Board's on-going tax risk approach is based on principles of reasonable care and materiality and also aligned with overall Tax Control Framework of its parent company. Each tax risk is measured based on a balance of impact (both financial and non-financial) of that risk and the likelihood that it will materialise. There is no one level of risk that the UK company is prepared to accept but each is considered on a case by case basis having taken into consideration all available facts and information.

The UK Company has close relationships with professional advisers that allows it to seek expert advice where necessary which in turn aids compliance.

The UK Company is conscious of the potential adverse publicity that a negative tax attitude can bring and seeks to minimise any reputational damage through the actions set out in this Tax Strategy.

Relationship with HMRC

The UK Company is committed to the principles of openness and transparency in its approach to dealing with HMRC. In line with HMRC's consultation on 'Improving Large Business Tax Compliance' the UK Company aims to:

- Promote a professional and collaborative relationship which is based on principles of transparency and justified trust;
- Make fair, accurate and timely disclosure in correspondence and returns, and respond to queries and information requests openly and honestly in a timely fashion;
- Resolve issues with HMRC in a timely manner, and where disagreements arise work with HMRC to resolve issues by agreement where possible;
- Ensure all interactions with HMRC are conducted in an open, collaborative and professional manner; and
- Disclose and correct any inadvertent errors as soon as is reasonably practical and implement controls to ensure future compliance.