

5 June 2019

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Cluff Natural Resources Plc

(“Cluff” or the “Company”)

Proposed Fundraising to Raise a Minimum £15 million

Cluff Natural Resources Plc, the AIM quoted natural resources investing company with a high impact exploration and appraisal portfolio focused on the Southern and Central North Sea, is pleased to announce a placing and subscription of new ordinary shares (“**Ordinary Shares**”) to raise minimum gross proceeds of approximately £15 million.

Highlights

- Proposed placing of new Ordinary Shares (the “**Placing Shares**”) with new and existing institutional investors (the “**Placing**”) and subscription for new Ordinary Shares (the “**Subscription Shares**”) by certain Directors and senior management of the Company (the “**Subscription**”) to raise minimum gross proceeds of approximately £15 million at a price of 1.75 pence per new Ordinary Share (the “**Placing Price**”) (the “**Fundraising**”).

- The net proceeds of the Fundraising will be used to fund the Company's share of well costs on the Selene (Licence P2437) and Pensacola (Licence P2252) prospects targeting a combined 238 BCF of net P50 Prospective Resource; to invest in advancing its other North Sea licences and potential future licence awards; and for general, working capital and corporate purposes.
- The Fundraising follows the recent completion of the farm out of Licence P2252 to Shell U.K. Limited ("**Shell**") and Shell's exercise of its option to farm into Licence P2437.
- Following Shell's exercise of its option to acquire a 50 per cent. working interest in Licence P2437, which holds Selene, a 291 BCF (gross P50 Prospective Resource) (145 BCF net) prospect, Cluff holds a 50 per cent. working interest (subject to completion of the farm out).
- Shell will pay 75 per cent. of the costs of the first well on Licence P2437 (up to US\$25 million) and has indicated an intention to drill a well at the soonest possible opportunity, potentially during 2020.
- Shell completed its 70 per cent. farm into Licence P2252 (Cluff 30 per cent. WI) at the end of May 2019. The licence holds the 309 BCF (gross P50 Prospective Resource) (93 BCF net) Pensacola prospect and Shell will carry Cluff for 100 per cent. of the licence work programme through to the earlier of a well investment decision or 31 December 2020.
- The Company continues to progress its other licences, including P2352 (Cluff 100 per cent. WI) which holds the 39.5 mmbo (gross P50 Prospective Resource) Dewar oil prospect in the Central North Sea, for which it intends to commence farm out marketing by mid-2019.
- The Company plans to continue to grow its asset base through participating in future licensing rounds including the upcoming 32nd Licensing Round, expected to open in summer / mid-year 2019.

Commenting, Cluff's Chief Executive Graham Swindells said:

"We are delighted to announce this transformational fundraising which will fully fund the Company to drill its two high-impact wells with Shell at Selene and Pensacola while also allowing us to continue to further expand and de-risk the rest of our portfolio. This fundraising allows us to build on the recent success achieved with the substantial expansion of our portfolio of licences in the last UK licensing round as well as the introduction of Shell as a partner on two of our licences.

"Our company is now entering an exciting operational phase of its growth with line of sight over the drilling of at least two wells in the Southern North Sea while continuing to grow and diversify our portfolio of highly prospective oil and gas assets.

"We are highly encouraged by the support from existing and new shareholders and look forward to further delivery as we seek to create value for shareholders."

Stifel Nicolaus Europe Limited ("**Stifel**") is acting as bookrunner to the Company in connection with the Placing. Allenby Capital Limited ("**Allenby**") is acting as Nominated Adviser to the Company.

The Placing is being conducted through an accelerated bookbuilding process (the "**Bookbuild**") which will be launched immediately following this Announcement and will be made available to eligible institutional investors. The Bookbuild is expected to close no later than 8 a.m. on 6 June 2019, but Stifel and the Company reserve the right to close the Bookbuild earlier or later, without further notice.

The Company's largest shareholder, IPGL Limited ("**IPGL**"), has indicated that it intends to participate in the Placing in an amount equivalent to 20 per cent. of the Fundraising up to £3.4 million. The final number of Placing Shares which will be allocated to IPGL is at the absolute discretion of Stifel and the Company and will be confirmed following the close of the Bookbuild.

Certain Directors and members of the Company's senior management team have indicated that they intend to participate in the Fundraising by subscribing directly with the Company for new Ordinary Shares at the Placing Price.

For further information please contact the following:

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Background to and Reasons for the Fundraising

Cluff has built a portfolio of low cost, high impact exploration and appraisal projects in the UKCS, holding seven highly prospective licences over 1,734 square kilometres with over 2.4 TCFE of gross P50 Prospective Resource. The Company's licences are located in established hydrocarbon basins and next to areas of ongoing activity with existing production and infrastructure. The Company has achieved considerable success and has received significant technical and commercial validation of its strategy as a result of Shell farming into two of its licences, P2252 and P2437.

Following the completion of the farm out of Licence P2252 to Shell, and Shell's exercise of its farm in option on Licence P2437, the Company is undertaking the Fundraising to finance its share of future

work programmes on these assets, including well costs, as well as financing work programmes across its other existing licences and potential future licence awards. The proceeds of the Fundraising and the Company's existing cash resources ensure the Company is fully funded for these activities.

Licence P2437 – Selene (Cluff 50 per cent. WI)

Licence P2437 is located in the Southern North Sea Gas Basin and contains the Selene Prospect with 291 BCF of gross P50 Prospective Resource (145 BCF net). P2437 is located adjacent to the Shell operated Clipper hub, including the Shell operated Barque field 20 kilometres to the south of Selene, which is in long term production decline.

Shell and ExxonMobil recently completed a £300 million rejuvenation of the Bacton Gas terminal which is fed by the Clipper hub. From 2021 it is expected that there will be significant ullage available in the Clipper-Bacton system, providing a long term evacuation route for Selene.

Selene is a Lemn sandstone structural prospect, covering an area of approximately 26 square kilometres and is analogous to Barque. The prospect is 100 per cent. imaged by high quality 3D seismic and the legacy 48/8b-2 well, which is drilled in a down dip location on the Selene structure, has gas shows in the Lemn Sandstone reservoir. Management estimate a geological chance of success (“GCoS”) of 39 per cent. for the prospect.

At the end of April 2019, Shell exercised its option to farm in to the licence for a 50 per cent. working interest (Cluff 50 per cent. WI) paying US\$600,000 cash consideration and funding 75 per cent. of the costs of the first well on the licence (up to a gross well cost of US\$25 million). Completion of the farm out is subject to OGA approval and an agreement on a JOA.

Shell has indicated its intention to drill an exploration well at the soonest possible opportunity and potentially during 2020. Ahead of a well investment decision, expected in late 2019, the Company and Shell will undertake technical work in relation to well design and environmental studies to support that decision.

Licence P2252 – Pensacola (Cluff 30 per cent. WI)

Licence P2252 is also located in the Southern North Sea Gas Basin and contains the Pensacola Prospect with 309 BCF of gross P50 Prospective Resource (93 BCF net), with a GCoS of 20 per cent.. The Pensacola prospect is a Zechstein carbonate reef, with approximately 200-250 metres of carbonate build up across an area in excess of 75 square kilometres. Gas has been proven in the Z2 formation on the block and across the Southern North Sea Gas Basin. The Crosgan discovery (well 42/15a-2), an analogue to Pensacola, flowed at a rate of over 7 mmscf/d on test.

The farm out of 70 per cent. of the licence to Shell completed at the end of May 2019 and will see Shell fund 100 per cent. of costs associated with the agreed work programme through to the earlier of 31 December 2020 or a well investment decision. The work programme includes the acquisition of over 400 square kilometres of new broadband 3D seismic across Pensacola and seismic reprocessing and other sub-surface studies to support a well investment decision in Q4 2020.

Shell has announced that Shearwater Geoservices has been contracted to shoot 3D seismic on Pensacola, with the acquisition planned to commence in mid-August 2019. An exploration well will be drilled as soon as practicable after a well investment decision is taken. Any discovery could be developed via a tieback to Breagh, 45 kilometres to the south east or via new pipeline to the onshore Teesside Gas Processing Plant 78 kilometres to the west.

Licence P2352 – Dewar (Cluff 100 per cent. WI)

Cluff holds a 100 per cent. WI in Licence P2532, located in the Central North Sea and containing the 39.5 mmbo Dewar light oil prospect (gross P50 Prospective Resource). Dewar is a Forties sandstone prospect which management estimates has a GCoS of 41 per cent., with oil already having been proven on the block by the 22/24b-11 well and an AVO anomaly supporting the geological model.

The licence is located less than five kilometres from the key Eastern Trough Area Project (“ETAP”) infrastructure, operated by BP and with over 25 per cent. available oil export capacity. A US\$1.0 billion investment in ETAP was completed in 2015 and should see it operational well into the 2030s.

Dewar is covered 100 per cent. by modern reprocessed 3D seismic and the Company is currently finalising rock physics and economic feasibility work, with the intention of launching a farm-out marketing process in mid-2019.

Other Licences / Future Awards

The Company continues to invest in technical and commercial work programmes to progress its other licences, P2384 in the Central North Sea and P2435, P2428 and P2424 in the Southern North Sea and will continue to review opportunities to farm-down its position in these licences, with the aim of repeating the success achieved with the P2437 and P2252 licences.

Cluff also intends to participate in the OGA’s upcoming 32nd Licencing Round, expected to open in summer / mid-2019 and is undertaking technical evaluation ahead of submitting bids over its preferred areas of interest.

Use of Proceeds

The Company intends to use the proceeds of the Fundraising as below:

Use	<u>£ million</u>
Selene Prospect – Exploration Well	5.0
Pensacola Prospect – Exploration Well	4.0
Work programme on existing / future licence awards	3.0
General, corporate and working capital purposes, including transaction costs	3.0
Total	15.0

Bookbuild

The Placing will be conducted by Stifel on behalf of the Company in accordance with the terms and conditions set out in Appendix 1 to this Announcement. The Bookbuild will open with immediate effect following this Announcement. The number of Placing Shares will be determined by Stifel and the Company, and will be confirmed orally or by email following the close of the Bookbuild. The Placing Shares, when issued, will be fully paid and will rank pari passu in all respects with the existing Ordinary Shares.

It is expected that the Bookbuild will close before 8 a.m. on 6 June 2019. However, the timing of the closing of the Bookbuild and allocations are at the absolute discretion of Stifel and the Company. Details of the results of the Fundraising will be announced as soon as practicable after the close of the Bookbuild. The Placing is not being underwritten.

This Announcement should be read in its entirety. Investors' attention is drawn to the detailed terms and conditions of the Placing described in Appendix 1 and the principal risks and uncertainties described in Appendix 2 (each of which form part of this Announcement). By choosing to participate in the Placing and by making an oral and legally binding offer to acquire Placing Shares, investors will be deemed to have read and understood this Announcement in its entirety (including the Appendices) and to be making such offer on the terms and subject to the conditions of the Placing contained here, and to be providing the representations, warranties and acknowledgements contained in Appendix 1.

General Meeting

In accordance with the Company's articles of association, shareholder approval is required for the Directors to issue the Placing Shares and Subscription Shares. A general meeting is expected to be held at the offices of K&L Gates LLP, One New Change, London EC4M 9AF for the purpose of passing certain resolutions (“**Resolutions**”), including to authorise the proposed Fundraising (the “**General Meeting**”). It is currently anticipated that the General Meeting will be held on or around 25 June 2019. A circular (the “**Circular**”), containing a notice convening the General Meeting, is expected to be despatched to shareholders of the Company (“**Shareholders**”) on or about 6 June 2019, outlining terms of the Fundraising, the Resolutions and recommending all Shareholders to vote in favour of all the Resolutions. Thereafter, the Circular will be available on the Company's website at www.cluffnaturalresources.com.

The Fundraising, is conditional, inter alia, on the Resolutions being passed by the Shareholders at the General Meeting (or an adjournment thereof) and, in respect of the Placing, the Placing Agreement otherwise becoming unconditional in all respects (save for Admission) and not having been terminated in accordance with its terms prior to Admission.

Application will be made to the London Stock Exchange plc (“**London Stock Exchange**”) for the Placing Shares and Subscription Shares to be admitted to trading on the AIM market of the London Stock Exchange (“**AIM**”). It is currently expected that Admission will become effective, and that dealings in the Placing Shares and Subscription Shares will commence on AIM, at 8.00 a.m. on 26 June 2019.

Participation by Directors and Existing Major Shareholders and Related Party Transaction

The Company's largest shareholder, IPGL, has indicated that it intends to participate in the Placing. The final number of Placing Shares which will be allocated to IPGL is at the absolute discretion of Stifel and the Company and will be confirmed following the closure of the Bookbuild.

To the extent that IPGL participates in the Placing, by virtue of its holding of more than ten per cent of the existing Ordinary Shares, its participation in the Placing will be considered a related party transaction under Rule 13 of the AIM Rules for Companies (“**AIM Rules**”) and the details will be announced separately in due course.

Certain of the Directors and members of the Company's senior management team have indicated their intention to participate in the Fundraising for up to approximately £50,000 in aggregate.

Important Information

This Announcement contains 'forward-looking statements' concerning the Company that are subject to risks and uncertainties. Generally, the words 'will', 'may', 'should', 'continue', 'believes', 'targets', 'plans', 'expects', 'aims', 'intends', 'anticipates' or similar expressions or negatives thereof identify forward-looking statements. Forward looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of the Company's operations; and (iii) the effects of government regulation on the Company's business.

These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond the Company's ability to control or estimate precisely, such as (i) price fluctuations in crude oil and natural gas; (ii) changes in demand for the Company's respective products; (iii) currency fluctuations; (iv) drilling and production results; (v) reserves estimates; (vi) loss of market share and industry competition; (vii) environmental and physical risks; (viii) risks associated with the identification of suitable potential acquisition properties and targets, and successful negotiation and completion of such transactions; (ix) legislative, fiscal and regulatory developments including regulatory measures addressing climate change; (x) economic and financial market conditions in various countries and regions; (xi) political risks, including the risks of renegotiation of the terms of contracts with governmental entities, delays or advancements in the approval of projects and delays in the reimbursement of shared costs; and (xii) changes in trading conditions. The Company cannot give any assurance that such forward-looking statements will prove to have been correct. The reader is cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document. The Company does not undertake any obligation to update or revise publicly any of the forward-looking statements set out herein, whether as a result of new information, future events or otherwise, except to the extent legally required.

Nothing contained herein shall be deemed to be a forecast, projection or estimate of the future financial performance of the Company or any other person following the implementation of the Placing or otherwise.

The price of shares and the income from them may go down as well as up and investors may not get back the full amount invested on disposal of the shares. Past performance is no guide to future performance and persons who require advice should consult an independent financial adviser.

This announcement is not for publication or distribution, directly or indirectly, in or into the United States of America. This announcement is not an offer of securities for sale into the United States. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, except pursuant to an exemption from registration. No public offering of securities is being made in the United States.

The distribution of this Announcement and the offering of the Placing Shares in certain jurisdictions may be restricted by law. No action has been taken by the Company or Stifel that would permit an offering of such shares or possession or distribution of this Announcement or any other offering or publicity material relating to such shares in any jurisdiction where action for that purpose is required. Persons into whose possession this Announcement comes are required by the Company and Stifel to inform themselves about, and to observe, any such restrictions.

This Announcement is not for release, publication or distribution, in whole or in part, directly or indirectly, in or into Australia, Canada, Japan or the Republic of South Africa or any jurisdiction into which the publication or distribution would be unlawful. This Announcement is for information purposes only and does not constitute an offer to sell or issue or the solicitation of an offer to buy or acquire shares in the capital of the Company in the United States, Australia, Canada, the Republic of South Africa or Japan or any jurisdiction in which such offer or solicitation would be unlawful or require preparation of any prospectus or other offer documentation or would be unlawful prior to registration, exemption from registration or qualification under the securities laws of any such jurisdiction.

Stifel, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as bookrunner to the Company in relation to the Placing and is not acting for any other persons in relation to the Placing. Stifel is acting exclusively for the Company and for no one else in relation to the matters described in this Announcement and is not advising any other person and accordingly will not be responsible to anyone other than the Company for providing the protections afforded to clients of Stifel, or for providing advice in relation to the contents of this Announcement or any matter referred to in it.

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Standard

The technical information contained in this announcement has been prepared in accordance with the March 2007 guidelines endorsed by the Society of Petroleum Engineers, World Petroleum Congress,

American Association of Petroleum Geologists and Society of Petroleum Evaluation Engineers Petroleum Resource Management System.

Qualified Person

Andrew Nunn, a Chartered Geologist and Chief Operating Officer of CLNR, is a "Qualified Person" in accordance with the Guidance Note for Mining, Oil and Gas Companies, June 2009, of the London Stock Exchange. Andrew has reviewed and approved the information contained within this announcement.

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that the Placing Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "Target Market Assessment"). Notwithstanding the Target Market Assessment, Placees should note that: the price of the Placing Shares may decline and investors could lose all or part of their investment; Placing Shares offer no guaranteed income and no capital protection; and an investment in Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Stifel will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to Placing Shares.

Definitions and Glossary

AVO:	Amplitude Variation with Offset; variation in seismic reflection amplitude with change in distance between shotpoint and receiver that indicates differences in lithology and fluid content in rocks above and below the reflector. AVO analysis is a technique by which geophysicists attempt to determine thickness, porosity, density, velocity, lithology and fluid content of rocks.
BCF:	Billion Cubic Feet
FCA:	Financial Conduct Authority
JOA:	Joint Operating Agreement
mmbo:	million barrels of oil
mmscf/d:	million standard cubic feet per day
OGA:	Oil and Gas Authority in United Kingdom
Prospective Resources:	are estimated volumes associated with undiscovered accumulations. These represent quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from oil and gas deposits identified on the basis of indirect evidence but which have not yet been drilled.
P50 resource:	reflects a volume estimate that, assuming the accumulation is developed, there is a 50 per cent. probability that the quantities actually recovered will equal or exceed the estimate. This is therefore a median or best case estimate of resource.
TCFE:	Trillion Cubic Feet Equivalent
UKCS:	UK Continental Shelf
WI:	Working interest; a percentage of ownership in an oil and gas lease granting its owner the right to explore, drill and produce oil and gas from a tract of property. Working interest owners are obligated to pay a corresponding percentage of the cost of leasing, drilling, producing and operating a well or unit.

APPENDIX 1 – TERMS AND CONDITIONS OF THE BOOKBUILD

IMPORTANT INFORMATION ON THE BOOKBUILD FOR INVITED PLACEES ONLY.

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THE TERMS AND CONDITIONS SET OUT HEREIN ARE FOR INFORMATION PURPOSES ONLY AND ARE ONLY DIRECTED AT, AND BEING DISTRIBUTED TO, PERSONS WHOSE ORDINARY ACTIVITIES INVOLVE THEM IN ACQUIRING, HOLDING, MANAGING AND DISPOSING OF INVESTMENTS (AS PRINCIPAL OR AGENT) FOR THE PURPOSES OF THEIR BUSINESS AND WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND ARE: (A) IF IN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA ("EEA"), PERSONS WHO ARE QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE EU PROSPECTUS DIRECTIVE (WHICH MEANS DIRECTIVE 2003/71/EC, AS AMENDED FROM TIME TO TIME, AND INCLUDES ANY RELEVANT IMPLEMENTING DIRECTIVE MEASURE IN ANY MEMBER STATE OF THE EEA TO THE EXTENT IMPLEMENTED IN THE RELEVANT MEMBER STATE OF THE EEA) (THE "PROSPECTUS DIRECTIVE") ("QUALIFIED INVESTORS"); (B) IF IN THE UNITED KINGDOM, PERSONS WHO FALL WITHIN THE DEFINITION OF "INVESTMENT PROFESSIONALS" IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED ("THE ORDER") OR ARE PERSONS FALLING WITHIN ARTICLE 49(2) OF THE ORDER AND ARE "QUALIFIED INVESTORS" AS DEFINED IN SECTION 86(7) OF THE FSMA; AND (C) ANY OTHER PERSON TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED; AND, IN EACH CASE, WHO HAVE BEEN INVITED TO PARTICIPATE IN THE PLACING BY STIFEL NICOLAUS EUROPE LIMITED ("STIFEL") (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS").

THE TERMS AND CONDITIONS SET OUT HEREIN MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY PERSON WHO HAS RECEIVED OR IS DISTRIBUTING THESE TERMS AND CONDITIONS MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THESE TERMS AND CONDITIONS RELATE IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. THESE TERMS AND CONDITIONS DO NOT THEMSELVES CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY. THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THE SECURITIES MAY NOT BE OFFERED, SOLD, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY IN, INTO OR WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. THERE WILL BE NO PUBLIC OFFERING OF THE SECURITIES IN THE UNITED STATES.

EACH PLACEE SHOULD CONSULT WITH ITS OWN ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF AN ACQUISITION OF PLACING SHARES (AS SUCH TERM IS DEFINED BELOW).

Unless otherwise defined in these terms and conditions, capitalised terms used in these terms and conditions shall have the meaning given to them in this announcement.

If a person indicates to Stifel that it wishes to participate in the Placing by making an oral or written offer to acquire Placing Shares (each such person, a "Placee") it will be deemed to have read and understood these terms and conditions and the announcement of which they form a part in their entirety

and to be making such offer on the terms and conditions, and to be providing the representations, warranties, indemnities, agreements and acknowledgements, contained in these terms and conditions as deemed to be made by Placees. In particular, each such Placee represents, warrants and acknowledges that it is a Relevant Person and undertakes that it will acquire, hold, manage and dispose of any of the Placing Shares that are allocated to it for the purposes of its business only. Further, each such Placee represents, warrants and agrees that: (a) if it is a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, that the Placing Shares acquired by and/or subscribed for by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of securities to the public other than an offer or resale in a member state of the EEA which has implemented the Prospectus Directive to Qualified Investors, or in circumstances in which the prior consent of Stifel has been given to each such proposed offer or resale; and (b) it is and, at the time the Placing Shares are acquired, will be outside the United States, and acquiring the Placing Shares in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the US Securities Act of 1933, as amended (the "**Securities Act**"). These terms and conditions do not constitute an offer to sell or issue or the invitation or solicitation of an offer to buy or acquire Placing Shares.

Subject to certain exceptions, these terms and conditions and the information contained herein are not for release, publication or distribution, directly or indirectly, in whole or in part, to persons in the United States, Australia, Canada, Japan, the Republic of South Africa or any other jurisdiction in which such release, publication or distribution would be unlawful ("**Excluded Territory**").

In particular, the Placing Shares referred to in these terms and conditions have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and the Placing Shares may not be offered or sold directly or indirectly in, into or within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. There will be no public offering of the Placing Shares in the United States. For the avoidance of doubt, and notwithstanding anything contained within these terms and conditions, Stifel are not procuring Placees in the United States and are not involved in any marketing or distribution of the Placing Shares in the United States.

The distribution of these terms and conditions and the offer and/or placing of Placing Shares in certain other jurisdictions may be restricted by law. No action has been taken by Stifel or the Company that would permit an offer of the Placing Shares or possession or distribution of these terms and conditions or any other offering or publicity material relating to the Placing Shares in any jurisdiction where action for that purpose is required, save as mentioned above. Persons into whose possession these terms and conditions come are required by Stifel and the Company to inform themselves about and to observe any such restrictions.

No prospectus or other offering document has been or will be submitted to be approved by the Financial Conduct Authority ("**FCA**") in relation to the Placing or the Placing Shares and each Placee's commitment will be made solely on the basis of the information set out in this announcement and the pricing information expected to be made available to Placees on or around 5 June 2019. Each Placee, by participating in the Placing, agrees that it has neither received nor relied on any other information, representation, warranty or statement made by or on behalf of Stifel or the Company and none of Stifel, the Company, nor any person acting on such person's behalf nor any of their respective affiliates has or shall have liability for any Placee's decision to accept this invitation to participate in the Placing based on any other information, representation, warranty or statement. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

No undertaking, representation, warranty or any other assurance, express or implied, is made or given by or on behalf of Stifel or any of its affiliates, their respective directors, officers, employees, agents, advisers, or any other person, as to the accuracy, completeness, correctness or fairness of the information or opinions contained in this announcement or for any other statement made or purported

to be made by any of them, or on behalf of them, in connection with the Company or the Placing and no such person shall have any responsibility or liability for any such information or opinions or for any errors or omissions. Accordingly, save to the extent permitted by law, no liability whatsoever is accepted by Stifel or any of its directors, officers, employees or affiliates or any other person for any loss howsoever arising, directly or indirectly, from any use of this announcement or such information or opinions contained herein.

All offers of the Placing Shares will be made pursuant to an exemption under the Prospectus Directive from the requirement to produce a prospectus.

These terms and conditions do not constitute or form part of, and should not be construed as, any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any Placing Shares or any other securities or an inducement to enter into investment activity, nor shall these terms and conditions (or any part of them), nor the fact of their distribution, form the basis of, or be relied on in connection with, any investment activity. No statement in these terms and conditions is intended to be nor may be construed as a profit forecast and no statement made herein should be interpreted to mean that the Company's profits or earnings per share for any future period will necessarily match or exceed historical published profits or earnings per share of the Company.

Proposed Placing of Ordinary Shares

Stifel has entered into the Placing Agreement with the Company pursuant to which, on the terms and subject to the conditions set out in such Placing Agreement, Stifel as agent for and on behalf of the Company, has agreed to use its reasonable endeavours to procure Placees for the Placing Shares at the Placing Price.

Placees are referred to these terms and conditions and this announcement containing details of, inter alia, the Placing. These terms and conditions and this announcement have been prepared and issued by the Company, and is the sole responsibility of the Company.

The Placing Shares will, when issued and fully paid, will be identical to, and rank pari passu with, the existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on the existing Ordinary Shares after their admission to trading on AIM ("**Admission**").

Application will be made to the London Stock Exchange for the Placing Shares to be issued under the Placing to be admitted to trading on AIM.

Subject to the conditions below being satisfied, it is expected that Admission of the Placing Shares will become effective on or around 26 June 2019. It is expected that dealings for normal settlement in the Placing Shares will commence at 8.00 a.m. on the same day.

Bookbuild of the Placing

Commencing today, Stifel will be conducting the Bookbuild to determine demand for participation in the Placing. Stifel will seek to procure Placees as agent for the Company as part of this Bookbuild. These terms and conditions give details of the terms and conditions of, and the mechanics of participation in, the Placing.

Principal terms of the Bookbuild

- (a) By participating in the Placing, Placees will be deemed to have read and understood this announcement and these terms and conditions in their entirety and to be participating and making an offer for any Placing Shares on these terms and conditions, and to be providing the representations, warranties, indemnities, acknowledgements and undertakings, contained in these terms and conditions.
- (b) Stifel is arranging the Placing as agent of the Company.

- (c) Participation in the Placing will only be available to persons who are Relevant Persons and who may lawfully be and are invited to participate by Stifel. Stifel and its affiliates are entitled to offer to subscribe for Placing Shares as principal in the Bookbuild.
- (d) Any offer to subscribe for Placing Shares should state the aggregate number of Placing Shares which the Placee wishes to acquire or the total monetary amount which it wishes to commit to acquire Placing Shares at the Placing Price which is ultimately established by the Company and Stifel or at a price up to a price limit specified in its bid. The Placing Price will be jointly agreed between Stifel and the Company following completion of the Bookbuild and will be payable by the Placees in respect of the Placing Shares allocated to them.
- (e) The Bookbuild is expected to close no later than 8.00 a.m. on 6 June 2019 but may close earlier or later, at the discretion of Stifel and the Company. The timing of the closing of the books and allocations will be agreed between Stifel and the Company following completion of the Bookbuild (the "**Allocation Policy**"). Stifel may, in agreement with the Company, accept offers to subscribe for Placing Shares that are received after the Bookbuild has closed.
- (f) An offer to subscribe for Placing Shares in the Bookbuild will be made on the basis of these terms and conditions and will be legally binding on the Placee by which, or on behalf of which, it is made and will not be capable of variation or revocation after the close of the Bookbuild.
- (g) Subject to paragraph (e) above, Stifel reserves the right not to accept an offer to subscribe for Placing Shares, either in whole or in part, on the basis of the Allocation Policy and may scale down any offer to subscribe for Placing Shares for this purpose.
- (h) If successful, each Placee's allocation will be confirmed to it by Stifel following the close of the Bookbuild. Oral or written confirmation (at Stifel's discretion) from Stifel to such Placee confirming its allocation will constitute a legally binding commitment upon such Placee, in favour of Stifel and the Company to acquire the number of Placing Shares allocated to it on the terms and conditions set out herein. Each Placee will have an immediate, separate, irrevocable and binding obligation, owed to the Company, to pay to Stifel (or as Stifel may direct) as agent for the Company in cleared funds an amount equal to the product of the Placing Price and the number of Placing Shares which such Placee has agreed to acquire.
- (i) The Company will make a further announcement following the close of the Bookbuild detailing the Placing Price and the number of Placing Shares to be issued (the "**Placing Results Announcement**"). It is expected that such Placing Results Announcement will be made as soon as practicable after the close of the Bookbuild.
- (j) Subject to paragraphs (g) and (h) above, Stifel reserve the right not to accept bids or to accept bids, either in whole or in part, on the basis of allocations determined at Stifel's discretion and may scale down any bids as Stifel may determine, subject to agreement with the Company. The acceptance of bids shall be at Stifel's absolute discretion, subject to agreement with the Company.
- (k) Irrespective of the time at which a Placee's allocation(s) pursuant to the Placing is/are confirmed, settlement for all Placing Shares to be acquired pursuant to the Placing will be required to be made at the time specified, on the basis explained below under the paragraph entitled "Registration and Settlement".
- (l) No commissions are payable to Placees in respect of the Placing.

- (m) By participating in the Bookbuild, each Placee agrees that its rights and obligations in respect of the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee. All obligations under the Placing will be subject to the fulfilment of the conditions referred to below under the paragraph entitled "Conditions of the Placing and Termination of the Placing Agreement".

Conditions of the Placing

The obligations of Stifel under the Placing Agreement in respect of the Placing Shares are conditional on, amongst other things:

- (a) the Company having complied with its obligations under the Placing Agreement (to the extent that such obligations fall to be performed prior to Admission);
- (b) the passing at the Company's general meeting on 25 June 2019 of the resolution to authorise the issue of the Placing Shares and the Subscription Shares, without amendment; and
- (c) Admission having occurred not later than 8.00 a.m. 26 June 2019 or such later date as the Company and Stifel may agree, but in any event not later than 8.00 a.m. on 10 July 2019.

If (i) any of the conditions contained in the Placing Agreement in relation to the Placing Shares are not fulfilled or waived by Stifel by the respective time or date where specified, (ii) any of such conditions becomes incapable of being fulfilled or (iii) the Placing Agreement is terminated in the circumstances specified below, the Placing will not proceed and the Placee's rights and obligations hereunder in relation to the Placing Shares shall cease and terminate at such time, all monies received from a Placee pursuant to the Placing shall be returned to such Placee without interest, at the risk of the relevant Placee and each Placee agrees that no claim can be made by the Placee in respect thereof.

Stifel, at its discretion and upon such terms as it thinks fit, may waive compliance by the Company with the whole or any part of any of the Company's obligations in relation to the conditions in the Placing Agreement. Any such extension or waiver will not affect Placees' commitments as set out in this Announcement.

Neither Stifel nor the Company nor any other person shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision they may make as to whether or not to waive or to extend the time and/or the date for the satisfaction of any condition to the Placing nor for any decision they may make as to the satisfaction of any condition or in respect of the Placing generally, and by participating in the Placing each Placee agrees that any such decision is within the absolute discretion of Stifel.

Termination of the Placing Agreement

Stifel is entitled at any time before Admission, to terminate the Placing Agreement in relation to its obligations in respect of the Placing Shares by giving notice to the Company if, amongst other things:

- (a) the Company fails, in any material respect, to comply with any of its obligations under the Placing Agreement; or
- (b) it comes to the notice of Stifel that any statement contained in this announcement was untrue, incorrect or misleading at the date of this announcement or has become untrue, incorrect or misleading in each case in any respect which Stifel considers to be material in the context of the Placing or that any matter which Stifel considers to be material in the context of the Placing has arisen which would, if the Placing were made at that time, constitute a material omission therefrom; or

- (c) any of the warranties given by the Company in the Placing Agreement has ceased to be true and accurate in any respect which Stifel considers to be material in the context of the Placing by reference to the facts subsisting at the time when notice to terminate is given; or
- (d) in the opinion of Stifel, acting in good faith, there shall have occurred any material adverse change: or
- (e) there happens, develops or comes into effect: i) a general moratorium on commercial banking activities in London declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United Kingdom; or ii) the outbreak or escalation of hostilities or acts of terrorism involving the United Kingdom or the declaration by the United Kingdom of a national emergency or war; or iii) any other occurrence of any kind which in any such case (by itself or together with any other such occurrence) in the reasonable opinion of Stifel is likely to materially and adversely affect the market's position or prospects of the Company taken as a whole; or iv) any other crisis of international or national effect or any change in any currency exchange rates or controls or in any financial, political, economic or market conditions or in market sentiment which, in any such case, in the reasonable opinion of Stifel is materially adverse.

If the Placing Agreement is terminated in accordance with its terms, the rights and obligations of each Placee in respect of the Placing as described in this announcement shall cease and terminate at such time, all monies received from a Placee pursuant to the Placing shall be returned to such Placee without interest, at the risk of the relevant Placee and each Placee agrees that no claim can be made by or on behalf of the Placee (or any person on whose behalf the Placee is acting) in respect thereof.

Placing Procedure

Placees shall acquire the Placing Shares to be issued pursuant to the Placing and any allocation of the Placing Shares to be issued pursuant to the Placing will be notified to them on or around 6 June 2019 (or such other time and/or date as the Company and Stifel may agree).

Payment in full for any Placing Shares so allocated in respect of the Placing at the Placing Price must be made by no later than 26 June 2019 (or such other date as shall be notified to each Placee by Stifel) on the expected closing date of the Placing. Stifel or the Company will notify Placees if any of the dates in these terms and conditions should change.

Registration and Settlement

Settlement of transactions in the Placing Shares following Admission of the Placing Shares will take place within the CREST system, subject to certain exceptions. Stifel and the Company reserve the right to require settlement for, and delivery of, the Placing Shares to Placees by such other means that they deem necessary if delivery or settlement is not possible within the CREST system within the timetable set out in this announcement or would not be consistent with the regulatory requirements in the Placee's jurisdiction. Each Placee will be deemed to agree that it will do all things necessary to ensure that delivery and payment is completed in accordance with either the standing CREST or certificated settlement instructions which they have in place with Stifel.

Settlement for the Placing will be on a T+14 and delivery versus payment basis and settlement is expected to take place on or around 26 June 2019. Interest is chargeable daily on payments to the extent that value is received after the due date from Placees at the rate of 2 percentage points above prevailing LIBOR. Each Placee is deemed to agree that if it does not comply with these obligations, Stifel may sell any or all of the Placing Shares allocated to it on its behalf and retain from the proceeds, for its own account and benefit, an amount equal to the aggregate amount owed by the Placee plus any interest due. By communicating a bid for Placing Shares, each Placee confers on Stifel all such authorities and powers necessary to carry out any such sale and agrees to ratify and confirm all actions which Stifel

lawfully take in pursuance of such sale. The relevant Placee will, however, remain liable for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties) which may arise upon any transaction in the Placing Shares on such Placee's behalf.

Acceptance

By participating in the Placing, a Placee (and any person acting on such Placee's behalf) irrevocably acknowledges, confirms, undertakes, represents, warrants and agrees (as the case may be) with Stifel and the Company, the following:

1. to subscribe at the Placing Price for those Placing Shares allocated to it by Stifel;
2. it has read and understood this announcement (including these terms and conditions) in its entirety and that it has neither received nor relied on any information given or any investigations, representations, warranties or statements made at any time by any person in connection with Admission, the Placing, the Company, the Placing Shares, or otherwise, other than the information contained in this announcement (including these terms and conditions) that in accepting the offer of its placing participation it will be relying solely on the information contained in this announcement (including these terms and conditions) and undertakes not to redistribute or duplicate such documents;
3. its oral or written commitment will be made solely on the basis of the information set out in this announcement and the information publicly announced to a Regulatory Information Service by or on behalf of the Company on the date of this announcement, such information being all that such Placee deems necessary or appropriate and sufficient to make an investment decision in respect of the Placing Shares and that it has neither received nor relied on any other information given, or representations or warranties or statements made, by Stifel or the Company nor any of their respective affiliates and neither Stifel nor the Company will be liable for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement;
4. the content of this announcement and these terms and conditions are exclusively the responsibility of the Company and agrees that neither Stifel nor any of its affiliates nor any person acting on behalf of any of them will be responsible for or shall have liability for any information, representation or statements contained therein or any information previously published by or on behalf of the Company, and neither Stifel nor the Company, nor any of their respective affiliates or any person acting on behalf of any such person will be responsible or liable for a Placee's decision to accept its placing participation;
5. (i) it has not relied on, and will not rely on, any information relating to the Company contained or which may be contained in any research report or investor presentation prepared or which may be prepared by Stifel or any of its affiliates; (ii) none of Stifel, its affiliates or any person acting on behalf of any of such persons has or shall have any responsibility or liability for public information relating to the Company; (iii) none of Stifel, its affiliates or any person acting on behalf of any of such persons has or shall have any responsibility or liability for any additional information that has otherwise been made available to it, whether at the date of publication of such information, the date of these terms and conditions or otherwise; and that (iv) none of Stifel, its affiliates or any person acting on behalf of any of such persons makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of any such information referred to in (i) to (iii) above, whether at the date of publication of such information, the date of this announcement or otherwise;
6. it has made its own assessment of the Company and has relied on its own investigation of the business, financial or other position of the Company in deciding to participate in the Placing, and has satisfied itself concerning the relevant tax, legal, currency and other economic considerations relevant to its decision to participate in the Placing;

7. it is acting as principal only in respect of the Placing or, if it is acting for any other person (i) it is duly authorised to do so and has full power to make the acknowledgments, representations and agreements herein on behalf of each such person, (ii) it is and will remain liable to the Company and Stifel for the performance of all its obligations as a Placee in respect of the Placing (regardless of the fact that it is acting for another person), (iii) if it is in the United Kingdom, it is a person (a) who has professional experience in matters relating to investments and who falls within the definition of "investment professionals" in Article 19(5) of the Order or who falls within Article 49(2) of the Order, and (b) is a qualified investor" as defined in section 86 of the Financial Services and Markets Act 2000 (the "**FSMA**"), (iv) if it is in a member state of the EEA, it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive, and (v) if it is a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, the Placing Shares subscribed by it in the Placing are not being acquired on a nondiscretionary basis for, or on behalf of, nor will they be acquired with a view to their offer or resale to persons in a member state of the EEA in circumstances which may give rise to an offer of shares to the public, other than their offer or resale to qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive in a member state of the EEA which has implemented the Prospectus Directive;
8. if it has received any confidential price sensitive information about the Company in advance of the Placing, it has not (i) dealt in the securities of the Company; (ii) encouraged or required another person to deal in the securities of the Company; or (iii) disclosed such information to any person, prior to the information being made generally available;
9. it has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Terrorism Act 2006, the Criminal Justice (Money Laundering and Terrorism Financing) Act 2010 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and any related or similar rules, regulations or guidelines, issued, administered or enforced by any government agency having jurisdiction in respect thereof (the "**Regulations**") and, if it is making payment on behalf of a third party, it has obtained and recorded satisfactory evidence to verify the identity of the third party as may be required by the Regulations;
10. it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Placing Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person;
11. it is not acting in concert (within the meaning given in the City Code on Takeovers and Mergers) with any other Placee or any other person in relation to the Company;
12. it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Placing Shares in, from or otherwise involving the United Kingdom;
13. unless otherwise agreed by the Company (after agreement with Stifel), it is not, and at the time the Placing Shares are subscribed for and purchased will not be, subscribing for and on behalf of a resident of the United States, Canada, Australia, Japan, the Republic of South Africa or any other Excluded Territory and further acknowledges that the Placing Shares have not been and will not be registered under the securities legislation of any Excluded Territory and, subject to certain exceptions, may not be offered, sold, transferred, delivered or distributed, directly or indirectly, in or into those jurisdictions;
14. it does not expect Stifel to have any duties or responsibilities towards it for providing protections afforded to clients under the rules of the FCA Handbook (the "**Rules**") or advising it with regard to the Placing Shares and that it is not, and will not be, a client of Stifel as defined

by the Rules. Likewise, any payment by it will not be treated as client money governed by the Rules;

15. any exercise by Stifel of any right to terminate the Placing Agreement or of other rights or discretions under the Placing Agreement or the Placing shall be within Stifel's absolute discretion and Stifel shall not have any liability to it whatsoever in relation to any decision to exercise or not to exercise any such right or the timing thereof;
16. it has the funds available to pay for the Placing Shares which it has agreed to acquire and acknowledges, agrees and undertakes that it will make payment to Stifel for the Placing Shares allocated to it in accordance with the terms and conditions of this announcement on the due times and dates set out in this announcement, failing which the relevant Placing Shares may be placed with others on such terms as Stifel may, in its absolute discretion determine without liability to the Placee and it will remain liable for any shortfall below the net proceeds of such sale and the placing proceeds of such Placing Shares and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties due pursuant to the terms set out or referred to in this Announcement) which may arise upon the sale of such Placee's Placing Shares on its behalf;
17. it will not distribute, forward, transfer or otherwise transmit this announcement or any part of it, or any other presentational or other materials concerning the Placing in or into any Excluded Territory (including electronic copies thereof) to any person, and it has not distributed, forwarded, transferred or otherwise transmitted any such materials to any person;
18. neither it, nor the person specified by it for registration as a holder of Placing Shares is, or is acting as nominee(s) or agent(s) for, and that the Placing Shares will not be allotted to, a person/person(s) whose business either is or includes issuing depository receipts or the provision of clearance services and therefore that the issue to the Placee, or the person specified by the Placee for registration as holder, of the Placing Shares will not give rise to a liability under any of sections 67, 70, 93 and 96 of the Finance Act 1986 (depository receipts and clearance services) and that the Placing Shares are not being acquired in connection with arrangements to issue depository receipts or to issue or transfer Placing Shares into a clearance system;
19. the person who it specifies for registration as holder of the Placing Shares will be (i) itself or (ii) its nominee, as the case may be, and acknowledges that Stifel and the Company will not be responsible for any liability to pay stamp duty or stamp duty reserve tax (together with interest and penalties) resulting from a failure to observe this requirement; and each Placee and any person acting on behalf of such Placee agrees to participate in the Placing on the basis that the Placing Shares will be allotted to a CREST stock account of Stifel who will hold them as nominee on behalf of the Placee until settlement in accordance with its standing settlement instructions with it;
20. where it is acquiring Placing Shares for one or more managed accounts, it is authorised in writing by each managed account to acquire Placing Shares for that managed account;
21. if it is a pension fund or investment company, its acquisition of any Placing Shares is in full compliance with applicable laws and regulations;
22. it and/or each person on whose behalf it is participating (i) is entitled to acquire Placing Shares pursuant to the Placing under the laws and regulations of all relevant jurisdictions; (ii) has fully observed such laws and regulations; and (iii) has the capacity and has obtained all requisite authorities and consents (including, without limitation, in the case of a person acting on behalf of a Placee, all requisite authorities and consents to agree to the terms set out or referred to in this Appendix) under those laws or otherwise and has complied with all necessary formalities to enable it to enter into the transactions and make the acknowledgements, agreements, indemnities, representations, undertakings and warranties contemplated hereby and to perform

and honour its obligations in relation thereto on its own behalf (and in the case of a person acting on behalf of a Placee on behalf of that Placee); (iv) does so agree to the terms set out in this Appendix and does so make the acknowledgements, agreements, indemnities, representations, undertakings and warranties contained in this Announcement on its own behalf (and in the case of a person acting on behalf of a Placee on behalf of that Placee); and (v) is and will remain liable to the Company and Stifel for the performance of all its obligations as a Placee of the Placing (whether or not it is acting on behalf of another person);

23. it is aware of the obligations regarding insider dealing in the Criminal Justice Act 1993, market abuse under the MAR and the Proceeds of Crime Act 2002 and confirms that it has and will continue to comply with those obligations;
24. in order to ensure compliance with the Money Laundering Regulations 2017, Stifel (for itself and as agent on behalf of the Company) or the Company's registrars may, in their absolute discretion, require verification of its identity. Pending the provision to Stifel or the Company's registrars, as applicable, of evidence of identity, definitive certificates in respect of the Placing Shares may be retained at Stifel's absolute discretion or, where appropriate, delivery of the Placing Shares to it in uncertificated form may be delayed at Stifel's or the Company's registrars', as the case may be, absolute discretion. If within a reasonable time after a request for verification of identity Stifel (for itself and as agent on behalf of the Company) or the Company's registrars have not received evidence satisfactory to them, Stifel and/or the Company may, at their absolute discretion, terminate their commitment in respect of the Placing, in which event the monies payable on acceptance of allotment will, if already paid, be returned without interest to the account of the drawee's bank from which they were originally debited;
25. it has not offered or sold and will not offer or sell any Placing Shares to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 85(1) of the FSMA;
26. it has not offered or sold and will not offer or sell any Placing Shares to persons in any member state of the EEA prior to Admission except to persons whose ordinary activities involve them acquiring, holding, managing or disposing of investments (as principal or agent) for the purpose of their business or otherwise in circumstances which have not resulted and will not result in an offer to the public in any member state of the EEA within the meaning of the Prospectus Directive;
27. participation in the Placing is on the basis that, for the purposes of the Placing, it is not and will not be a client of Stifel and that Stifel do not have any duties or responsibilities to it for providing the protections afforded to its clients nor for providing advice in relation to the Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement or the contents of these terms and conditions;
28. to provide Stifel or the Company (as relevant) with such relevant documents as they may reasonably request to comply with requests or requirements that either they or the Company may receive from relevant regulators in relation to the Placing, subject to its legal, regulatory and compliance requirements and restrictions;
29. any agreements entered into by it pursuant to these terms and conditions shall be governed by and construed in accordance with the laws of England and Wales and it submits (on its behalf and on behalf of any Placee on whose behalf it is acting) to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter arising out of any such contract, except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by Stifel in any jurisdiction

in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange;

30. to fully and effectively indemnify and hold harmless the Company, Stifel and each of their respective affiliates (as defined in Rule 501(b) under the Securities Act) and each person, if any, who controls Stifel within the meaning of Section 15 of the Securities Act or Section 20 of the US Exchange Act of 1934, as amended, and any such person's respective affiliates, subsidiaries, branches, associates and holding companies, and in each case their respective directors, employees, officers and agents from and against any and all losses, claims, damages and liabilities (i) arising from any breach by such Placee of any of the provisions of these terms and conditions and (ii) incurred by Stifel and/or the Company arising from the performance of the Placee's obligations as set out in these terms and conditions;
31. to indemnify on an after-tax basis and hold the Company, Stifel and any of their affiliates and any person acting on their behalf harmless from any and all losses, claims, damages, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgments, agreements and undertakings in these terms and conditions and further agrees that the provisions of these terms and conditions shall survive after completion of the Issue;
32. in making any decision to subscribe for the Placing Shares, (i) it has knowledge and experience in financial, business and international investment matters as is required to evaluate the merits and risks of acquiring the Placing Shares; (ii) it is experienced in investing in securities of this nature and is aware that it may be required to bear, and is able to bear, the economic risk of, and is able to sustain a complete loss in connection with, the Placing; (iii) it has relied on its own examination, due diligence and analysis of the Company and its affiliates taken as a whole, including the markets in which the Company operates, and the terms of the Placing, including the merits and risks involved; (iv) it has had sufficient time to consider and conduct its own investigation with respect to the offer and purchase of the Placing Shares, including the legal, regulatory, tax, business, currency and other economic and financial considerations relevant to such investment and (v) will not look to Stifel or any of their respective affiliates or any person acting on their behalf for all or part of any such loss or losses it or they may suffer;
33. its commitment to acquire Placing Shares will continue notwithstanding any amendment that may in future be made to the terms and conditions of the Placing, and that Placees will have no right to be consulted or require that their consent be obtained with respect to the Company's or Stifel's conduct of the Placing; and
34. Stifel and the Company and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and undertakings which are irrevocable.

Please also note that the agreement to allot and issue Placing Shares to Placees (or the persons for whom Placees are contracting as agent) free of stamp duty and stamp duty reserve tax in the UK relates only to their allotment and issue to Placees, or such persons as they nominate as their agents, direct from the Company for the Placing Shares in question. Such agreement assumes that such Placing Shares are not being acquired in connection with arrangements to issue depositary receipts or to transfer such Placing Shares into a clearance service. If there were any such arrangements, or the settlement related to other dealing in such Placing Shares, stamp duty or stamp duty reserve tax may be payable, for which none of the Company nor Stifel would be responsible and Placees shall indemnify the Company, Stifel on an after-tax basis for any stamp duty or stamp duty reserve tax paid by them in respect of any such arrangements or dealings. Furthermore, each Placee agrees to indemnify on an after-tax basis and hold each of Stifel and/or the Company and their respective affiliates harmless from any and all interest, fines or penalties in relation to stamp duty, stamp duty reserve tax and all other similar duties or taxes to the extent that such interest, fines or penalties arise from the unreasonable default or delay of that Placee or its agent. If this is the case, it would be sensible for Placees to take their own advice and they

should notify Stifel accordingly. In addition, Placees should note that they will be liable for any capital duty, stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the UK by them or any other person on the acquisition by them of any Placing Shares or the agreement by them to acquire any Placing Shares.

Selling Restrictions

By participating in the Placing, a Placee (and any person acting on such Placee's behalf) irrevocably acknowledges, confirms, undertakes, represents, warrants and agrees (as the case may be) with Stifel and the Company, the following:

1. it is not a person who has a registered address in, or is a resident, citizen or national of, a country or countries, in which it is unlawful to make or accept an offer to subscribe for Placing Shares;
2. it has fully observed and will fully observe the applicable laws of any relevant territory, including complying with the selling restrictions set out herein and obtaining any requisite governmental or other consents and it has fully observed and will fully observe any other requisite formalities and pay any issue, transfer or other taxes due in such territories;
3. if it is in the United Kingdom, it is a person (i) who has professional experience in matters relating to investments and who falls within the definition of "investment professionals" in Article 19(5) of the Order or who falls within Article 49(2) of the Order, and (ii) is a "qualified investor" as defined in section 86 of the FSMA;
4. if it is in a member state of the EEA, it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive;
5. it is a person whose ordinary activities involve it (as principal or agent) in acquiring, holding, managing or disposing of investments for the purpose of its business and it undertakes that it will (as principal or agent) acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business;
6. it is and, at the time the Placing Shares are acquired, will be outside the United States, purchasing in an offshore transaction pursuant to Regulation S;
7. none of the Placing Shares have been or will be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States;
8. none of the Placing Shares may be offered, sold, taken up or delivered directly or indirectly, in whole or in part, into or within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States;
9. if it is in South Africa, it is a person falling within a category of person listed in section 96 of the South African Companies Act, 2008 as not being a member of the public;
10. If it is in Australia, it is a person who falls within an exemption from disclosure to investors in Australia under the Australian Corporations Act 2001 (Cth) (the "**Corporations Act**"), including a "sophisticated investor" within the meaning of Section 708(8) of the Corporations Act or a "professional investor" within the meaning of Section 708(11) of the Corporations Act or a "wholesale client" within the meaning of Section 761(G) of the Corporations Act;
11. it (on its behalf and on behalf of any Placee on whose behalf it is acting) has (a) fully observed the laws of all relevant jurisdictions which apply to it; (b) obtained all governmental and other

consents which may be required; (c) fully observed any other requisite formalities; (d) paid or will pay any issue, transfer or other taxes; (e) not taken any action which will or may result in the Company or Stifel (or either of them) being in breach of a legal or regulatory requirement of any territory in connection with the Placing; (f) obtained all other necessary consents and authorities required to enable it to give its commitment to subscribe for the relevant Placing Shares and (g) the power and capacity to, and will, perform its obligations under the terms contained in these terms and conditions.

Miscellaneous

The Company reserves the right to treat as invalid any application or purported application for Placing Shares that appears to the Company or its agents to have been executed, effected or dispatched from the United States or an Excluded Territory or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates of Placing Shares in an Excluded Territory or the United States, or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates.

When a Placee or person acting on behalf of the Placee is dealing with Stifel, any money held in an account with Stifel on behalf of the Placee and/or any person acting on behalf of the Placee will not be treated as client money within the meaning of the rules and regulations of the FCA made under the FSMA. The Placee acknowledges that the money will not be subject to the protections conferred by the client money rules; as a consequence, this money will not be segregated from Stifel's money in accordance with the client money rules and will be used by Stifel in the course of their own business; and the Placee will rank only as a general creditor of Stifel.

Times

Unless the context otherwise requires, all references to time are to London time. All times and dates in these terms and conditions may be subject to amendment. Stifel will notify Placees and any persons acting on behalf of the Placees of any changes.

APPENDIX 2 – CERTAIN RISKS

Any investment in the Company is subject to a number of risks. Accordingly, prospective investors should carefully consider the risks set out below as well as the other information contained in this Announcement and any other publicly available information about the Company before making a decision whether to invest in the Company. The risks described below are not the only risks that the Company faces. Additional risks and uncertainties that the Directors are not aware of or that the Directors currently believe are immaterial may also impair the Company's operations. Any of these risks may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. In that case, the price of the Ordinary Shares could decline and investors may lose all or part of their investment. Prospective investors should consider carefully whether an investment in the Company is suitable for them in light of the information in this document and their personal circumstances.

Before making an investment, prospective investors are strongly advised to consult an investment adviser authorised under FSMA who specialises in investments of this kind. A prospective investor should consider carefully whether an investment in the Company is suitable in the light of his or her personal circumstances, the financial resources available to him or her and his or her ability to bear any loss which might result from such investment.

The following factors, which are not presented in any order of priority, do not purport to be a complete list or explanation of all the risks involved in investing in the Company. In particular, the Company's performance may be affected by changes in the market and/or economic conditions and in legal, regulatory, tax and operational requirements.

1. Risks relating to the Company and its operations

Future Drilling

There can be no certainty that the P2252 and P2437 licence partners will elect to drill the Selene and Pensacola prospects on the current time frame or at all, particularly if results from ongoing evaluation and the forthcoming 3D seismic programme at P2252 do not confirm the Company's or licence partner's expectations.

Ability to exploit successful discoveries

There is no certainty that the Company will locate hydrocarbons which are economically exploitable. It may not always be possible for the Company to participate in the exploitation of any successful discoveries which may be made in any areas in which it has an interest. Such exploitation will involve the need to obtain further licences or clearances from the relevant authorities, which may require conditions to be satisfied and/or the exercise of discretion by such authorities. It may or may not be possible for such conditions to be satisfied.

In addition, the decision to proceed with further exploitation may require the participation of other companies whose interests and objectives may not be the same as the Company. Such further work may require the Company to meet or commit to financing obligations for which it may not have adequately planned.

Access to major infrastructure such as pipelines for the transport of crude oil and natural gas may require the participation of other companies whose interests and objectives may not be the same as those of the Company.

Retention of key business relationships

The Company relies on strategic relationships with other entities such as Shell. While the Directors have no reason to believe otherwise, there can be no assurance that its existing relationships will

continue to be maintained or that new ones will be successfully formed. The Company could be adversely affected by changes to such relationships or difficulties in forming new ones. Any circumstance which causes the early termination or non-renewal of one or more of the Company's key business alliances or contracts, could adversely impact the Company, its business, operating results and prospects.

Partner and contractor risks

The Directors may resolve in the future for the Company to participate with other companies, in the acquisition, exploration, development and production of oil assets, thereby allowing for its participation in larger programmes, permitting involvement in a greater number of programmes and reducing financial exposure in respect of any one particular programme. It may also occur that a particular partner company will assign all or a portion of its interest in a particular programme to another company due to the financial position of the company making the assignment. In determining whether or not the Company will participate in a particular programme and the interest therein to be acquired by it, the Directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time. In addition, the Company is exposed to various risks related to its partners and contractors that may adversely affect its proposed activities and licence interests, including:

- (i) financial failure, non-compliance with obligations or default by a participant in any joint venture arrangement to which it is, or may become, a party;
- (ii) insolvency or other managerial failure by any of the contractors used by any joint venture partner in its exploration and production activities; and
- (iii) insolvency or other managerial failure by any of the other service providers used by any joint venture or farm-in party for any activity.

Insurance

Although the Company believes that it will carry adequate insurance with respect to its operations in accordance with industry practice, in certain circumstances the Company's insurance may not cover or be adequate to cover the consequences of all its operations. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of operations of the Company.

There is a risk that insurance premiums may increase to a level where the Company considers it is unreasonable, or not in its interests, to maintain insurance cover, or not to a level of coverage which is in accordance with industry practice. In addition, the Company may, following a cost-benefit analysis, elect not to insure certain risks on the grounds that the amount of premium payable for that risk is excessive when compared to the potential benefit to the Company of the insurance cover. However, the Company will endeavour to ensure adequate insurance is in place to provide cover for blow-outs, underground blow-outs and resulting pollution or environmental damage.

Potential requirement for further investment

The Company is likely to remain cash flow negative for some time and, although the Directors have confidence in the future revenue earning potential of the Company, subject to its exploration activities being successful, there can be no certainty that the Company will achieve or sustain profitability or positive cash flow from its operating activities. The Company may require additional capital in the future for the exploitation of any discoveries, the exploration and (if applicable) exploitation of additional licences which it is successful in acquiring and/or otherwise for its growth strategy and any unforeseeable events, whether from equity or debt sources. There can be no guarantee that the necessary funds will be available on a timely basis, on favourable terms, or at all, or that such funds, if raised, would be sufficient. If additional funds are raised by issuing equity securities, dilution to the then existing shareholdings may result. Debt finance providers may impose onerous covenants on the Company. The level and timing of future expenditure will depend on a number of factors, many of which are outside of the Company's control. If the Company is not able to obtain additional capital on acceptable terms, or at all, it may be forced to curtail or abandon its growth strategy and intended operations.

Farm Out Risks

The Company's strategy is to attract major industry partners to either farm-in to the Company's assets prior to development. There can be no guarantee that the Company will be able to do so on attractive terms or at all.

The farm out by the Company of a 50 per cent. working interest in its P2437 to Shell is not yet complete and is subject to OGA approval and the agreement between the Company and Shell of a JOA. There can be no certainty that OGA approval will be forthcoming and/or that agreement on a JOA will be reached between the Company or Shell, and thus there can be no certainty that the farm out will complete.

Reliance on third party infrastructure

The Company's asset development is dependent upon the current and future availability of third party infrastructure which if it fails, or is not, or ceases to be, available on reasonable commercial terms, or at all, may result in delays to field development and production or impossibility of field development and production which would result in delayed, lower than expected or no cash generation by the Company. This would have a material adverse effect on the Company's business, prospects, financial condition and operations.

2. General industry-related risks

Exploration risks

The business of exploration for oil and gas involves a high degree of risk. Drilling may result in unprofitable efforts, not only with respect to dry wells, but also with respect to wells which, though yielding some hydrocarbons, are not sufficiently productive to justify commercial development. Furthermore, the successful completion of a well does not assure a profit on investment or recovery of drilling, completion and operating costs.

Resource and reserve estimates and lack of an independent prospective resources or reserves report

Hydrocarbon resource and reserve estimates are expressions of judgement based on knowledge, experience and industry practice. They are therefore imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Estimates that were reasonable when made may change significantly when new information from additional drilling and analysis becomes available. This may result in alterations to development and production plans which may, in turn, adversely affect operations. The reserves and resources estimates and the economic valuations of the Company's prospects are based on sources and information generated by the Company and are not based on an independent prospective resources or reserves report or any other independent source.

Estimates of the possible hydrocarbon resources that might be hosted on the licence areas where the Company has, or may in the future have, interests should not be taken to imply that any hydrocarbon resources are present in these structures.

Title and other regulatory obligations

The Company's exploration rights will be subject to applications for renewal or grant or for an extension of the activities it covers, including to enable exploitation in the event of a commercial discovery (as the case may be). The renewal or grant of the term of each licence, or extension of its scope, is, or may be, at the discretion of the relevant government authority. If a licence is not renewed or granted, or if its scope is not extended, the Company may suffer significant damage through loss of the opportunity to develop and discover any hydrocarbon resources on that licence area.

Under the contractual agreements to which the Company is or may in the future become party, the Company is or may become subject to material payment and other obligations.

Moreover, as has historically been the case, if the Company does not meet its work and/or expenditure obligations under any licences in which it has a participating interest this may lead to dilution of its interest in, or the loss of, the particular licence.

Reliance on Third Party Service Providers

The Company's operations are dependent on the availability of vessels, rigs, long lead items and equipment, and offshore services, including third party services in the UKCS. The Company contracts or leases services and equipment from third party providers and suppliers. Such equipment and services may be scarce and may not be readily available at the times and places required and/or the specific service providers that the Company wishes to engage with may not be available at the relevant times.

Even where the Company has secured vessels or rigs under a contract, the vessels or rigs will usually only be available for use after the previous user has finished its work programme. If there are delays in the completion of the previous user's work programme, the Company could be delayed in procuring contracted vessels or rigs. Under the terms of its licences, the Company may have a work commitment to be carried out within a certain time frame. The Company, therefore, risks losing licences if it is delayed in obtaining, or fails to obtain, vessels or rigs and thus fails to meet its licence commitments.

The scarcity of third party services and equipment (specifically, vessels, rigs and long lead items) as well as any increases in their costs, together with the failure of a third-party provider or supplier to perform its contractual obligations, or an inability to achieve a commercially viable contract with a third-party provider or supplier could delay, restrict or lower the profitability and viability of the Company's activities. This could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Operating risks

Exploration and development activities may be delayed or adversely affected by factors outside the control of the Company. These include adverse climatic conditions, the performance of joint venture or farm-in partners on whom the Company may become reliant, compliance with governmental requirements, or shortage or delays in installing and commissioning plant and equipment. Drilling may involve unprofitable efforts, not only with respect to dry wells, but also with respect to wells which, though yielding some oil or gas, are not sufficiently productive to justify commercial development or cover operating and other costs. Completion of a well does not ensure a profit on the investment or recovery of drilling, completion and operating costs.

Industry operating risks include the risk of fire, explosions, blow-outs, pipe failure, abnormally pressured formations and environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures or discharges of toxic gases, the occurrence of any of which could result in substantial losses to the Company due to injury or loss of life, severe damage to or destruction of property, natural resources and equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigation and penalties and suspension of operations. Damages occurring as a result of such risks may give rise to claims against the Company and its partners which may not be covered, in whole or part, by insurance.

Commercial risks

Even if the assets in which the Company holds interests recover quantities of oil or gas, there is a risk it will not achieve a commercial return. The Company may not be able to transport the oil or gas to commercially viable markets at a reasonable cost or may not be able to sell the oil or gas to customers at a price and quantity which would cover its operating and other costs.

Environmental risks

The operations in which the Company has interests are subject to the environmental risks inherent in the oil and gas exploration and production industry. The Company is subject to environmental laws and regulations in connection with all of its operations. Although the Company intends to be in compliance

in all material respects with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as accidental spills, leakages or other circumstances, which could potentially subject the Company to extensive liability.

Further, any operator or contractor in relation to oil and gas operations may require approval from the relevant authorities before it can undertake activities which are likely to impact the environment. Failure to obtain such approvals or failure to satisfy regular inspections may prevent the Company or the operator from undertaking or continuing its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would adversely affect the Company's operations.

Economic and price risks

Changes in the general economic climate in which the Company operates may adversely affect its financial performance and the value of its assets. In particular, the current and expected future price of oil and gas can change rapidly and significantly and this can have a substantial effect on the value of the Company's assets and the potential future revenue and profits that might be earned from the successful development of those assets. The marketability of any oil and gas discovered will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, capacity of oil and gas pipelines and processing equipment and government regulations including regulations relating to taxation, royalties, allowable production, importing and exporting of oil and gas and environmental protection.

The demand for, and price of, oil and natural gas is highly dependent on a variety of factors including international supply and demand, the level of consumer product demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic and political developments. International oil prices have fluctuated widely in recent years and may continue to fluctuate significantly in the future. Fluctuations in oil and natural gas prices and, in particular, a material decline in the price of oil or natural gas may have a materially adverse effect on the Company's business, financial condition and results of operations. Oil and gas prices could affect the viability of exploring and/or developing the Company's interests.

Development costs

Estimated future development expenditure is based on certain assumptions with respect to the method and timing of development. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company.

Changes in laws and regulation could materially prejudice the Company

The Company's oil and gas operations are principally subject to the applicable laws and regulations in the UK, including those relating to health and safety, the environment and the production, pricing and marketing of oil and gas. In addition, the Company will be subject to laws affecting taxation, royalties and duties. In order to conduct its operations in compliance with these laws and regulations, the Company must obtain licences and permits from various government authorities. The grant, continuity and renewal of the necessary approvals, permits, licences and consents, including the timing of obtaining such licences and the terms on which they are granted, are subject to the discretion of the relevant governmental and local authorities in the United Kingdom and cannot be assured. In addition, the Company may incur substantial costs in order to maintain compliance with these existing laws and regulations and additional costs if these laws are revised or if new laws affecting the Company's operations are passed. No assurance can be given that relevant governments and local authorities will not revoke, or significantly alter the conditions of, the applicable exploration and development approvals, permits, licences and consents or that such exploration and development approvals, permits, licences and consents will not be challenged or impugned by third parties.

Decommissioning Liabilities

The Company, through its licence interests, expects to assume certain obligations in respect of the decommissioning of its wells, fields and related infrastructure. These liabilities are derived from legislative and regulatory requirements concerning the decommissioning of wells and production facilities and require the Company to make provisions for and/or underwrite the liabilities relating to such decommissioning. It is difficult to accurately forecast the costs that the Company will incur in satisfying its decommissioning obligations. When its decommissioning liabilities crystallise, the Company will be liable either on its own or jointly and severally liable for them with any other former or current partners in the field. In the event that it is jointly and severally liable with other partners and such partners default on their obligations, the Company will remain liable and its decommissioning liabilities could be magnified significantly through such default. Any significant increase in the actual or estimated decommissioning costs that the Company incurs may adversely affect its financial condition.

Exchange Rate Fluctuations

The procurement and service contracts, and certain other equipment and offshore services contracts that the Company enters into, are predominantly denominated in US dollars and sterling. The Company's cash and cash equivalents are also predominately held in US dollars and sterling, however, the cash balances held by the Company may not exactly match actual or expected commitments in that currency. Any hedging that the Company enters into is likely to be imperfect. As a result, the Company is potentially exposed to adverse fluctuations in the exchange rates between sterling and US dollars. It is also exposed to any adverse fluctuations in the exchange rates between sterling, US dollars, and other currencies in which the Company may need to make payments, such as Euros.

3. Risks relating to the Placing and the Ordinary Shares

Conditional nature of the Placing and Placing not underwritten

The Placing is conditional on Shareholder approval being granted at the General Meeting and there is no guarantee that the conditions of any element of the Placing will be satisfied. The Placing is not underwritten. If any element of the Placing does not proceed then the Company will not receive the proceeds in respect of that element of the Placing.

Valuation of shares

The Placing Price has been determined by the Company and may not relate to the Company's net asset value, net worth or any established criteria or value. There can be no guarantee that the Ordinary Shares will be able to achieve higher valuations or, if they do so, that such higher valuations can be maintained.

Investment in AIM securities

An investment in shares traded on AIM may be less liquid and is perceived to involve a higher degree of risk than an investment in a company whose shares are listed on the official list of the FCA (the "Official List"). Prospective investors should be aware that the value of the Ordinary Shares may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. Investors may therefore realise less than, or lose all of, their investment.

AIM Rules

The AIM Rules are less onerous than those of the Official List. Neither the FCA nor the London Stock Exchange has examined or approved the contents of this document. Shareholders and prospective investors (as appropriate) should be aware of the risks of investing in AIM quoted shares and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

Dilution of ownership of Ordinary Shares

Subject to certain exceptions, Shareholders' proportionate ownership and voting interest in the Company may be reduced pursuant to the Placing.

Shareholders' ownership may be further diluted by the issuance of further shares and/or the exercise of options and warrants over shares in the Company.

Share price volatility

The market price for the Company's Ordinary Shares is likely to fluctuate in response to a variety of factors, many of which are outside the Company's control.

Potential investors should be aware that the value of securities and the income from them can go down as well as up.

The price which investors may realise for their holding of Ordinary Shares, and when they are able to do so, may be influenced by a large number of factors, some of which are specific to the Company and others of which are extraneous.

Forward looking statements

This document contains forward looking statements, including, without limitation, statements containing words, "believes", "anticipates", "expects" and similar expressions. Such forward looking statements involve unknown risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievements of the Company or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in "Risk Factors". Given these uncertainties prospective investors are cautioned not to place any undue reliance in such forward looking statements. The Company disclaims any obligation to update any such forward looking statements in this document to reflect future events or developments.

Investors should therefore consider carefully whether investment in the Company is suitable for them, in light of the risk factors outlined above, their personal circumstances and the financial resources available to them.