



**DRAFT**

From: European High Growth Opportunities Securitization Fund  
18, rue Robert Stümper  
L2557, Luxembourg

To : Element ASA  
Att. Thomas Christensen and Geir Johansen  
Karenslyst allé 53  
0279 Oslo  
Norway

16 August 2019

Dear Sirs

RE: Request for information

We have noted with significant surprise Element's reported transaction in which it apparently has acquired 100% of the shares of Palcapital Ventures Inc ("**PalCapital**") (the "**Transaction**").

As a significant shareholder and lender under the the agreement for issuance and subscription to notes convertible into new shares with share subscription warrants attached entered into between Element ASA as the issuer (the "**Issuer**") and European High Growth Opportunities Securitization Fund as the investor (the "**Investor**") dated 15 May 2018 (as subsequently amended, the "**Issuance Agreement**"), we request immediate information/documentaiton as follows;

- a. Information as to the extent of Element's due diligence of PalCapital, including with respect to its four investments:
- AdNode
  - metaMe
  - TradeStars
  - SportsCastr

In this respect, also specify the expected capital requirements for these holdings (including with respect to the exercise of its option rights to equity) with respect to the next 24 months and if are there any commitments to provide such entities (or others) with funding (whether by PalCapital or the Issuer.

- b. Element's valuation methodology with respect to PalCapital. In this respect also Element's own view on its own share price as consideration payment for PalCapital.
- c. The Board's valuation statement and auditor confirmation on the Transaction.
- d. Explanation as to what the role of James Haft will be and what is/will be his remuneration in PalCapital and/or Element.
- e. The role of ProCorp in the transaction and what fees and other remuneration have been paid to ProCorp and/or ProCorp has the right to receive.
- f. What were the overall transaction costs for Element and other cash outlays with respect to the Transaction.
- g. What is the nature of the relationship between Thomas Christensen and James Haft. Does James Haft have, or has it ever had, any contractual relationship with the Issuer prior to the execution of the Transaction? Are Thomas Christensen and James Haft acting in concert in connection with their respective investments in the Issuer (any such acting in concert would trigger additional reporting requirements).
- h. What rights does James Haft have to any Shares of the Issuer (whether contingent or non-contingent) other than with respect to the Shares which were paid to James Haft as consideration pursuant to the Transaction.

i. We note that the Issuer had acquired Shares of the Issuer recently, and at the time of the last Annual General Meeting (or shortly before) held Shares of the Issuer comprising approximately 20% of the share capital of the Issuer. What happened to these Shares, and under what circumstances were they disposed of by the Issuer?

We assume that none of the information requested above is “inside information” under the securities legislation, but if you deem there is a considerable risk in such respect, Element should disclose such information to the market at the same time as providing to us in order to ensure that no such information constitutes “inside information”.

We hereby reserve any and all rights and remedies we may have, now or in the future, in connection with, or arising from, Element’s acquisition of PalCapital. In this regard we note that we based on our shareholding in Element we have the right to request an extraordinary general meeting (“**EGM**”) to be held concerning a proposal for investigation in accordance with the Public Limited Liability Act section 5-25. Following such EGM, we will also have the right to request the Norwegian Court to resolve an investigation into the affairs of the Company. If the Issuer does not promptly disclose the information requested in this letter, we may have no option but to exercise such rights to procure such information.

Yours faithfully,



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**European High Grown Opportunities Securitization Fund**

Name: Pierre Vannineuse

Title: Director