

THIS ANNOUNCEMENT, INCLUDING THE APPENDICES AND THE INFORMATION CONTAINED HEREIN, IS RESTRICTED AND IS NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM THE UNITED STATES, CANADA, AUSTRALIA, JAPAN OR THE REPUBLIC OF SOUTH AFRICA OR ANY OTHER JURISDICTION IN WHICH SUCH RELEASE, PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL. THIS ANNOUNCEMENT HAS NOT BEEN APPROVED BY THE LONDON STOCK EXCHANGE, NOR IS IT INTENDED THAT IT WILL BE SO APPROVED.

## **Pantheon Resources plc**

### **US\$12.5 million Proposed Placing**

Pantheon Resources plc (“Pantheon” or “the Company”), the AIM-quoted oil and gas exploration and development company with a working interest of 50%-58% in several conventional projects in Tyler and Polk Counties, onshore East Texas, is pleased to announce a proposed placing to raise approximately US\$12.5 million.

#### **Highlights**

- Proposed placing of new ordinary shares of £0.01 pence each in the Company (the “Placing Shares”) in order raise gross proceeds of approximately US\$12.5 million.
- The price per Placing Share will be 43 pence (the “Placing Price”).
- Pantheon is in late stage negotiations to acquire an additional 25% working interest (“WI”) in the VOBM#4 well, as well as an option to acquire an additional 25% WI in 7,820 mineral acres surrounding the VOBM#4 well in Tyler County. Whilst negotiations are advanced, there is no certainty that the acquisition and/or option will be completed.
- The proposed cost of acquiring an additional 25% interest in VOBM#4 is the payment of 40% of the forward costs of drilling the sidetrack, estimated to be \$500,000. In the event of success, an additional estimated \$200,000 will be required to complete the well for production.
- Pantheon’s proposed cost to exercise the proposed option over the 7,820 acres is estimated to be c.US\$1.5m, increasing the Company’s WI to 75% in this area. Importantly, it is proposed that this option can be exercised after completion of the VOBM#4 sidetrack.
- Bobby Gray, the principal of Vision, Pantheon’s working interest partner in the leases and operator, Vision Gas Resources LLC (“Vision”), is also proposing to increase his personal working interest in VOBM#4 from 16.67% to 25%.
- Alongside existing cash of c.US\$3m, the new funds will primarily be used to accelerate the Company’s exploration, appraisal and development programme. This is anticipated to include:
  - a second well targeting the Wilcox formation, a well-known and significant regional producing formation;
  - an additional Polk County Eagle Ford sandstone vertical well;
  - a centre basin test well, targeting the Eagle Ford sandstone in Tyler County that was initially the main target for the VOBM #4 well;

- an exploration well on 'Prospect D', the West West Double A prospect in Polk County; and
- the installation of a new gas processing facility in Tyler County to monetise discoveries in the first half of 2018, adding to production anticipated from the new 15mmcf/d production facility in Polk County.

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 28 July 2017, but the Sole Bookrunner and the Company reserve the right to close the Bookbuild earlier or later, without further notice.

Stifel has been appointed as Sole Bookrunner and Panmure Gordon has been appointed as Co-Lead Manager in respect of the Placing.

The Placing Price is equivalent to a discount of 4.4 per cent. to the closing share price on AIM on the 26 July 2017 (being the last Business Day prior to this Announcement).

The number of Placing Shares to be issued will be determined based on the exchange rate between the U.S. dollar and pound sterling on the date on which the Bookbuild is closed. Any reference to gross or net proceeds in this Announcement or any other amount in this Announcement stated in US\$ assumes an exchange rate of 1:0.76, being the exchange rate between the U.S. dollar and pound sterling on 27 July 2017.

John ("Jay") Bishop Cheatham, CEO and Justin Hondris, Finance Director have indicated that they intend to participate in the Placing for an aggregated amount of £70,000. The ultimate allocation to the Directors is at the absolute discretion of the Sole Bookrunner and the Company.

Jay Cheatham, CEO of Pantheon Resources, said:

"This is an opportunity that rarely comes along in the oil and gas business; the ability to increase our working interest from 50% to 75% over 7,820 acres after the unexpected discovery of the potentially commercial Wilcox zone in VOBM#4 was an easy decision. Following the excellent logs we retrieved across the Wilcox zone, we have sought shareholder support to increase our position here and if the sidetrack is successful it will have significant implications across this acreage.

"This in no way diminishes the potential of the Eagle Ford sandstone which remains our primary objective and indeed will be providing us with our first production and cashflows from our Polk County acreage. Importantly, the acreage covered by the proposed option offers potential from all four regionally productive zones: the Wilcox, Navarro, Austin Chalk and Eagle Ford Sandstone.

"This proposed placing will not only give us the means to acquire an increased WI in some of our key licence areas, but it will allow us to accelerate our drilling programme, to continue to unlock the resource potential in Polk and Tyler Counties. We continue to have real confidence in the outlook for the business, our recent drilling campaign, although hit by operational difficulties has allowed us to learn a lot of valuable lessons about appropriate drilling and completion techniques, which we will apply going forward. We have also strengthened our operational capability with the appointment of Philip Gobe and technical consultants Sierra Hamilton and our estimated operating costs remain best in class, estimated to be below \$5 per barrel of oil equivalent."

<b>Pantheon Resources plc</b> Jay Cheatham, CEO Justin Hondris, Director, Finance and Corporate Development	+44 20 7484 5359
<b>Stifel Nicolaus Europe Limited</b> Callum Stewart Nicholas Rhodes Ashton Clanfield	+44 20 7710 7600
<b>Panmure Gordon (UK) Limited</b> Adam James Atholl Tweedie Tom Salvesen	+44 20 7886 2500
<b>FTI Consulting</b> Ed Westropp James Styles	+44 20 3727 1000

**The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation ("MAR"). Upon the publication of this announcement via Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain. If you have any queries on this, then please contact Justin Hondris, Director, Finance and Corporate Development (responsible for arranging release of this announcement) on +44 20 7484 5359.**

### **Background to and reasons for the Placing**

Pantheon has with its lease co-venturer, Vision, been focused on exploring and developing its acreage and has, since July 2015, drilled five exploration and development wells, all of which have discovered hydrocarbons. These discoveries have helped to prove the Company's study on the Eagle Ford study that it completed in partnership with Vision and the Bureau of Economic Geology at the University of Texas, at Austin.

As previously detailed, the Company is currently planning to start frac operations on the VOBM#2H in early August 2017 and will commence drilling of the side track and subsequent testing of the VOBM#4 well at the end of August 2017. The Company is also continuing to progress to first production with the construction of the Kinder Morgan gas processing facility in Polk County estimated to be complete by September 2017.

The Company is keen to progress its exploration and development activities across its Polk and Tyler county acreage, and intends to use the proceeds to accelerate its drilling programme across its acreage.

### **Proposed Accelerated Drilling Programme**

*Wilcox#2 Well*

With the discovery of the Wilcox formation at the VOBM#4, Pantheon and the operator Vision have matured additional drilling targets to further delineate the Wilcox formation across the acreage position.

#### *VOBM#5 Well*

The operator intends to drill a development step out well from the Company's existing Polk County wells. This well will, if successful contribute to the Company's planned production Polk County.

#### *Centre Basin Test Well*

With new funding in place, the Company can also move forward to drill the centre basin test in Tyler County, which would be designed to appraise the lateral extent of the significant Eagle Ford sandstone basin.

#### *Prospect D Well*

The Company will drill a well on Prospect D in the West West Double A Prospect in Polk County. This well will target a significant exploration prospect to the west of the Company's existing Polk county discoveries.

#### *Tyler County Gas Plant*

Following the successful testing of the VOS#1 well and depending on results of the VOBM#4 well and the subsequent proposed Wilcox#2 well, the Company intends to order and install a gas processing plant in Tyler County, as already done in Polk County.

### **Use of Proceeds**

The gross proceeds receivable by the Company pursuant to the Fundraising are expected to be US\$12.5m. The Company intends to use the proceeds together with its existing cash resources, which as at 27 July were c.US\$3 million and potential future cash flow from production to fund its forward capital programme:

<b>Fixed Capex</b>	<b>\$m</b>
Balance of Polk County Gas Plant	0.6
Completion of VOBM#2H Frac	0.3
Completion of VOBM#4 Sidetrack	0.3
Lease Renewals (1)	1.4
G&A(1)	0.7
<b>Total</b>	<b>3.3</b>
<b>VOBM#4 and Tyler County Acreage</b>	<b>\$m</b>
Exercise VOBM#4 Well Option	0.7
Exercise Tyler County Acreage Option	1.5
<b>Total</b>	<b>2.2</b>
<b>Optional Capex</b>	<b>\$m</b>
Wilcox#2 Well (75% WI)	1.9
VOBM#5 Well (58% WI)	2.0
Centre Basin Test Well (50% - 75% WI)	3.0 – 4.5
Tyler County Gas Plant	1.3
Prospect D Wells	2.5

<b>Total</b>	<b>10.6 – 12.6</b>
<b>Total</b>	<b>16.1 – 17.6</b>

In addition to the above funding requirements, the Company will incur financing costs in relation to the Placing, which will be funded out of the gross proceeds of the Placing.

## **Operational Update**

### *Lease Renewals*

The Company currently holds interests in several thousand leases across its Polk and Tyler county acreage. These leases require periodic renewal, where they are not held by production or activity. This is in the normal course of business for companies operating in the US oil and gas industry.

The Company recently renewed a number of leases and is pleased to report that it has been able to renew on improved lease terms, a reflection of the declining level of activity in the region and from the lower oil price environment.

### *Current Lease Dispute*

Pantheon and Vision have a dispute with two third parties regarding interests in certain acreage in Polk County covering the VOBM#1 and VOBM#2H well units. Pantheon and Vision believe it commercially sensible to reach a contractual settlement. Subject to contract, anticipated settlement terms will result in Pantheons WI in the units associated with these two wells being reduced from 58% to 55.1%, after well payout. Should any future well units include acreage from this dispute, Pantheon's WI in those units will be reduced by a maximum of 2.9%, subject to the third party paying its share of costs of that well. The third party will also be obliged to pay processing and marketing charges related to production.

### *Gulf South Pipeline Maintenance*

The Company has been informed by Gulf South Pipeline Company that maintenance will be undertaken on the main trunkline, through which the Company will transport its gas production, during the period September through mid-November 2017. This will result in some disruption to production from our Polk County wells during the period. The likely impact on Pantheon will be a deferral of production volumes until late November.

## **Details of the Placing**

The Placing will be effected by way of the Bookbuild to be managed by Stifel and will be conducted in accordance with the terms and conditions set out in Appendix 1 and subject to the risks described in Appendix 2. The Bookbuild will commence with immediate effect and is expected to close no later than 8.00 a.m. on 28 July 2017, but Stifel and the Company reserve the right to close the Bookbuild earlier or later, without further notice.

The timing of the closing of the Bookbuild and allocations are at the absolute discretion of Stifel and the Company. The number of Placing Shares will be agreed by the Company with Stifel at the close of the Bookbuild. Details of the number of Placing Shares will be announced as soon as practicable after the close of the Bookbuild.

The Placing Shares will be allotted and issued free of all liens, charges and encumbrances and will, when issued and fully paid, rank pari passu in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of their issue. Application will be made for the Placing Shares to be

admitted to trading on AIM. It is expected that Admission and dealings in Placing Shares will commence at 8.00 am on 1 August 2017.

This Announcement should be read in its entirety. In particular, your attention is drawn to the section of this Announcement headed "Important Information", to the detailed terms and conditions of the Placing and further information relating to the Bookbuild described in Appendix 1 and to Appendix 2 which contains detail of certain risks relating to the Fundraising. 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 detailed terms and conditions in Appendix 1 and risks set out in Appendix 2) and to be making such offer on the terms and subject to the conditions in it, and to be providing the representations, warranties, acknowledgements and undertakings contained in Appendix 1.

## Definitions and Glossary of Technical Terms

### DEFINITIONS

The following definitions apply throughout this announcement, unless the context requires otherwise:

<b>"Admission"</b>	the admission to trading on AIM of the Placing Shares becoming effective in accordance with Rule 6 of the AIM Rules for Companies, which is expected to take place on or around 1 August 2017
<b>"AIM"</b>	the market of that name operated by the London Stock Exchange
<b>"Articles"</b>	the existing articles of association of the Company as at the date of this announcement
<b>"ASIC"</b>	the Australian Securities and Investments Commission
<b>"Board" or "Directors"</b>	the directors of the Company from time to time
<b>"Bookbuild"</b>	the bookbuilding process to be conducted by the Co-Lead Managers to arrange participation by certain Placées in the Placing which will establish the number of Placing Shares
<b>"Co-Lead Managers"</b>	Stifel and Panmure Gordon and <b>"Co-Lead Manager"</b> or <b>"Relevant Co-Lead Manager"</b> shall mean any one of them, as the context requires
<b>"Company" or "Pantheon"</b>	Pantheon Resources Plc
<b>"CREST"</b>	the relevant system for the paperless settlement of trades and the holding of uncertificated securities operated by Euroclear UK & Ireland in accordance with the CREST Regulations
<b>"CREST member"</b>	a person who has been admitted by Euroclear UK & Ireland as a system-member (as defined in the CREST Regulations)
<b>"CREST participant"</b>	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations)
<b>"CREST Regulations"</b>	the Uncertificated Securities Regulations 2001, as amended
<b>"Euroclear UK &amp;</b>	<b>Euroclear UK &amp; Ireland Limited, the operator of CREST</b>

<b>Ireland"</b>	
<b>"FCA"</b>	the Financial Conduct Authority of the United Kingdom
<b>"FSMA"</b>	the Financial Services and Markets Act 2000 (as amended)
<b>"Group"</b>	the Company, together with its subsidiary undertakings
<b>"ISIN"</b>	International Securities Identification Number
<b>"London Stock Exchange"</b>	London Stock Exchange plc
<b>"Ordinary Shares" or "Shares"</b>	ordinary shares of £0.01 each in the capital of the Company
<b>"Panmure Gordon"</b>	Panmure Gordon (UK) Limited
<b>"Placees"</b>	the persons by whom or on whose behalf a commitment to acquire Placing Shares will be or has been given
<b>"Placing"</b>	the placing of the Placing Shares at the Placing Price by the Co-Lead Managers and the Company on the terms and subject to the conditions set out in this Placing Announcement and the Placing Agreement
<b>"Placing Agreement"</b>	the conditional agreement dated on or around 27 July 2017 between the Company and the Co-Lead Managers relating to the Placing
<b>"Placing Price"</b>	the price per Ordinary Share to be agreed between the Co-Lead Managers and the Company and to be paid per Placing Share by Placees
<b>"Placing Shares"</b>	the Ordinary Shares placed with institutional and other investors by the Co-Lead Managers and the Company and which are to be issued by the Company pursuant to the Placing
<b>"Prospectus Directive"</b>	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC
<b>"Prospectus Rules"</b>	the rules made by the FCA under Part VI of FSMA in relation to offers of transferable securities to the public and admission of transferable securities to trading on a regulated market
<b>"Registrars"</b>	Computershare Investors Services plc, The Pavilions, Bridgwater Road, Bristol BS99 7NH

<b>"Regulatory Information Service"</b>	one of the regulatory information services approved by the London Stock Exchange for the distribution to the public of AIM announcements
<b>"sterling", "pounds sterling", "£", "pence" or "p"</b>	the lawful currency of the United Kingdom
<b>"Stifel"</b>	Stifel Nicolaus Europe Limited
<b>"US\$" or "US dollar"</b>	the lawful currency of the United States of America
<b>"US Person"</b>	has the meaning given in Regulation S under the US Securities Act
<b>"US Securities Act"</b>	the United States Securities Act of 1933 (as amended)

## **GLOSSARY**

The following glossary of terms applies throughout this document, unless the context otherwise requires:

<b>"EHS"</b>	Environment, Health and Safety
<b>"FSMA"</b>	the Financial Services and Markets Act 2000, as amended
<b>"Prospective Resources"</b>	those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of discovery and a chance of development.
<b>"Reserves"</b>	reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by development and production status
<b>"Resources"</b>	those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known

accumulations by application of development projects but which are not currently considered to be commercially recoverable due to one or more contingencies.

## Appendix 1 – Terms and Conditions of the Placing

### IMPORTANT INFORMATION REGARDING THE PLACING

#### FOR INVITED PLACEEES ONLY, CAPITALISED TERMS USED IN THIS APPENDIX ARE DEFINED IN THIS ANNOUNCEMENT

THIS ANNOUNCEMENT, INCLUDING THIS APPENDIX AND THE INFORMATION IN IT, IS RESTRICTED AND IS NOT FOR PUBLICATION, RELEASE OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART, IN OR INTO THE UNITED STATES, CANADA, AUSTRALIA, JAPAN OR THE REPUBLIC OF SOUTH AFRICA OR ANY OTHER JURISDICTION IN WHICH SUCH PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL.

EACH PLACEE SHOULD CONSULT WITH ITS OWN ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF AN INVESTMENT IN SHARES IN THE COMPANY.

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN ARE FOR INFORMATION PURPOSES ONLY AND ARE DIRECTED ONLY AT PERSONS SELECTED BY THE CO-LEAD MANAGERS WHO ARE: (A) PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA WHO ARE QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE PROSPECTUS DIRECTIVE ("**QUALIFIED INVESTORS**"); (B) IN THE UNITED KINGDOM, PERSONS WHO: (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND ARE "**INVESTMENT PROFESSIONALS**" FALLING WITHIN ARTICLE 19(5) OF THE UNITED KINGDOM FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (AS AMENDED) (THE "**ORDER**"); OR (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) ("**HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC**") OF THE ORDER; (C) PERSONS SUBJECT TO THE LAWS OF A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN, FOR THE AVOIDANCE OF DOUBT, THE UK), WHO ARE (I) "QUALIFIED INVESTORS" (AS DEFINED IN ARTICLE 2(1)(E) OF THE PROSPECTUS DIRECTIVE) ACTING AS A PRINCIPAL FOR THEIR OWN ACCOUNT TO WHOM THE PLACING OR AN INVITATION TO SUBSCRIBE FOR PLACING SHARES IN THE MANNER CONTEMPLATED BY THIS ANNOUNCEMENT AND ANY COMMUNICATION OR CORRESPONDENCE IN CONNECTION THEREWITH IS PERMITTED BY THE LAWS OF THAT MEMBER STATE OR (II) IF THEY ARE NOT IN ANY SUCH MEMBER STATE BUT ARE ACTING FOR THE ACCOUNT OF SUCH PERSON THEN (I) APPLIES IN RESPECT OF EACH SUCH PURCHASER; (D) PERSONS IN OR OTHERWISE SUBJECT TO THE LAWS OF SWITZERLAND TO WHOM THE PLACING OR AN INVITATION TO SUBSCRIBE FOR PLACING SHARES IN THE MANNER CONTEMPLATED BY THIS ANNOUNCEMENT AND ANY COMMUNICATION OR CORRESPONDENCE THEREWITH IS PERMITTED BY THE LAWS OF SWITZERLAND AND WILL NOT RESULT IN A 'PUBLIC OFFER' UNDER SWISS LAW; (E) PERSONS IN AUSTRALIA WHO ARE ABLE TO RECEIVE AN OFFER

FOR SECURITIES WITHOUT DISCLOSURE UNDER PART 6D.2 OF THE AUSTRALIAN CORPORATIONS ACT 2011 (CTH) (“**CORPORATIONS ACT**”) INCLUDING, WITHOUT LIMITATION, AS A “SOPHISTICATED INVESTOR” AS DEFINED IN SECTION 708(8) OF THE CORPORATIONS ACT OR A “PROFESSIONAL INVESTOR” AS DEFINED IN SECTION 708(11) OF THE CORPORATIONS ACT AND ARE NOT ACQUIRING PLACING SHARES WITH THE PURPOSE OF SELLING OR TRANSFERRING THEM OR GRANTING, ISSUING, OR TRANSFERRING INTERESTS IN, OR OPTIONS OVER, PLACING SHARES; (F) PERSONS WHO, IF IN THE UNITED STATES, ARE "QUALIFIED INVESTORS" AS DEFINED IN RULE 144A UNDER THE US SECURITIES ACT; OR (G) PERSONS OUTSIDE THE UNITED STATES, THE UNITED KINGDOM, SWITZERLAND OR OTHER MEMBER STATES OF THE EUROPEAN ECONOMIC AREA TO WHOM THE PLACING OR AN INVITATION TO SUBSCRIBE FOR THE PLACING SHARES IN THE MANNER CONTEMPLATED BY THIS ANNOUNCEMENT AND ANY COMMUNICATION OR CORRESPONDENCE THEREWITH IS PERMITTED BY THE LAWS OF THE JURISDICTION IN WHICH IT IS SITUATED OR FROM WHERE THE PLACEE SUBMITTED ITS BID TO SUBSCRIBE FOR PLACING SHARES AND IT IS A PERSON TO WHOM THE PLACING SHARES CAN LAWFULLY BE OFFERED AND ISSUED UNDER ALL APPLICABLE LAWS, WITHOUT THE NEED FOR ANY APPROVAL, REGISTRATION, FILING OR LODGEMENT OF ANY KIND, INCLUDING A PROSPECTUS OR OTHER DISCLOSURE DOCUMENT; (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “**RELEVANT PERSONS**”).

THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. NEITHER THIS ANNOUNCEMENT NOR THE TERMS AND CONDITIONS SET OUT IN THIS APPENDIX CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY.

Persons who are invited to and who choose to participate in the Placing, by making an oral or written offer to subscribe for Placing Shares (the "**Placees**"), will be deemed to have read and understood this Announcement, including this Appendix, in its entirety and to be making such offer on the terms and conditions, and to be providing the representations, warranties, acknowledgements, undertakings and agreements contained in this Appendix. In particular, each such Placee represents, warrants and acknowledges to the Co-Lead Managers and the Company that it is a Relevant Person (as defined above) and undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business.

This Announcement does not constitute an offer, and may not be used in connection with an offer to sell or issue or the solicitation of an offer to buy or subscribe for Placing Shares in any jurisdiction in which such offer or solicitation is or may be unauthorised or unlawful and any failure to comply with these restrictions may constitute a violation of applicable securities laws in such jurisdictions. This

Announcement and the information contained herein is not for release, publication or distribution, directly or indirectly, to persons in the United States, Canada, Japan, the Republic of South Africa or in any other jurisdiction in which such release, publication or distribution is unauthorised or unlawful. Persons into whose possession this Announcement may come are required by the Company to inform themselves about and to observe any restrictions on transfer of this Announcement. No public offer of securities of the Company is being made in any jurisdiction.

In particular, the Placing Shares referred to in this Announcement have not been and will not be registered under the Securities Act or the laws of any state or other jurisdiction in the United States. Furthermore the Placing Shares have not been recommended by any United States federal or state securities commission or regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Placing or confirmed the accuracy or determined the adequacy of this Announcement. Any representation to the contrary is a criminal offence in the United States. The Placing Shares may not be, directly or indirectly, offered, sold, pledged, resold, taken up, delivered or otherwise transferred in or into 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.

The relevant clearances have not been, and nor will they be, obtained from the securities commission of any province or territory of Canada; no prospectus has been lodged and/or registered with the ASIC or the Japanese Ministry of Finance; the approval of the South African Exchange Control Authorities has not been, and will not be, obtained in relation to the Placing Shares; and the Placing Shares have not been, and nor will they be, registered under or offered in compliance with the securities laws of any state, province or territory of Australia, Canada, Japan or the Republic of South Africa. Accordingly, the Placing Shares may not (unless an exemption under the relevant securities laws is applicable) be offered, sold, resold, pledged, taken up, delivered or otherwise transferred directly or indirectly, in or into Australia, Canada, Japan or the Republic of South Africa or any other jurisdiction where to do so would be unauthorised or unlawful.

The distribution of this Announcement and the Placing and issue of the Placing Shares in certain jurisdictions may be restricted by law. No action has been taken by the Company or the Co-Lead Managers that would permit an offering of such securities or possession or distribution of this Announcement or any other offering or publicity material relating to such securities in any jurisdiction where action for that purpose is required.

The price of securities and the income from them may go down as well as up and investors may not get back the full amount on disposal of the securities. Any indication in this Announcement of the price at which Ordinary Shares have been bought or sold in the past cannot be relied upon as a guide to future performance.

Persons (including, without limitation, nominees and trustees) who have a contractual or other legal obligation to forward a copy of this Appendix or the Announcement of which it forms part should seek appropriate advice before taking any action.

## 1. **Placing**

- 1.1 Pantheon Resources Plc (company number: 05385506) (the “**Company**”), intends to raise approximately US\$12.5 million through the issue of new Ordinary Shares.
- 1.2 The Company has appointed Stifel Nicolaus Europe Limited (“**Stifel**”) as bookrunner and co-lead manager in respect of the Placing, and has appointed Panmure Gordon (UK) Limited (“**Panmure Gordon**”) as co-lead manager in respect of the Placing.
- 1.3 The Co-Lead Managers will today commence an accelerated bookbuilding process in respect of the Placing (the “Bookbuild”) to determine demand for participation in the Placing by Placees. This Appendix gives details of the terms and conditions of, and the mechanics of participation in, the Placing. No commissions will be paid to Placees or by Placees in respect of any Placing Shares.
- 1.4 The price payable per Placing Share shall be the Placing Price.
- 1.5 The Co-Lead Managers and the Company shall be entitled to effect the Placing by such alternative method to the Bookbuild as they may, in their sole discretion, determine.

## 2. **Bookbuild**

Participation in, and principal terms of, the Placing:

- 2.1 The Co-Lead Managers are acting as bookbuilders and as agents of the Company.
- 2.2 By participating in the Bookbuild and Placing, the Placee (and any person acting on its behalf including, for the avoidance of doubt, any nominee) acknowledges that neither Co-Lead Manager is making any recommendation to it nor advising it, nor is the Placee relying on either Co-Lead Manager to advise, regarding the suitability or merits of acquiring any Placing Shares or entering into any transaction connected with them. The Placee acknowledges and agrees that Stifel is acting as the bookrunner in respect of the Placing, and is assisting the Company in identifying prospective purchasers for the Placing Shares and providing other assistance to the Company in respect of the Placing. The Placee acknowledges and agrees that neither Co-Lead Manager is acting for, and that the Placee does not expect either to have, and acknowledges and agrees that each Co-Lead Manager does not have, any duties or responsibilities towards the Placee for providing protections afforded to its customers or clients or advising it with regard to its participation in the Placing and that the Placee is not, and will not be, a customer or client of either Co-Lead Manager in relation to its participation in the Placing. Therefore neither Co-Lead Manager will be responsible to the Placee or to

any other person for providing the protections afforded to its respective clients or for providing advice in relation to the transactions and arrangements described in this Announcement, nor do the contents or receipt of this Announcement constitute the provision of investment advice by either Co-Lead Manager.

- 2.3 Participation in the Placing will only be available to persons who may lawfully be and are invited to participate by either Co-Lead Manager or the Company. Each Co-Lead Manager and its affiliates or its agents are entitled to enter bids as principal in the Bookbuild.
- 2.4 The Placing Price will be the price per Placing Share agreed between the Co-Lead Managers and the Company and subsequently notified to Placees and announced in the Placing Results Announcement (as defined below). The number of Placing Shares to be issued, the Placing Price and the aggregate proceeds to be raised through the Placing will be determined by the Co-Lead Managers in consultation with the Company following completion of the Bookbuild. The result of the Bookbuild will be announced on a Regulatory Information Service following the completion of the Bookbuild (the “**Placing Results Announcement**”).
- 2.5 To participate in the Bookbuild, Placees should communicate their bid by telephone to their usual sales contact at the Relevant Co-Lead Manager. Each bid should state the number of Placing Shares for which the prospective Placee wishes to subscribe at the Placing Price. Bids may be scaled down by Stifel on the basis referred to in paragraph 2.10 below.
- 2.6 The timing of the close of the Bookbuild process will be at the discretion of Stifel. The Company reserves the right (with the agreement of Stifel) to reduce or seek to increase the amount to be raised pursuant to the Placing, in its absolute discretion.
- 2.7 Each prospective Placee's allocation will be confirmed to the Placee orally by the Relevant Co-Lead Manager following the close of the Placing, and (a) conditional trade confirmation(s) will be despatched as soon as possible thereafter. The Relevant Co-Lead Manager's oral confirmation to such Placee will constitute an irrevocable legally binding commitment upon such person (who will at that point become a Placee) in favour of the Relevant Co-Lead Manager and the Company, under which the Placee agrees to acquire the number of Placing Shares allocated to it at the Placing Price on the terms and conditions set out in this Appendix and in accordance with the Company's articles of association.
- 2.8 Each prospective Placee's allocation and commitment will be evidenced by (a) conditional trade confirmation(s) issued to such Placee by the Relevant Co-Lead Manager. The terms of this Appendix will be deemed to be incorporated in the trade confirmation(s).

- 2.9 The Placing Results Announcement shall detail the number of Placing Shares to be issued.
- 2.10 Subject to paragraphs 2.5 and 2.6 above, Stifel (in consultation with Panmure Gordon and the Company) may choose to accept bids, either in whole or in part, on the basis of allocations determined by the Relevant Co-Lead Manager and the Company acting together and Stifel may scale down any bids for this purpose on such basis as the Stifel (in consultation with Panmure Gordon and the Company) may determine. The acceptance of bids shall be at the Relevant Co-Lead Manager's absolute discretion. Stifel may also, notwithstanding paragraphs 2.5 and 2.6 above, subject to the prior consent of the Company and in consultation with Panmure Gordon: (i) allocate Placing Shares after the time of any initial allocation to any person submitting a bid after that time; and (ii) allocate Placing Shares after the Bookbuild has closed to any person submitting a bid after that time. The Company and the Co-Lead Managers acting together reserve the right not to accept bids or to accept bids in part rather than in whole.
- 2.11 A bid in the Bookbuild will be made on the terms and subject to the conditions in this Announcement (including the Appendix) and will be legally binding on the Placee on behalf of which it is made and, except with the Relevant Co-Lead Manager's consent, will not be capable of variation or revocation after the time at which it is submitted. Each Placee will also have an immediate, separate, irrevocable and binding obligation, owed to the Relevant Co-Lead Manager, to pay it (or as it may direct) in cleared funds an amount equal to the product of the Placing Price and the number of Placing Shares such Placee has agreed to acquire. Each Placee's obligations under this paragraph will be owed to the Relevant Co-Lead Manager.
- 2.12 Except as required by law or regulation, no press release or other announcement will be made by either Co-Lead Manager or the Company using the name of any Placee (or its agent), in its capacity as Placee (or agent), other than with such Placee's prior written consent.
- 2.13 Irrespective of the time at which a Placee's allocation pursuant to the Placing is confirmed, settlement for all Placing Shares to be acquired pursuant to the Placing will be required to be made at the relevant time, on the basis explained below under "Registration and Settlement".
- 2.14 All obligations under the Bookbuild and Placing will be subject to fulfilment of the conditions referred to below under "Placing Agreement" and to the Placing not being terminated on the basis referred to below under "Placing Agreement".
- 2.15 By participating in the Bookbuild and the Placing, each Placee will agree 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.

- 2.16 To the fullest extent permissible by law and applicable rules of the FCA, neither Co-Lead Manager nor any of their respective affiliates or agents shall have any responsibility or liability to Placees (or to any other person whether acting on behalf of a Placee or otherwise whether or not a recipient of these terms and conditions) in respect of the Placing. Each Placee acknowledges and agrees that the Company is responsible for the allotment of the Placing Shares to the Placees and the Co-Lead Managers shall have no liability to the Placees for the failure of the Company to fulfil those obligations. In particular, neither Co-Lead Manager nor any of their respective affiliates or agents shall have any liability (including to the extent permissible by law, any fiduciary duties) in respect of the conduct of the Bookbuild process or of any alternative method of effecting the Placing as the Co-Lead Managers and the Company may agree.
- 2.17 In making an investment decision, Placees must rely on their own examination of the Company and its prospects and the terms of the Placing, including the merits and risks involved in investing in the Placing Shares.
- 2.18 Settlement will occur on a date to be advised but expected to be on or around 1 August 2017 (“**Closing Date**”).

### **3. Placing Shares and Quotation**

- 3.1 The Placing Shares will be issued fully paid and will rank equally, from the date of issue, in all respects with the Company’s existing issued Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid in respect of such Ordinary Shares after the date of issue of the Placing Shares.
- 3.2 Application will be made to the London Stock Exchange for admission to trading of the Placing Shares on AIM (“**Admission**”). It is anticipated that Admission will become effective on or around 1 August 2017 and that dealings in the Placing Shares will commence at that time.

### **4. Placing Agreement**

- 4.1 On 27 July 2017, the Company and the Co-Lead Managers entered into a placing agreement in connection with the Placing (the “**Placing Agreement**”). Pursuant to the Placing Agreement, the Co-Lead Managers have agreed to use their reasonable endeavours to place the Placing Shares with prospective purchasers.
- 4.2 The Co-Lead Managers' obligations under the Placing Agreement in respect of the Placing Shares are conditional, *inter alia*, on:

- (a) the agreement between the Co-Lead Managers and the Company of the number of Placing Shares to be issued as established in the Bookbuild process;
  - (b) none of the warranties contained in the Placing Agreement being untrue, inaccurate or misleading as at the date of the Placing Agreement and at all times during the period up to and including the date of Admission as though they had been given and made on such dates (by reference to the facts and circumstances existing at such dates); and
  - (c) Admission taking place not later than 8.00 a.m. on 1 August 2017 or such later date as the Company and Stifel may otherwise agree but not being later than 8.00 a.m. on 15 August 2017.
- 4.3 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 time or date where specified (or such later time or date as the Company and Stifel may agree); (ii) any of such conditions becomes incapable of being fulfilled; or (iii) the Placing Agreement is terminated in the circumstances specified below, the Placing in relation to the Placing Shares will lapse and the Placee's rights and obligations hereunder in relation to the Placing Shares shall cease and terminate at such time and each Placee agrees that no claim can be made by the Placee in respect thereof.
- 4.4 Stifel may, at its absolute discretion and upon such terms as it thinks fit, waive, or extend the period for, 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 save that the conditions relating to the allotment and issue of the Placing Shares (subject only to Admission) may not be waived. Any such extension or waiver will not affect Placees' rights and obligations under the terms and conditions set out in this Appendix.
- 4.5 Neither of the Co-Lead Managers nor the Company 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 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.
- 4.6 Stifel is entitled, at any time before Admission, to terminate the Placing Agreement by giving notice to the Company in certain circumstances, including, *inter alia*, a breach of the warranties given to the Co-Lead Managers in the Placing Agreement, the failure of the Company to comply

with obligations under the Placing Agreement or the occurrence of a material adverse change in the financial condition, or the earnings or the business affairs or business prospects of the Company. Following Admission, the Placing Agreement is not capable of rescission or termination.

- 4.7 If any of the obligations of the Co-Lead Managers with respect to the Placing are terminated in the manner contemplated above, the rights and obligations of each Placee shall cease and terminate at such time and no claim can be made by any Placee in respect thereof. The rights and obligations of the Placees shall terminate only in the circumstances described in these terms and conditions and will not be subject to termination by the Placee or any prospective Placee at any time or in any circumstances. By participating in the Placing, Placees agree that the exercise by the Relevant Co-Lead Manager of any right of termination or other discretion under the Placing Agreement shall be within the absolute discretion of the Relevant Co-Lead Manager, and that it need not make any reference to Placees and that it shall have no liability to Placees whatsoever in connection with any such exercise.

## **5. Offer personal**

The offering of Placing Shares and the agreement arising from acceptance of the Placing is personal to each Placee and does not constitute an offering to any other person or to the public. A Placee may not assign, transfer, or in any other manner, deal with its rights or obligations under the agreement arising from the acceptance of the Placing, without the prior written agreement of the Relevant Co-Lead Manager in accordance with all relevant legal requirements.

## **6. No Prospectus**

- 6.1 The Placing Shares are being offered to a limited number of specifically invited persons only and will not be offered in such a way as to require a prospectus in the United Kingdom or in any other jurisdiction. No offering or admission document or prospectus has been or will be submitted to be approved by the FCA, the London Stock Exchange or any other regulatory body in relation to the Placing and Placees' commitments will be made solely on the basis of the information contained in this Announcement (including this Appendix).
- 6.3 Each Placee, by making an offer to subscribe for Placing Shares, agrees that the content of this Announcement (including this Appendix) is exclusively the responsibility of the Company and confirms that it has neither received nor relied on any other information, representation, warranty, or statement made by or on behalf of the Company or the Co-Lead Managers or any other person

and none of the Company or the Co-Lead Managers nor any other person will be liable for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement which Placees may have obtained or received. 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.

## **7. Registration and Settlement**

- 7.1 Settlement of transactions in the Placing Shares will, unless otherwise agreed, take place on a delivery versus payment basis within CREST.
- 7.2 The Company will procure the delivery of the Placing Shares to CREST accounts operated by the Relevant Co-Lead Manager for the Company and the Relevant Co-Lead Manager will enter its delivery (DEL) instructions into the CREST system. The input to CREST by each Placee of a matching or acceptance instruction will then allow delivery of the relevant Placing Shares to that Placee against payment.
- 7.3 The Company reserves the right to require settlement for and delivery of the Placing Shares (or a portion thereof) to any Placee in any form it requires if, in the Relevant Co-Lead Manager's opinion, delivery or settlement is not possible or practicable within CREST or would not be consistent with the regulatory requirements in the Placee's jurisdiction.
- 7.4 Following the close of the Bookbuild for the Placing, each Placee allocated Placing Shares in the Placing may be sent a conditional trade confirmation stating the number of Placing Shares, the Placing Price and the subscription amount payable to be allocated to it and will be required to provide the Relevant Co-Lead Manager with funds sufficient to purchase such securities prior to the Closing Date.
- 7.5 Each Placee is deemed to agree that, if it does not comply with these obligations, the Company may sell any or all of the Placing Shares allocated to that Placee on such Placee's behalf and retain from the proceeds, for the Company's account and benefit, an amount equal to the aggregate amount owed by the Placee plus any interest due. 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 the sale of such Placing Shares on such Placee's behalf.

- 7.6 It is expected that settlement will take place on or about 1 August 2017 in CREST on a T+2 basis in accordance with the instructions set out in the conditional trade confirmation. Settlement will be through Stifel against CREST ID: BAQAQ or through Panmure Gordon against CREST ID: 83801.
- 7.8 Following the close of the Bookbuild for the Placing, each Placee allocated Placing Shares in the Placing will be sent a conditional trade confirmation(s) stating the number of Placing Shares to be allocated to it at the Placing Price and settlement instructions.
- 7.9 Each Placee agrees that it will do all things necessary to ensure that delivery and payment is completed in accordance with the applicable registration and settlement procedures, including if applicable, CREST rules and regulations and settlement instructions that it has in place with the Relevant Co-Lead Manager.
- 7.10 If the Placing Shares are to be delivered to a custodian or settlement agent, Placees should ensure that the conditional trade confirmation is copied and delivered immediately to the relevant person within that organisation. Each Placee shall ensure that, insofar as Placing Shares are registered in a Placee's name or that of its nominee or in the name of any person for whom a Placee is contracting as agent or nominee, such person shall not be a person who is or may be liable to any UK stamp duty or stamp duty reserve tax or securities transfer tax.
- 7.11 Interest is chargeable daily on payments to the extent that value is received after the due date at the rate per annum of 4 percentage points above the Barclays Bank plc base rate.

Trade date: 28 July 2017  
Settlement date: 1 August 2017 (Electronic)  
ISIN code for the Placing Shares: GB00B125SX82

## 8. Representations and Warranties

By participating in the Bookbuild and Placing each Placee (and each person acting on its behalf) represents, warrants, acknowledges and undertakes for the benefit of the Company, the Co-Lead Managers and their respective officers, employees and advisers and any person acting on their behalf (together the "**Beneficiaries**") as follows:

- a) the Placee has read and understood this Announcement (including the Appendix) in its entirety and that its acquisition of Placing Shares is subject to

and based upon all the terms, conditions, representations, warranties, acknowledgments, agreements and undertakings and other information contained therein;

- b) the Placee acknowledges that no offering or admission document or prospectus has been prepared in connection with the Placing and represents and warrants that it has not received a prospectus or other offering or admission document in connection therewith;
- c) the Placee does not expect either Co-Lead Manager to have any duties or responsibilities to it or any other person for providing any advice in relation to the transactions and arrangements described in this Announcement (including the Appendix), nor do the contents or receipt of this Announcement (including the Appendix) constitute the giving of investment advice by the Company to the Placee;
- d) the Placee does not expect the Company to have any duty to it similar or comparable to the “best execution”, “suitability” and “risk warnings” rules of the FCA and the Placee is not relying on either Co-Lead Manager to advise whether or not the Placing Shares are in any way a suitable investment for the Placee;
- e) the Placee is not relying on any information or representation or warranty in relation to the Company or the Placing Shares and it is not relying on any representation or warranties or agreements given by the Company, the Directors, employees, officers or agents or the Co-Lead Managers or any other person except as referred to in the express terms of this Announcement (including the Appendix) and the Placee agrees that its subscription for those of the Placing Shares for which it is committed to subscribe in the Placing will be made solely on this basis and not otherwise;
- f) the Placee has such knowledge and experience in financial, business and tax matters as to be capable of evaluating the merits and risks of its investment in the Placing Shares and it is able to bear the economic risks and complete loss of such investment in the Placing Shares;
- g) the Placee has such knowledge and experience in financial business matters and expertise in assessing credit and all other relevant risks that it is capable of evaluating independently, and has evaluated independently and conducted an in-depth detailed analysis on, the merits and risks of a purchase of the Placing Shares for itself and each other person, if any, for whose account it is acquiring any Placing Shares, and it has determined that the Placing Shares are a suitable investment for itself and each other person, if any, for whose account it is acquiring any Placing Shares, both in the nature and the number of the Placing Shares being acquired;
- h) the Placee has been independently advised as to any resale restrictions under applicable securities laws in its own jurisdiction;

- i) the Placee understands that the Placing and sale to it of the Placing Shares has not been and will not be registered under the US Securities Act or the laws of any state of the United States; therefore, it agrees that it will not offer, sell or pledge any Placing Shares in the United States unless and until the Placing Shares are registered under the US Securities Act (which it acknowledges the Company has no obligation to do) or unless the Placing Shares are offered, sold or pledged in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and the laws of any state of the United States;
- j) it and each account that it represents is (1)(a) outside the United States and will be outside the United States at the time that any buy order for Placing Shares is originated by it, (b) acquiring the Placing Shares in an “offshore transaction” within the meaning of Regulation S under the US Securities Act (“**Regulation S**”) and (c) not acquiring any of the Placing Shares as a result of any form of “directed selling efforts” within the meaning of Regulation S; or (2)(a) a “qualified institutional buyer” (as such term is defined in Rule 144A under the US Securities Act) who has executed and delivered to the Company and the Co-Lead Managers a US investor letter substantially in the form provided to it; and (b) not acquiring any of the Placing Shares as a result of any form of “general solicitation” or “general advertising” within the meaning of Rule 502(c) under the US Securities Act;
- k) the Placee is not a national or resident of Canada, the Republic of South Africa or Japan or a corporation, partnership or other entity organised under the laws of Canada (or any political sub-division of it), the Republic of South Africa or Japan and the Placee will not offer, sell or deliver, directly or indirectly, any of the Placing Shares in Canada, the Republic of South Africa or Japan or to or for the benefit of any person resident in Canada, the Republic of South Africa or Japan;
- l) if it is a Placee in or otherwise subject to the laws of Switzerland it is a person to whom the Placing or an invitation to subscribe for the Placing Shares in the manner contemplated by this Announcement (including the Appendix) and any communication or correspondence therewith is permitted by the laws of Switzerland and will not result in an ‘public offer’ under Swiss law;
- m) if a Placee is an investor located in Australia, the Placing is conditional upon and is made on the understanding that a Disclosure Document (as that term is defined in the Corporations Act 2001 (Cth) (“**Australian Corporations Act**”)), is not required to be given to the Placee in relation to the Placing because the Placee is a Professional Investor (as defined in section 708(11) of the Australian Corporations Act) or a Sophisticated Investor (as defined in section 708(8) of the Australian Corporations Act) or otherwise is a person to whom securities can be issued without a Disclosure Document pursuant to section 708 of the Australian Corporations Act. The Placee further acknowledges that no Disclosure Document will be prepared or issued for the purposes of the Placing and that any shares issued to the Placee will be issued in compliance with Section 708A of the Australian Corporations Act and that the Company is

not issuing the Placing Shares pursuant to the Placing for the purpose of the Placee selling or transferring them, or granting, issuing or transferring interests in, or warrants over, them.

- n) If the Placee is an investor based in Australia, it represents and warrants that:
- i) it is either a “sophisticated investor” or “professional investor” within the meaning of section 708(8) or section 708(11) of the Australian Corporations Act;
  - ii) its present intention is to be an investor in the Placing Shares and to remain an investor at least in the medium term (i.e. longer than 12 months);
  - iii) if it is acquiring any Placing Shares on account of one or more persons, it has full power to make the foregoing acknowledgments, representations, warranties and agreements on behalf of each such person; and
  - iv) it is fully aware that acceptance of the Placing involves a degree of risk and that this Announcement does not constitute a securities recommendation or other form of financial product advice by the Company and that the Company has made the following statement:  
  
“No financial product advice is provided in the documentation related to this Placing and nothing in the documentation should be taken to constitute a recommendation or statement of opinion that is intended to influence the Placee in making a decision to participate in the Placing. Any advice contained in the documentation should be seen as general advice only and does not take into account the objectives, financial situation or needs of any particular person. Neither the Company nor any of its related bodies corporate is licensed to provide financial product advice and before acting on the information contained in the documentation, or making a decision to participate in the offer, the Placee should consider seeking professional financial product advice from an independent person licensed by the Australian Securities and Investments Commission to give such advice. Neither a prospectus nor a Product Disclosure Statement has been or will be issued in relation to this Placing. No cooling-off regime applies to the financial products offered to the Placee pursuant to this Announcement (including the Appendix) or any accompanying documentation”;
- o) if a Placee is an investor located within a member state of the European Economic Area, it is: (i) a “qualified investor” within the meaning of Article 2(1)(e) of the Prospectus Directive; and (ii) a “professional client” or an “eligible counterparty” within the meaning of Article 4(1)(11) and Article 24(2),

(3) and (4), respectively, of Directive 2004/39/EC as implemented into national law of the relevant EEA state;

- p) the Placee is entitled to subscribe for the Placing Shares under the laws of all relevant jurisdictions which apply to it and it has fully observed such laws (including any relevant foreign exchange regulations and/or overseas investment regulations) and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has not taken any action which will or may result in the Company, the Directors, officers, employees, agents or either Co-Lead Manager acting in breach of any regulatory or legal requirements of any territory in connection with the Placing or its decision to purchase the Placing Shares;
- q) if a Placee is a resident in the UK:
- i) it is a person of a kind described in Article 19 and/or Article 49 and/or 43(2) of the Order and it understands that the information contained in this Appendix is only directed at any of the following: (A) persons falling within Article 19(5) of the Order having professional experience in matters relating to investments; (B) persons falling within Article 49(2)(a) to (d) of the Order (including companies and unincorporated associations of high net worth and trusts of high value); (C) persons falling within Article 43(2) of the Order (members or creditors of certain bodies corporate); or (D) persons to whom it would otherwise be lawful to distribute it; and that, accordingly, any investment or investment activity to which this Appendix relates is available to it as such a person or will be engaged in only with it as such a person;
  - ii) it has complied with its obligations in connection with the Criminal Justice Act 1993, money laundering and terrorist financing under the Anti-Terrorism Crime and Security Act 2001, the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Terrorism Act 2003, the Terrorism Act 2006, the Money Laundering Regulations 2007 and Part VIII of FSMA (the “**Regulations**”) and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations and has obtained all governmental and other consents (if any) which may be required for the purpose of, or as a consequence of, such purchase, and it will provide promptly to the Relevant Co-Lead Manager such evidence, if any, as to the identity or location or legal status of any person which the Relevant Co-Lead Manager may request from it in connection with the Placing (for the purpose of complying with such regulations or ascertaining the nationality of any person or the jurisdiction(s) to which any person is subject or otherwise) in the form and manner requested by the Relevant Co-Lead Manager on the basis that any failure by it to do so may result in the number of Placing Shares that are to be purchased by it or at its direction pursuant to the Placing being reduced to such number, or to nil, as the Relevant Co-Lead Manager may decide at its sole discretion;

- r) if a Placee is a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, it represents and warrants that the Placing Shares purchased by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will be acquired with a view to their offer or resale to, persons in a member state of the European Economic Area which has implemented the Prospectus Directive other than “qualified investors”, or in circumstances in which the prior consent of the Co-Lead Managers has been given to the offer or resale;
- s) if within a reasonable time after a request for verification of identity the Relevant Co-Lead Manager has not received such satisfactory evidence, the Relevant Co-Lead Manager may, in its absolute discretion, reject an application for Placing Shares in which event all funds delivered by such Placee to the Relevant Co-Lead Manager (if any) will be returned without interest to the account of the drawee bank from which they were originally debited;
- t) the Placee has consented to receive information in respect of securities of the Company and other price-affected securities (as defined in FSMA) which makes it an “insider” for the purposes of Part V of FSMA, and it agrees not to deal in any securities of the Company until such time as the inside information (as defined in FSMA) of which it has been made aware has been made public for purposes of FSMA or it has been notified by the Relevant Co-Lead Manager or the Company that the proposed Placing will not proceed and any unpublished price sensitive information of which the Placee is aware has been publicly announced, and, other than in respect of its knowledge of the proposed Placing and the draft Announcement, it has neither received nor relied on any confidential price sensitive information concerning the Company or the Placing Shares;
- u) where the Placee is acquiring Placing Shares for one or more managed accounts, represents and warrants that it is authorised in writing by each managed account: (a) to acquire the Placing Shares for each managed account; (b) to make on its behalf the representations, warranties, acknowledgments, undertakings and agreements in this Announcement (including the Appendix); and (c) to receive on its behalf any investment letter relating to the Placing in the form provided to it by the Relevant Co-Lead Manager;
- v) the Placee undertakes that it (and any person acting on its behalf) will make payment for the Placing Shares allocated to it in accordance with this Announcement (including the Appendix) on the due time and date set out herein and has obtained all necessary consents and authorities to enable it to give its commitment so to subscribe, failing which the relevant Placing Shares may be placed with other placees or sold as the Relevant Co-Lead Manager may in its sole discretion determine and without liability to such 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 which may arise upon the placing or sale of such Placee's Placing Shares on its behalf;

- w) the Placee understands and agrees that there may be material tax consequences to the Placee of an acquisition or disposition of any of the Placing Shares. Neither the Company nor any of the Co-Lead Managers gives any opinion or makes any representation with respect to the tax consequences to the Placee under United States, state, local or other tax law of the Placee's acquisition or disposition of such securities. In particular, no determination has been made whether the Company will be a "passive foreign investment Company" within the meaning of Section 1291 of the United States Internal Revenue Code;
- x) the Placee's obligations under the Placing are valid, binding and enforceable and the Placee has all necessary capacity and authority, and has obtained all necessary consents and authorities to enable it to perform its obligations in relation to the Placing and will honour its obligations (including, without limitation, in the case of any person on whose behalf it is acting, all necessary consents and authorities to agree to the terms set out or referred to in this Announcement);
- y) if required by applicable securities laws or as otherwise reasonably requested by the Company, the Placee will execute, deliver and file and otherwise assist the Company in filing reports, questionnaires, undertakings and other documents with respect to the issue of the Placing Shares;
- z) if a Placee is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business or that it will acquire, hold, manage and dispose (as principal or agent) of those of the Placing Shares to be subscribed by it for the purposes of its business;
- aa) the Placee will not prior to Admission make any offer to the public of those of the Placing Shares to be subscribed for by it for the purposes of Section 102B FSMA;
- bb) the Placee represents and warrants that 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 the FSMA) relating to the Placing Shares in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person;
- cc) the Placee represents and warrants that 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;

- dd) in agreeing to subscribe for the Placing Shares the Placee is acting as principal and for no other person and its acceptance of that commitment will not give any other person a contractual right to require the issue by the Company of any of the Placing Shares;
- ee) the Placee represents and warrants that the issue to it, or the person specified by it for registration as holder, of Placing Shares will not give rise to a liability under any of sections 67, 70, 93 or 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 transfer Placing Shares into a clearance system;
- ff) the Placee undertakes that the person whom it specifies for registration as holder of the Placing Shares will be: (a) itself; or (b) its nominee, as the case may be. Neither the Co-Lead Managers nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax or securities transfer tax resulting from a failure to observe this requirement. Each Placee and any person acting on behalf of such Placee agrees to participate in the Placing and it agrees to indemnify the Company and the Co-Lead Managers in respect of the same on the basis that the Placing Shares will be allotted to the CREST account of the Relevant Co-Lead Manager or its affiliate or agent who will hold them as nominee on behalf of such Placee until settlement in accordance with its standing settlement instructions;
- gg) the Placee acknowledges that the money will not be subject to the protections conferred by the client money rules and as a consequence, this money will not be segregated from the Relevant Co-Lead Manager's money in accordance with the FCA's Client Money Rules and will be used by the Relevant Co-Lead Manager in the course of its own business; and the Placee will rank only as a general creditor of the Relevant Co-Lead Manager;
- hh) the Placee agrees to be bound by the terms of the memorandum and articles of association of the Company in force immediately after Admission;
- ii) the Placee acknowledges that time shall be of the essence as regard obligations pursuant to its participation in the Placing;
- jj) the Placee agrees that the Company and the Co-Lead Managers and their respective affiliates and agents and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and undertakings which are given to the Co-Lead Managers on its behalf or on behalf of the Company and are irrevocable;
- kk) the Placee confirms the Relevant Co-Lead Manager's absolute discretion with regard to the Placing Agreement and agrees that the Relevant Co-Lead Manager owes it no fiduciary duties in respect of any claim it may have relating to the Placing;

- ll) the Placee is not relying on any information or representation in relation to the Company or the Placing Shares by the Company or any director, employee or agent of the Company or any other person except for information set out in this Announcement including this Appendix, accordingly, the Placee agrees that neither the Company nor the Co-Lead Managers, including employees or agents nor any person acting on behalf of any of the Co-Lead Managers or the Company shall have any liability for any other information provided, or representation made, to it; and
- mm) the Placee acknowledges that Stifel is acting as bookrunner, and each of Stifel and Panmure Gordon are acting as co-lead manager, exclusively for the Company and no one else in connection with the Placing and will not regard any other person as its client in relation to the Placing and will not be responsible to anyone other than the Company for providing the protections afforded to its respective clients or for providing advice in relation to the Placing or any matters referred to in this Announcement (including the Appendix). Apart from the responsibilities and liabilities, if any, which may be imposed on either Co-Lead Manager by FSMA, as amended or the regulatory regime established thereunder, each Co-Lead Manager accepts no responsibility whatsoever, and makes no representation or warranty, express or implied, for the contents of this Appendix including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on behalf of it, the Company or any other person, in connection with the Company and the Placing and nothing in this Appendix shall be relied upon as a promise or representation in this respect, whether as to the past or the future. Each Co-Lead Manager accordingly disclaims all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of the Placing, this document or any such statement.

## **9. Entire Agreement**

The terms set out in this Announcement (including the Appendix) and the allocation of Placing Shares (including the subscription amount payable) as confirmed to a Placee, constitute the entire agreement to the terms of the Placing and a Placee's participation in the Placing to the exclusion of prior representations, understandings and agreements between them. Any variation of such terms must be in writing.

## **10. Governing Law and Jurisdiction**

The agreement arising out of acceptance of the Placing and any dispute or claim arising out of or in connection with the Placing or formation thereof (including non-contractual disputes or claims) shall be governed by and construed in accordance with the laws of England. Each Placee irrevocably agrees to submit to the exclusive jurisdiction of the courts of England to settle any claim or dispute that arises out of or in connection with the agreement

arising out of acceptance of the Placing or its subject matter or formation (including non-contractual disputes or claims).

## **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 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 and tax requirements.**

### **1. RISKS RELATING TO THE COMPANY'S BUSINESS**

#### **1.1. The Company may not be able to develop commercially its Resource base**

The Company is an oil and gas exploration company which has not yet begun to generate revenues and is not yet trading profitably. None of the assets has achieved commercial production to date and the commercial viability of each of the Company's assets is dependent on a range of factors, including further technical evaluation and establishing commercial production.

The Company's success will depend upon the successful development, sustained commercial production, and converting its assets that are currently classified as Prospective Resources into Reserves, and commercial production. The Reserves and Resources may not be considered commercially recoverable by the Company for a variety of reasons, including the costs involved in recovering the Reserves and Resources, the price of oil and gas at the time, the availability of the Company's operational resources and other development plans that the Company may have.

If the Company is not successful in achieving commercial production from its assets, or fails to meet its targeted development and production timelines, the Company's business, financial condition, results of operations and prospects would be materially adversely affected.

**1.2. The Company's business plan requires capital expenditure in the future and the expansion and development of the Company's business may require additional capital. As such, the Company may not be able to generate sufficient cash flows or finance its activities in the longer term if it is unable to raise additional capital**

The Company's business plan to exploit and commercialise its assets will require significant capital expenditure. The Company has good visibility of its near-term capital expenditure requirements which are supported by detailed internally produced work programmes and budgets. These work programmes and budgets detail, *inter alia*, the necessary equipment, personnel and time lines for such programmes, and estimates for the year's expenditure based on the current market rates plus appropriate contingencies.

However, in the longer term, future work programme and budgets may turn out to be higher than currently planned by the Company (for example, for reasons of oil industry-wide cost inflation, project delays or redesign, new technology, acceleration of work programmes, drilling, development and/or decommissioning and other operations) and the Company may need to seek additional funds at that time to cover increased costs or the fact that the Company may no longer be tax optimised as planned due to unforeseen or earlier than expected costs, which it may not be able to secure on reasonable commercial terms or at all or it may need to divert funds from other projects to satisfy the increased capital expenditure requirements. If this happens, it may have a material adverse effect on the Company's business and financial condition in the longer term.

More generally, the Company may not be able to generate sufficient cash flows or finance its activities in the longer term if it is unable to raise additional capital. The Company's inability to access sufficient capital for its operations may have a material adverse effect on its business, financial condition, results of operations and prospects.

**1.3. The Company's operation and success depends on its ability to explore, appraise, develop and commercially produce oil and gas Reserves and Resources that are economically recoverable**

The Company's long-term commercial success depends on its ability to explore, appraise, develop and commercially produce oil and gas Resources. Future increases in the Company's Resources or conversion of any of them into Reserves will depend not only on its ability to explore, appraise and develop its existing assets but also on its ability to select and acquire suitable additional assets.

There are many reasons why the Company may not be able to find or acquire oil and gas Reserves or Resources or develop them for commercially viable production. For example, the Company may be unable to negotiate commercially reasonable terms for its acquisition, appraisal, development or production activities. Factors such as adverse weather conditions, natural disasters, equipment or services shortages, procurement delays or difficulties arising from the political, environmental and other conditions in the areas where the Reserves or Resources are located or through which the Company's products are transported may increase costs and make it uneconomical to develop potential Reserves or Resources. As a result, the Company may incur cost overruns or may be required to curtail, delay or cancel installation, commissioning, production and drilling operations because of many factors, including unexpected operating conditions, unforeseeable operating problems, irregularities in geological formations, equipment failures or accidents, adverse weather conditions, compliance with environmental regulations, governmental requirements and shortages and delays in the availability of drilling rigs and the delivery of equipment. Without successful development and operation, and successful acquisition or exploration activities, the

Company's Reserves, Resources, production and revenues (if achieved) will decline. There is no assurance that the Company will discover, acquire, develop or produce commercial quantities of hydrocarbons.

In addition, there can be no assurance that the Company will be able to develop its Resources for commercial viable production. Such challenges and the failure to develop its Resources for commercial viable production could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

#### **1.4. The Company's operations are dependent on the availability of drilling and other equipment and independent contractors**

The Company's operations are dependent on the availability of rigs, long lead items and equipment, and third party services. 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 rigs under a contract, the 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 rigs.

The scarcity of third party services and equipment 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.

#### **1.5. The Company may be unable to acquire, retain or renew the leases, permits and other regulatory approvals necessary for its operations**

The ability of the Company to develop and exploit oil and gas Resources depends on the Company's continued compliance with the obligations of its lease agreements. The Company depends on leases whose grant and renewal is subject to the discretion of land owners and cannot be assured. Renewal is not required for unit acreage of the Company on producing wells, which are held by production.

There can also be no assurance that the Company will be able to identify suitable acquisition opportunities or that the Company will be able to make such acquisitions on appropriate terms.

#### **1.6. Future litigation could adversely affect the Company's business, results of operations or financial condition**

Damages and/or other remedies claimed under any litigation are difficult to predict, and may be material. The outcome of such litigation may materially impact the Company's business, financial condition, results of operations and prospects. While the Company will assess the merits of each lawsuit and defend itself accordingly, it may be required to incur significant expenses or devote significant resources to defending itself against such litigation. In addition, adverse publicity surrounding such claims may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

### **1.9. The Company is subject to risks relating to its working interest partner and anticipated timetables may not be achieved**

Oil and gas operations globally are typically conducted in conjunction with other companies. The Company's assets are operated in joint venture with Vision, who is operator of the Company's assets. The ability of the Company to influence its partners will sometimes be limited. As such, the Company's anticipated timetables in all of its current and expected operations are the Directors' estimates based on a number of variables not all of which are under the Company's direct control. The Company is dependent upon the operators of its assets to act in accordance with agreed plans in respect of each of the assets but the Company has no control over such persons save through contractual terms which may be costly, time consuming or impossible to enforce. There is a risk that the Company's partners may elect not to participate in or may not be able to fund certain activities relating to projects and which require that party's consent, including those wells which the Company expects to be drilled, but has not yet committed to, as part of its drilling programme. In these circumstances it may not be possible for such activities to be undertaken by the Company alone or in conjunction with other participants at the desired time or at all. Furthermore, if the timetable estimates prove to be wrong or the operator does not take the actions in relation to maintaining or developing the assets then it may lead to delays or further problems which may have a material adverse effect on the Company's business. The bankruptcy, failure or default of a joint venture partner could result in the Company's share of one or more projects' liabilities and/or costs increasing unexpectedly and have a material adverse effect of the Company's business.

### **1.10. Reliance on third party infrastructure**

The Company's activities and business model of field development are 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. RISKS RELATED TO THE OIL AND GAS INDUSTRY**

### **2.1. A material decline in oil and gas prices may adversely affect the Company's results of operations and financial condition, and prices may not return to levels seen in recent years**

Both oil and gas prices can be volatile and subject to fluctuation in response to relatively minor changes in the supply of, and demand for, oil and gas, market uncertainty and a variety of additional factors that are beyond the control of the Company. Historically and indeed recently, oil and gas prices have fluctuated widely for many reasons, including global and regional supply and demand; political, economic and military developments, and labour unrest, in oil and gas producing regions, particularly the Middle East; domestic and foreign governmental regulations and actions; global and regional economic conditions and weather conditions and natural disasters. It is impossible to predict accurately future oil and gas price movements. Accordingly, oil and gas prices may not remain at their current levels. Although the Company is not yet an active producer of oil and gas, declines in oil and gas prices may adversely affect market sentiment and as a consequence the market price of the Ordinary Shares and furthermore affect the Company's cash flow, liquidity and profitability, and limit the amount of oil and gas that the Company could potentially market in the future.

Although oil and gas prices have fallen significantly since mid-2014, they may not return to levels previously seen within any foreseeable timeframe.

The Company can give no assurance that future prices for oil and gas will be sufficient to generate an economic return. Any further decline in such prices could result in reduced cash flows from the Company's assets and a reduction in the valuation of the Company's assets, which in turn may result in a reduction in the debt available to the Company. This would have a material adverse effect on the Company's financial condition, business, prospects and results of operations.

## **2.2. Estimation of Reserves, Resources and production profiles is not exact**

The estimation of oil and gas Reserves, Resources, and their anticipated production profiles, involves subjective judgements and determinations based on a number of variable factors and assumptions, such as expected reservoir characteristics based on geological, geophysical and engineering assessments, future production rates based on historical performance and expected future operating investment activities, future oil and natural gas prices and quality differentials, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. They are not exact determinations and are inherently uncertain. In addition, these judgements may change based on new information from production or drilling activities or changes in economic factors, as well as from developments such as acquisitions and disposals, new discoveries and extensions of existing fields and the application of improved recovery techniques. Published reserve estimates are also subject to correction for errors in the application of published rules and guidance.

The Reserves, Resources and production profile data contained in this document are estimates only and should not be construed as representing exact quantities. They are based on production data, prices, costs, ownership, geophysical, geological and engineering data, and other information assembled by the Company. The estimates may prove to be incorrect and potential investors should not place undue reliance on the forward-looking statements contained in this document concerning the Company's Reserves and Resources or production levels.

If the assumptions upon which the estimates of the Company's Reserves, Resources or production profiles have been based prove to be incorrect, the Company may be unable to recover and produce the estimated levels or quality of oil and gas set out in this document and this may have a material adverse effect on the Company's business.

## **2.3. The Company may miss out on operational opportunities if it is unable to successfully co-ordinate its development, appraisal and exploration projects**

The Company's operational projects require key asset delivery personnel to be resourced and the co-ordination of a number of activities including obtaining rigs, long lead items and equipment necessary for its work programmes and drilling. A failure to procure these items in a timely manner may delay operations and increase expenditure. If the Company or operator fails to successfully obtain the necessary personnel in time or to co-ordinate the timely delivery or completion, as the case may be, of any of its planned activities, it may miss out on operational opportunities or may be required to incur additional expenditure.

## **2.4. Development, exploration and appraisal projects do not necessarily result in a profit on the investment or the recovery of costs**

Development, exploration and appraisal activities are capital intensive and inherently uncertain in their outcome. The Company's oil and gas development, exploration and appraisal projects may involve unprofitable efforts, either from dry wells or from wells that are productive but do not produce sufficient net revenues to return a profit after development, operating and other costs. Completion of a well does not guarantee a profit on the investment or recovery of the costs associated with that well. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining consents, shut-ins of connected wells, insufficient storage or transportation capacity, adverse geological conditions and technical and operational difficulties (including operational difficulties in avoiding drilling fluid losses and preventing substantial formation damage during drilling) and other factors. While diligent well supervision, reservoir management and effective maintenance operations can contribute to maximising production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and may adversely affect the Company's business, financial condition, results of operations and prospects.

## **2.5. The Company's operations are subject to a number of risks and hazards that may result in material losses in excess of insurance proceeds**

Oil and gas exploration, development and production operations are inherently risky and hazardous. Risks typically associated with these operations include unexpected formations or pressures, premature decline of reservoirs, drilling damage (which can lead to reduced productivity), early water encroachment and the intrusion of water into producing formations. Losses resulting from the occurrence of any of these risks could have a material adverse effect on the Company's business, financial position, results of operations and prospects. Hazards typically associated with oil and gas exploration, development and production operations include fires, explosions, blowouts, gas leaks and oil spills, each of which could result in substantial damage to oil and gas wells, production facilities, other property and the environment or in personal injury or could result in government intervention which could in turn negatively impact on the Company's operations.

Although the Company will exercise due care in the conduct of its business and usually obtains (itself or through the operator) insurance prior to drilling in accordance with industry standards to cover certain of these risks and hazards, insurance is subject to limitations on liability and, as a result, may not be sufficient to cover all of the Company's losses. In addition, the risks or hazards associated with the Company's operations may not in all circumstances be insurable or, in certain circumstances, the Company may elect not to obtain insurance to deal with specific events due to the high premiums associated with such insurance or for other reasons. The occurrence of a significant event against which the Company is not fully insured, or the insolvency of the insurer of such event, could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

## **2.6. The Company is subject to regulatory requirements**

Businesses in the USA are subject to regulations and approvals of governmental authorities, including those relating to the exploration, development, operation, production, marketing, pricing, transportation and storage of oil and gas, decommissioning, taxation, environmental, and health and safety matters.

The Company will have limited control over whether or not necessary approvals or leases (or renewals thereof) are granted by the government or land owners, the timing of obtaining (or

renewing) such leases or approvals, the terms on which they are granted or the tax regime to which the Company or the assets in which the Company has interests will be subject. As a result, the Company may have limited control over the nature and timing of exploration and development of oil and gas fields in which the Company has or seeks interests.

Amendments to current laws, regulations and permits, authorisations, consents and approvals governing operations and activities of oil and gas companies, or more stringent implementation thereof, could result in increases of capital expenditure or production costs, installation of additional equipment, remedial actions or a reduction in levels of production from producing properties or require abandonment or delays in development of new properties, all of which could have a materially adverse effect on the Company's business, financial condition, prospects and results of operations.

Parties engaged in oil and gas operations may be required to compensate those suffering loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or permits.

## **2.7. The Company's operations expose it to significant compliance costs and liabilities in respect of EHS matters**

The Company's operations and assets are affected by numerous laws and regulations concerning EHS matters including, but not limited to, those relating to discharges of hazardous substances into the environment, the handling and disposal of waste and the health and safety of employees. The technical requirements of these laws and regulations are becoming increasingly complex, stringently enforced and expensive to comply with and this trend is likely to continue. Any failure to comply with EHS laws and regulations may result in regulatory action (which strict, joint and several liability can include statutory orders requiring steps to be taken or prohibiting certain operations), the imposition of fines or the payment of compensation to third parties. All of these liabilities and any other regulatory actions could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

## **2.8. The Company operates in a competitive industry**

The Company competes for scarce resources with numerous other participants, including major international oil and gas companies, in the search for and the acquisition of oil and gas assets, and in the marketing of oil and gas. The Company's ability to increase Resources and Reserves will depend not only on its ability to exploit and develop its present assets but also on its ability to select and acquire suitable producing assets or prospects for exploratory or appraisal drilling. A number of the Company's competitors have substantially greater financial and personnel resources. Larger and better capitalised competitors may be in a position to outbid the Company for particular licences and such competitors may be able to secure rigs for drilling operations preferentially to the Company. These competitors may also be better able to withstand sustained periods of unsuccessful drilling or production. Larger competitors may be able to absorb the burden of any changes in law and regulations more easily than the Company, which would adversely affect its competitive position. In addition, many of the Company's competitors have been operating for a much longer time and have demonstrated the ability to operate through industry cycles.

Generally, risk is reduced through diversification. Diversification is maximised for example by drilling a large number of wells on a large number of exploration prospects having differing geological characteristics, in differing regulatory jurisdictions. The Company's current

strategy is heavily focussed in Tyler County and Polk County, East Texas, and therefore has limited diversification in terms of the jurisdictions that it operates in.

## **2.9. Macroeconomic risks could result in an adverse impact on the Company's financial condition**

Global economic slowdowns may adversely affect the Company's major operations. The links between economic activities in different markets and sectors are complex and depend not only on direct drivers such as the balance of trade and investment between countries, but also on domestic monetary, fiscal and other policy responses to address macroeconomic conditions.

## **2.10. Risk of crime and corruption**

Oil and gas companies have been known to experience high levels of criminal activity and governmental and business corruption. They may be particular targets of criminal or terrorist actions. Criminal, corrupt or terrorist action against the Company and its directly or indirectly held assets or facilities could have a material adverse impact on the Company's business, results of operations or financial condition. In addition, the fear of criminal or terrorist actions against the Company could have an adverse effect on the ability of the Company to adequately staff and/or manage its operations or could substantially increase the costs of doing so.

The Company is not aware of any current or threatened investigations relating to or any adverse findings against the Company or any of its directors, employees, officers or lease partners. If any such investigations are made and substantiated in future against the Company, its directors, officers, employees or potentially its lease partners, or such persons are found to be involved in corruption or other illegal activity, this could result in criminal or civil penalties, including substantial monetary fines, against the Company, its directors, officers or employees. Any such findings in the future could damage the Company's reputation and its ability to do business and could adversely affect its financial condition and results of operations. Furthermore, alleged or actual involvement in corrupt practices or other illegal activities by any lease partners of the Company, or others with whom the Company directly or indirectly conducts business, could also damage the Company's reputation and business and adversely affect the Company's financial condition, results of operations and prospects.

## **2.11. The Company is subject to cyber risks**

The Company is at risk of financial loss, reputational damage and general disruption from a failure of its IT systems or an attack for the purposes of espionage, extortion, terrorism or to cause embarrassment. Any failure of, or attack against, the Company's IT systems may be difficult to prevent or detect, and the Company's internal policies to mitigate these risks may be inadequate or ineffective. The Company may not be able to recover any losses that may arise from a failure or attack.

# **3. RISKS RELATING TO THE ORDINARY SHARES**

## **3.1. Future sales of Ordinary Shares could adversely affect the market price of the Ordinary Shares**

Sales of additional Ordinary Shares into the public market following the Placing could adversely affect the market price of the Ordinary Shares if there is insufficient demand for the Ordinary Shares at the prevailing market price.

### **3.2. The Placing Shares will give rise to dilution for Shareholders**

The Placing Shares will give rise to dilution for Shareholders. The effect of the Placing will be to reduce the proportionate ownership and voting interests in the Ordinary Shares of holders of Existing Ordinary Shares. As a result, a Shareholder that does not participate in the Placing will experience a dilution in its interest as a result of the Placing.

### **3.3. The issuance of additional Ordinary Shares in the Company in connection with future fundraising activities or otherwise may dilute all other shareholdings and may impact the price of the Ordinary Shares**

The Company may seek to raise financing to fund other growth opportunities, invest in its business, or for general corporate purposes. Issuing additional equity securities or debt securities convertible into equity securities may be a more attractive option for the Company than debt financings. Any additional equity financings, depending on structure, would likely result in dilution in the percentage ownership of Shareholders and may involve the use of securities that have rights, preferences, or privileges senior to the Ordinary Shares which may adversely affect the price of the Ordinary Shares.

### **3.4. There is no public market for the securities of the Company in the United States or elsewhere outside the United Kingdom**

The securities to be issued pursuant to the Placing will not be registered under the US Securities Act or the relevant laws of any state or other jurisdiction of the United States or those of any restricted jurisdictions and Placing Shares may not be resold, transferred or delivered, directly or indirectly, within such jurisdictions except pursuant to an applicable exemption from the registration requirements of the US Securities Act and in compliance with any other applicable securities laws. The Company has no intention to list or to apply for admission to trading of securities on any securities exchange or interdealer quotation system other than AIM. As a consequence, an active trading market is not expected to develop for the securities outside the United Kingdom and investors may not be able to sell the Ordinary Shares or achieve an acceptable price. As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

### **3.5. Pre-emption rights may not be available to Overseas Shareholders of Ordinary Shares**

In the case of certain increases in the Company's issued share capital, holders of Ordinary Shares have the benefit of statutory pre-emption rights to subscribe for such shares, unless Shareholders waive such rights by a resolution passed at a Shareholders' meeting, or in certain other circumstances. United States and other overseas holders of shares are very likely to be excluded from exercising any such pre-emption rights they may have, unless a registration statement under the US Securities Act is effective with respect to those rights, or an exemption from the registration requirements under the US Securities Act is available. The Company is unlikely to file any such registration statement, and the Company cannot assure prospective investors that any exemption from those registration requirements would be available to enable United States or other overseas shareholders to exercise such pre-emption rights or, if available, that the Company will utilise any such exemption.

### **3.6. Investors may be exposed to fluctuations in currency exchange rates**

The Ordinary Shares are priced in pounds sterling, and will be quoted and traded in pounds sterling. Accordingly, Shareholders resident in non-UK jurisdictions are subject to risks arising from adverse movements in the value of their local currencies against pounds sterling, which may reduce the value of the Ordinary Shares. This is particularly relevant given the uncertainty around the UK's exit from the European Union.

### **3.7. The ability of Overseas Shareholders to bring actions or enforce judgements against the Company or the Directors may be limited**

The ability of an Overseas Shareholder to bring an action against the Company may be limited under law. The Company is a public limited company incorporated in England and Wales. The rights of holders of Ordinary Shares are governed by English law and by the Articles. These rights differ from the rights of shareholders in typical US corporations and some other non-UK corporations. An Overseas Shareholder may not be able to enforce a judgement against the Company, the Company or some or all of the Directors and executive officers. Consequently, it may not be possible for an Overseas Shareholder to effect service of process upon the Company or the Directors and executive officers within the Overseas Shareholder's country of residence or to enforce against the Company or the Directors and executive officers within the Overseas Shareholder's country of residence or to enforce against the Company or the Directors and executive officers' judgements of courts of securities laws. There can be no assurance that an Overseas Shareholder will be able to enforce any judgements in civil and commercial matters or any judgements under the securities laws of countries other than the UK against the Company or the Directors or executive officers who are residents of the UK or countries other than those in which judgement is made. In addition, English or other courts may not impose civil liability on the Company or the Directors or executive officers in any original action based solely on foreign securities laws brought against the Company or the Directors in a court of competent jurisdiction in England or other countries.

### **3.8. The Company's securities may not be suitable as an investment**

The Company's Ordinary Shares may not be a suitable investment for all investors. Before making a final decision, investors are advised to consult an independent investment adviser authorised under the FSMA who specialises in advising on the acquisition of shares and other securities. The value of the Company's securities and any income received from them can go down as well as up and investors may get back less than their original investment.

### **3.9. The Company's Ordinary Shares are traded on AIM rather than the Official List**

The Existing Ordinary Shares are, and the Placing Shares will be, traded on AIM rather than the Official List. An investment in shares traded on AIM may carry a higher risk than those listed on the Official List. The market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in estimates by stock market analysts, general economic conditions, overall market or sector sentiment, legislative changes in the Company's sector and other events and factors outside of the Company's control. Stock markets have from time to time experienced severe price and volume fluctuations, a recurrence of which could adversely affect the market price for the Ordinary Shares. Prospective investors should be aware that the value of the Ordinary Shares may be volatile and could go down as well as up, and investors may therefore not recover their original investment especially as the market in the Ordinary Shares may have

limited liquidity. Admission to AIM should not be taken as implying that there will be a liquid market for the Ordinary Shares.

### **3.10. The Company's share price fluctuates**

The market price of the Ordinary Shares could be subject to significant fluctuations due to a change in sentiment in the market regarding the Ordinary Shares (or securities similar to them). Such risks depend on the market's perception of the likelihood of success of the Placing, and/or may occur in response to various facts and events, including any variations in the Company's operating results, business developments of the Company and/or its competitors. Stock markets have, from time to time, experienced significant price and volume fluctuations that have affected the market prices for securities and which may be unrelated to the Company's operating performance or prospects. Furthermore, the Company's operating results and prospects from time to time may be below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of the Ordinary Shares and investors may, therefore, not recover their original investment.

Any sale of Ordinary Shares could have an adverse effect on the market price of the Ordinary Shares. Furthermore, it is possible that the Company may decide to offer additional shares in the future. An additional offering could also have an adverse effect on the market price of the Ordinary Shares.

### **3.11. The Company does not plan on making dividend payments in the foreseeable future**

There can be no assurance as to the level of future dividends. The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Directors and will depend on, among other things, the Company's results of operations and financial condition, its future business prospects, any applicable legal or contractual restrictions and availability of profits. A dividend may never be paid and, at present, there is no intention to pay a dividend.

**The risks above do not necessarily comprise all those faced by the Company and are not intended to be presented in any assumed order of priority. The investment offered in this document may not be suitable for all of its recipients. Investors are accordingly advised to consult an investment adviser, who is authorised under the FSMA if you are resident in the United Kingdom or, if not, from another appropriate authorised independent financial adviser and who or which specialises in investments of this kind before making a decision to apply for Placing Shares.**