

**THIS DOCUMENT, THE ENCLOSED FORM OF PROXY AND THE APPLICATION FORM ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA") if you are resident in the United Kingdom or, if not, another appropriately authorised independent financial adviser who specialises in advising on the acquisition of shares and other securities.**

If you have sold or otherwise transferred all of your Ordinary Shares, please forward this document and the accompanying Application Form (for Qualifying Ordinary Shareholders) and the Form of Proxy at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale of transfer was effected for delivery to the purchaser or transferee. If you have sold or otherwise transferred only part of your holding of Ordinary Shares, please retain the documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected as to the action you should take.

The total consideration under the Open Offer shall be less than €5,000,000 (or an equivalent amount) in aggregate. Therefore, in accordance with section 85 and Schedule 11A of FSMA, this document is not, and is not required to be, a prospectus for the purposes of the Prospectus Rules published by the Financial Conduct Authority and has not been approved by the Financial Conduct Authority or any other authority or regulatory body. In addition, this document does not constitute an admission document drawn up in accordance with the AIM Rules. The Existing Ordinary Shares are admitted to trading on AIM. Application will be made for the Subscription Shares and the Open Offer Shares to be admitted to trading on AIM conditional, amongst other things, on the Resolutions being passed at the General Meeting. Application will be made to the London Stock Exchange for the Subscription Shares and the Open Offer Shares to be admitted to trading on AIM conditional on the Resolutions being passed at the General Meeting. It is anticipated that Admission will become effective and that dealings in the Subscription Shares will commence at 8:00 a.m. on 8 December 2015 and dealings in the Open Offer Shares will commence at 8:00 a.m. on 10 December 2015.

**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the London Stock Exchange nor the UK Listing Authority have examined or approved the contents of this document. The AIM Rules are less demanding than those of the Official List of the UK Listing Authority.**

The Directors whose names appear on page 9 accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Subscription and the Open Offer are each conditional upon the passing of the Resolutions. The Subscription is also conditional upon, amongst other things, the Subscription Agreements becoming unconditional in all respects and Admission occurring on or before 8 December 2015 or such later time and date as the Company may determine (being no later than 8:00 a.m. on 11 December 2015). The Open Offer is also conditional upon, amongst other things, Admission occurring on or before 10 December 2015 or such later time and date as the Company may determine (being no later than 8:00 a.m. on 17 December). The Subscription Shares and the Open Offer Shares will rank in full for all dividends or other distributions hereafter declared, made, or paid on the Ordinary Shares and will rank *pari passu* in all other respects with all other Ordinary Shares in issue on Admission.

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## **Northern Petroleum Plc**

*(incorporated in England and Wales with registered number 02933545)*

### **Proposed Capital Reorganisation,**

**Proposed Subscription of 40,000,000 New Ordinary Shares at 3 pence per Subscription Share,**

**Proposed Open Offer of 40,000,000 New Ordinary Shares at 3 pence per Open Offer Share on the basis of 2 Open Offer Shares for every 5 Existing Ordinary Shares,**

**to raise up to £2.4 million, in aggregate,**

**and**

### **Notice of General Meeting**

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**You should read this document in its entirety, together with the Application Form and the Form of Proxy. Your attention is drawn to the letter from the Chairman of Northern Petroleum Plc which is set out in Part I of this document and which contains the unanimous recommendation from the Board that you vote in favour of the Resolutions at the General Meeting.**

The latest time and date for acceptance and payment in full under the Open Offer is 11:00 a.m. on 4 December 2015. The procedure for acceptance and payment is set out in Part III of this document and, where relevant, in the Application Form.

Notice convening the General Meeting of the Company to be held at 12:00 p.m. on 3 December 2015 at the offices of Eversheds LLP, One Wood Street, London EC2V 7WS is set out at the end of this document. Shareholders have been provided with a Form of Proxy for use in connection with the General Meeting. Whether or not you intend to attend the General Meeting in person, please complete, sign and return the Form of Proxy to the Registrar in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received by no later than 12:00 p.m. on 1 December 2015. Shareholders who hold the Company's shares in uncertificated form (that is, in CREST) may, as an alternative, submit their proxy votes electronically using the Share Portal service at [www.sharegateway.co.uk](http://www.sharegateway.co.uk). The completion and return of a Form of Proxy will not prevent Shareholders from attending and voting in person at the General Meeting should they wish to do so.

The distribution of this document and/or the accompanying Application Form or Form of Proxy outside the UK may be restricted by law. Persons outside the UK who come into possession of this document should inform themselves about and observe any such restrictions. Failure to comply with such restrictions may constitute a violation of the securities laws of such jurisdictions. This document does not constitute an offer to sell or an invitation to subscribe for, or solicitation of an offer to subscribe or buy, the Subscription Shares or the Open Offer Shares to any person in any Restricted Jurisdiction. In particular, this document is not for distribution in or into the United States of America, Canada, Australia, New Zealand, the Republic of South Africa, Japan or the Russian Federation. Accordingly, the Subscription Shares and/or the Open Offer Shares may not, subject to certain exceptions, be offered directly or indirectly in or into the United States of America, Canada, Australia, New Zealand, the Republic of South Africa, Japan or the Russian Federation. The Subscription Shares and/or the Open Offer Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) or under the securities legislation of any state of the United States of America, Canada,

Australia, New Zealand, the Republic of South Africa, Japan or the Russian Federation and they may not be offered or sold directly or indirectly within those Restricted Jurisdictions or to or for the account or benefit of any national, citizen or resident of such jurisdictions.

Westhouse Securities Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company and no one else (including the recipients of this document) as nominated adviser and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Westhouse Securities Limited or for advising any other person in connection with the matters described in this document. Westhouse Securities Limited makes no representation, express or implied, with respect to the accuracy or completeness of any information contained in this document and accepts no responsibility for, nor does it authorise, the contents of, or the issue of this document, or any other statement made or purported to be made by the Company, or on its behalf, in connection with the Company or any of the other matters described in this document and, accordingly, to the fullest extent permitted by law disclaims all and any liability whatsoever whether arising out of tort, contract or otherwise which it might otherwise have in respect of this document or any other statement.

#### **Forward-looking statements**

Certain statements contained in this document are or may constitute "forward-looking statements". These statements may be identified by words such as "expects", "looks forward to", "anticipates", "targets", "aims", "may", "would", "could", "intends", "plans", "believes", "seeks", "estimates", "will", "project" or words of similar meaning. They include all matters that are not historical facts. Such statements are based on the current expectations and certain assumptions of the Directors, and are, therefore, subject to certain risks and uncertainties. Forward-looking statements are not guarantees of future performance and a number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements. The forward-looking statements in this document speak only as of the date of this document. Except as required by law, the Company disclaims any obligation to update any such forward-looking statements to reflect future events or developments.

In making the forward-looking statements in this document, Northern Petroleum has also made assumptions regarding the timing and results of exploration activities; the enforceability of Northern Petroleum's contracts; the costs of expenditures to be made by Northern Petroleum; future crude oil prices; access to local and international markets for future crude oil production, if any; Northern Petroleum's ability to obtain and retain qualified staff and equipment in a timely and cost-efficient manner; the political situation and stability in the jurisdictions in which Northern Petroleum operates; the regulatory, legal and political framework governing such contracts, royalties, taxes and environmental matters in the jurisdictions in which Northern Petroleum, conducts and will conduct its business and the interpretation of applicable laws; the ability to renew its licenses on attractive terms; Northern Petroleum's future production levels; the applicability of technologies for the recovery and production of Northern Petroleum's oil resources; operating costs; availability of equipment and qualified contractors and personnel; Northern Petroleum's future capital expenditures; future sources of funding for Northern Petroleum's capital program; Northern Petroleum's future debt levels; geological and engineering estimates in respect of Northern Petroleum's resources; the geography of the area in which Northern Petroleum is conducting exploration and development activities; the impact of increasing competition on Northern Petroleum; and the ability of Northern Petroleum to obtain financing, and if obtained, to obtain acceptable terms. Although Northern Petroleum considers the assumptions that it has utilised to be based on reliable information, such forward looking statements are based on a number of assumptions which may prove to be incorrect.

As a result of these risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements as a prediction of actual results or otherwise.

To the extent available, the industry, market and competitive position data contained in this document come from official or third party sources. Third party industry publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data.

This document should not be considered as a recommendation by Northern Petroleum or any of their respective advisers and/or agents that any person should subscribe for or purchase any securities of Northern Petroleum. Prospective purchasers of securities of Northern Petroleum are required to make their own independent investigation and appraisal.

#### **Resource Information**

In this document, Northern Petroleum has provided information with respect to certain resource information that is based on oil discovery information for lands surrounding its properties which is "analogous information" as defined in applicable securities laws. This analogous information is derived from publicly available information sources which Northern Petroleum believes are predominantly independent in nature. However, Northern Petroleum cannot guarantee that such information was independently prepared. In addition some of this data may not have been prepared by qualified reserves evaluators or auditors and their preparation of any estimates may not be in strict accordance with the relevant oil and gas evaluation standards. Regardless, estimates by engineering and geo-technical practitioners may vary and the differences may be significant. Northern Petroleum believes that the provision of this analogous information is relevant to its activities, given its acreage position and operations (either ongoing or planned) in the area in question; however, readers are cautioned that there is no certainty that any of the development on Northern Petroleum's properties will be successful to the extent in which operations on the lands in which the analogous information is derived from were successful, or at all.

Barrel of oil equivalent ("BOE") amounts may be misleading, particularly if used in isolation. A BOE conversion ratio has been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel. This conversion ratio of six thousand cubic feet of natural gas to one barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

In accordance with the AIM Rules – Guidance for Mining and Oil & Gas Companies, the information contained in this document has been reviewed and signed off by the CEO of Northern Petroleum, Mr Keith Bush, who has 24 years' experience as a petroleum engineer. He has read and approved the technical disclosures in this document. The technical disclosure in this document complies with the SPE/WPC standard.

The classification of reserves stated in this document has been done in accordance with the standards contained in the Canadian Oil and Gas Evaluation Handbook (COGEH), which is co-authored by the Society of Petroleum Evaluation Engineers.

#### **Qualifying Shareholders**

Qualifying Ordinary Shareholders will find an Application Form enclosed with this document. Qualifying CREST Holders (none of whom will receive an Application Form) will receive a credit to their appropriate stock accounts in CREST in respect of the Open Offer Entitlements which will be enabled for settlement on 16 November 2015. Applications under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim arising out of a sale or transfer of Ordinary Shares prior to the date on which the Ordinary Shares were marked "ex" the entitlement by the London Stock Exchange. If the Open Offer Entitlements are for any reason not enabled by 3:00 p.m. on 16 November or such later time as the Company may decide, an Application Form will be sent to each Qualifying CREST Holder in substitution for the Open Offer Entitlements credited to his stock account in CREST. Qualifying CREST Holders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer.

Unless otherwise stated, exchange rates of: (a) US\$1.52:£1 and (b) Cdn\$1.30:£1 have been used throughout this document.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

**The dates and times set out below are based on the Company's current expectations and may be subject to change. References to times in this document are to London times, unless otherwise stated.**

Announcement of the Acquisition, the Subscription and Capital Reorganisation	12 November 2015
Record Date for entitlement under the Open Offer	5:30 p.m. on 13 November 2015
Announcement of the Open Offer	16 November 2015
Ex-entitlement date for the Open Offer	16 November 2015
Publication of this document, the Application Form and the Form of Proxy	16 November 2015
Open Offer Entitlements credited to stock accounts of Qualifying CREST Holders into CREST	17 November 2015
Recommended latest time for requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST	4:30 p.m. on 27 November 2015
Recommended latest time for depositing Open Offer Entitlements and Excess CREST Open Offer Entitlements into CREST	3:00 p.m. on 1 December 2015
Latest time and date for receipt of Forms of Proxy	12:00 p.m. on 1 December 2015
Recommended latest time and date for splitting of Application Forms	3:00 p.m. on 2 December 2015
General Meeting	12:00 p.m. on 3 December 2015
Capital Reorganisation Record Date	3 December 2015
Latest time and date for receipt of applications by Qualifying Ordinary Shareholders and Qualifying CREST Holders under the Open Offer	11:00 a.m. on 4 December 2015
Announcement of the Results of the Open Offer	7 December 2015
Admission and commencement of dealings in the Subscription Shares	8:00 a.m. on 8 December 2015
Admission and commencement of dealings in the Open Offer Shares	8:00 a.m. on 10 December 2015
Expected date for crediting of the Open Offer Shares issued to CREST stock accounts in uncertificated form	10 December 2015
Expected date for dispatch of definitive share certificates (where applicable)	by 21 December 2015

## SUBSCRIPTION AND OPEN OFFER STATISTICS

Number of Existing Ordinary Shares in issue as at the date of this document	95,365,660
Issue Price	3 pence

### Subscription statistics

Number of Subscription Shares	40,000,000
Subscription Shares as a percentage of the Enlarged Issued Share Capital <sup>(1)</sup>	22.8%
Gross proceeds of the Subscription	£1.2 million

### Open Offer statistics

Basis of Open Offer	2 Open Offer Shares for every 5 Existing Ordinary Shares
Maximum number of Open Offer Shares	40,000,000
Open Offer Shares as a percentage of the Enlarged Issued Share Capital <sup>(1)</sup>	22.8%
Maximum gross proceeds of the Open Offer receivable by the Company <sup>(1)</sup>	£1.2 million

### Overall statistics

Enlarged Issued Share Capital following completion of the Subscription and the Open Offer <sup>(1)</sup>	175,365,660
The Subscription Shares and the Open Offer Shares as a percentage of the Enlarged Issued Share Capital <sup>(1)</sup>	45.6%
Gross proceeds of the Subscription and the Open Offer <sup>(1)</sup>	£2.4 million
Estimated net proceeds of the Subscription and the Open Offer <sup>(1)</sup>	£2.3 million

<sup>(1)</sup> Assuming full subscription under the Open Offer and no exercise of any options or warrants prior to Admission.

## **DIRECTORS, SECRETARY AND ADVISERS**

### **Directors**

J D Murphy (Non-executive Chairman)  
K R Bush (Chief Executive Officer)  
N T Morgan (Finance Director)  
I M Lanaghan (Non-executive Director)

### **Registered Office**

Chester House  
Unit 3.01 Kennington Park  
1-3 Brixton Road  
London SW9 6DE

### **Company Secretary**

W J Anderson

### **Nominated Adviser**

Westhouse Securities Limited  
Beaufort House  
15 St. Botolph Street  
London EC3A 7BB

### **Legal advisers to the Company**

Eversheds LLP  
1 Wood Street  
London EC2V 7WS

### **Registrars**

Neville Registrars Limited  
Neville House  
18 Laurel Lane, Halesowen  
West Midlands B63 3DA

### **Receiving Agent**

Neville Registrars Limited  
Neville House  
18 Laurel Lane, Halesowen  
West Midlands B63 3DA

## PART I

### LETTER FROM THE CHAIRMAN OF THE COMPANY

#### NORTHERN PETROLEUM PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 02933545)

*Directors:*

Jonathan Murphy (Chairman and Non-executive Director)  
Keith Bush (Chief Executive Officer)  
Nicholas Morgan (Finance Director)  
Iain Lanaghan (Non-executive Director)

*Registered Office:*

Chester House  
Unit 3.01 Kennington Park  
1-3 Brixton Road  
London, SW9 6DE  
United Kingdom

16 November 2015

Dear Shareholder,

#### **Proposed Capital Reorganisation,**

#### **Proposed Subscription of 40,000,000 New Ordinary Shares at 3 pence per Subscription Share,**

#### **Proposed Open Offer of 40,000,000 New Ordinary Shares at 3 pence per Open Offer Share on the basis of 2 Open Offer Shares for every 5 Existing Ordinary Shares,**

**to raise up to £2.4 million, in aggregate,**

#### **and Notice of General Meeting**

### **1. Introduction**

On 12 November 2015 the Company announced that it has, conditional upon passing of the Resolutions and on Admission, raised £1.2 million by way of a Subscription of 40,000,000 Subscription Shares at an Issue Price of 3 pence per share and also announced its intention to raise up to a further £1.2 million by way of an Open Offer to Qualifying Shareholders through the issue of up to 40,000,000 Open Offer Shares at the same Issue Price of 3 pence per share. The Issue Price represents a discount of approximately 14.3 per cent. to the middle market closing price per Existing Ordinary Share of 3.5 pence on 11 November 2015 being the last business day prior to the announcement of the Subscription.

Accordingly, subject to the fulfilment of the conditions set out in this document, Qualifying Shareholders are being given the opportunity to subscribe for Open Offer Shares at the Issue Price *pro rata* to their holdings of Existing Ordinary Shares on the Record Date on the basis of:

#### **2 Open Offer Shares for every 5 Existing Ordinary Shares**

Certain Qualifying Shareholders, who together own approximately 14.1 per cent. of the Existing Ordinary Shares and have participated in the Subscription, have undertaken not to subscribe for any Open Offer Shares in the Open Offer and their Open Offer Entitlements will be made available to Qualifying Shareholders under the Excess Application Facility.

In order to enable the Subscription and the Open Offer to be effected, the Board proposes to carry out the Capital Reorganisation which is explained in more detail in paragraph 6 of this Chairman's letter and in the Notice of the General Meeting at the end of this document.

The net proceeds of the Subscription and the Open Offer will be used primarily for the Acquisition and initial development of the Rainbow Assets, as well as supporting the ongoing working capital requirements of the Company as it pursues the development of its exploration and appraisal assets in Italy.

The Subscription, the Open Offer and the Capital Reorganisation are conditional, *inter alia*, upon the approval of Shareholders. You will find set out at the end of this document a Notice of the General Meeting which has been convened for 12:00 p.m. on 3 December 2015, at the offices of Eversheds LLP, One Wood Street, London EC2V 7WS, at which the Resolutions will be put to Shareholders seeking certain authorities that are necessary to facilitate the Subscription, the Open Offer and the Capital Reorganisation.

**The purpose of this document is to give you details of, and the reasons for, the Proposals, to explain why the Board considers the Proposals to be in the best interests of the Company and its Shareholders as a whole and why the Directors recommend that you vote in favour of the Resolutions to be proposed at the General Meeting, notice of which is set out at the end of this document.**

## **2. Information on Northern Petroleum**

Northern Petroleum is an oil and gas exploration and production company quoted on AIM. The Group is focused on production and development activities which are believed to have the potential to deliver cash flow and demonstrable value for Shareholders in a reasonable timeframe.

In conjunction with this production activity, Northern Petroleum continues to mature exploration and appraisal projects which could be farmed out and/or drilled in order to generate the possibility of significant returns on investment. The Company's key assets are in Canada, an onshore light oil production play, and in Italy, where the Company has both onshore and offshore permits and applications containing exploration prospects and oil discoveries.

The Company also owns two non-core interests: a 1.4 per cent. interest in an offshore exploration block in French Guiana, which contains the Zaedyus oil discovery, and the entire interest in a large acreage exploration licence onshore in the Otway basin in south Australia.

## **3. Background to and reasons for the Proposals**

During the past two years, the Company has pursued a strategy of production led growth, with the aim of creating a sustainable business that is capable of growth through production assets, as well as enabling potentially high value exploration and appraisal assets to be developed. The production asset focus has been on the onshore oil field redevelopment in the Virgo area of northwest Alberta, Canada, where the Company has drilled six new wells and recompleted an existing well. These wells provided production that peaked at over 500 barrels of oil per day ("bopd") at the end of 2014.

The economics of this production have been adversely impacted as a result of the reduction in the oil price over the last 18 months, with the benchmark crude West Texas Intermediate price dropping from over US\$100 per barrel to less than US\$50 per barrel. Production was therefore shut in during January 2015, including the 102/15-23 well shut-in due to a pipeline issue. An evaluation was performed by the Company on how to reduce operating expenses, which led to production from one well being restarted in June 2015, with the evaluation of the other wells continuing. Average daily production from that well for the three months to 30 September 2015 has been approximately 25 bopd (net of water production).

The significant fall in oil price has created uncertainty and concern in the oil industry in general, and as a result has also provided acquisition opportunities in a market where it may be cheaper to buy production and reserves than it is to drill for them. The Company has reviewed multiple opportunities over the past year with a view to increasing the production base and reserves, creating synergies with the existing production wells to reduce their operating expense and covering the Company's general

and administrative costs. The Directors believe that the Acquisition, as detailed below, has the potential to achieve these objectives even in the current oil price environment.

### *The Acquisition*

The Acquisition comprises of existing production facilities and wells on mineral leases across approximately 28,000 acres, the majority of which are in the Rainbow area of northwest Alberta (the "Rainbow Assets"), approximately 20 miles south of the Company's existing Virgo Assets. The consideration to be paid for the Acquisition is Cdn\$0.25 million (approximately US\$0.2 million) in cash. The Company will also assume the abandonment liability for all the wells and facilities acquired. The Alberta Energy Regulator has assigned an estimated undiscounted net liability for the assets of US\$1.5 million and a gross undiscounted abandonment cost of US\$8.9 million. The operating cashflow attributable to the Rainbow Assets for the eight months ending 31 August 2015 was Cdn\$0.4 million and the turnover for the year ended 2014 was Cdn\$8.6 million.

The Rainbow Assets are being sold by a Calgary based exploration and production company listed on the Toronto Stock Exchange. The Rainbow Assets were previously acquired by the vendor as part of a larger corporate acquisition and were regarded as non-core. Further to a reserves report commissioned by the vendor from a Calgary based independent third party engineering firm, the Rainbow Assets were estimated to contain, as at 31 December 2014, proved plus probable reserves of approximately 1.185 million barrels of oil equivalent ("boe") with a calculated net present value of approximately US\$14.7 million before tax using a discount factor of 10 per cent. as at that date.

The existing wells on the leases were drilled to target multiple reservoir horizons including a Devonian Keg River light oil play, the same play as targeted within the Company's Virgo Assets. The Rainbow Assets had average reported production during the month of September 2015 of 211 boe per day, of which approximately 80 per cent. was oil.

The Rainbow Assets include a total of 117 operated and 41 non-operated wells, of which approximately one third are either currently in production or are believed by the Directors to have the potential of being initially brought back into production. The remaining wells are either suspended or already abandoned and will be reviewed for future production potential.

In addition to the wells and mineral rights, a material amount of facilities and equipment are included with the Acquisition. There are two main facilities which consist of storage tanks and water separation facilities as well as water disposal wells. There is also a direct sales point which ties into the Plains Midstream Pipeline system for produced oil. The Directors believe that these facilities will provide operational synergies for the Company's existing Virgo Assets, since production can be trucked, processed and sold through the Rainbow Assets facilities without incurring third party processing and water disposal fees, currently being paid by the Company for its existing production.

The Directors have identified an initial work programme on the Rainbow Assets, which is proposed to be initiated shortly after the completion of the Acquisition, subject to the successful completion of the Subscription. The programme involves the reinstatement of wells and facilities and is intended to double the existing production over the next 12 months. It is forecast that this production, combined with production from the Company's existing assets, will provide sufficient net cash flow to broadly cover the Company's total general and administrative cost in 2016, using an oil price of US\$47 per barrel, and should allow the Company access to the debt capital markets for future development capital, if appropriate. Over the longer term, the Directors believe that the combined asset base could support production growth to in excess of 2,500 bopd, subject to accessing appropriate development capital at the time.

An asset purchase agreement has been signed with the vendor for the acquisition of the Rainbow Assets and completion is conditional upon the payment of the Cdn\$0.25 million cash consideration to the vendor and the deposit of any net abandonment liability, when calculated against the deemed value of the assets, with the Alberta Energy Regulator, which is not forecast to be material. Completion

is expected to occur shortly after the closing of the Subscription. Northern Petroleum considers the Acquisition to be consistent with its continuing strategy of production led growth.

While the completion of the Acquisition is only subject to the financing of the cash consideration of Cdn\$0.25 million, if the Subscription is not approved by shareholders, sufficient funding will not be available to the Company to undertake the initial work programme on the Rainbow Assets and therefore the Company will choose not to complete the Acquisition and will need to look for alternative sources of finance to support the Company during 2016.

#### *The Subscription*

The Company has, conditional upon the passing of the Resolutions and admission of the New Ordinary Shares to trading on AIM, raised £1.2 million before expenses by way of the Subscription. The Issue Price for the Subscription Shares represents a discount of approximately 14.3 per cent. to the middle market closing price per ordinary share of 3.5 pence on 11 November 2015, being the last business day prior to the publication of the Announcement.

The net proceeds of the Subscription will be used primarily to fund the Acquisition and the initial development of the assets being acquired pursuant to the Acquisition to increase production, as well as supporting the ongoing working capital requirements of the Company. Further details concerning the Subscription are set out in paragraph 8, below.

#### *The Open Offer*

The Board has decided to make an Open Offer so that all Qualifying Shareholders have an opportunity to participate at the same Issue Price as investors have done in the Subscription. Accordingly, up to 40,000,000 ordinary shares are being made available to Qualifying Shareholders at a price of 3 pence per share (being the same as the Issue Price for the Subscription) under the terms of the Open Offer, with a view to raising up to £1.2 million (before expenses).

Funds received from the Open Offer will provide additional working capital for the Company, which will further support the business during a time of particular oil price uncertainty and volatility. Further details concerning the Open Offer are set out in paragraph 8, below.

### **4. Current trading and operational update**

#### *Financial*

The Company reported revenue for the first six months of 2015 of US\$0.2 million, reflecting the shut-in of all the producing wells at the end of January 2015 with one well re-starting production in June. The reported operating expense of US\$0.6 million reflects the fixed level of costs still incurred during this shut-in period, in addition to the operational cost of shutting the wells in and an element of the work undertaken to re-start the 100/16-19 well. Other income reported during the period represents the cash received from the farm out of the Cascina Alberto permit. Cash on the balance sheet as at 30 June 2015 was approximately US\$3.0 million. Cash on the balance sheet as at 30 September 2015 was approximately US\$1.6 million, reflecting the clearing of the majority of all the remaining creditors in relation to the previous drilling campaign during the first quarter of the year.

#### *Operational - Canada*

Since the end of June 2015, the 100/16-19 well has continued to produce with a water cut of approximately 25 per cent. Average daily production for the three months to 30 September 2015 has been approximately 25 bopd (net of water production). The Company has liaised with the local infrastructure operator on the pipeline repair work required to bring 102/15-23 back into production, however the local operator has decided not to proceed with the repair. The Company is therefore evaluating an alternative solution whereby the Company undertakes the repair at a relatively low cost

to the business. The Company has also undertaken a subsurface review on production data and the previous drilling programmes which will now be used to define future development of the acreage.

### *Operational – Italy*

The key achievements to date in 2015 in Italy have been the farm out of the Cascina Alberto permit onshore northern Italy to Shell Italia E&P S.p.A. and the main governmental approvals being granted for the acquisition of 3D seismic offshore in the southern Adriatic. The Company has also received the environmental impact assessment approvals for five exploration applications to become permits, all contiguous to the Company's existing acreage offshore in the southern Adriatic. The final requirement for these applications to become permits is the decree by the Ministry of Economic Development.

The exploration work programme has begun on the Cascina Alberto licence, which involves the reprocessing of existing seismic to determine whether further seismic is required before a decision can be made on an exploration well.

The Company is now planning a work programme to acquire 3D seismic in the southern Adriatic across the Cygnus exploration prospect and Giove oil discovery, which is forecast to occur in the third quarter of 2016. This seismic acquisition is subject to financing, most likely through a farm out of the permit, and the positive conclusion of local appeals and operational approvals. The Company is also drafting an appraisal well environmental impact assessment submission for the Giove oil discovery, with the plan to drill a well in the next 12 to 18 months, again subject to successful approvals being received and financing.

The Company's offshore permits in Sicily and the southern Adriatic are held in various stages of suspension in advance of the next activity in the relevant work programme. The Italian exploration and production regulatory regime allows for permits to be suspended while authority is sought or appeals heard regarding the next part of any given work programme.

The Company aims to drill five wells in five years across its Italian permits and exploration applications, each with the potential to add material value to the Company upon success. The completion of such a forecast programme will be subject to securing suitable financing and all the necessarily regulatory approvals. The Company has ongoing discussions with various third parties in the industry regarding possible farm outs of its Italian offshore assets and is currently in discussions with one particular party concerning the farming out of its offshore permits and exploration applications. However, no certainty as to the outcome of these discussions can be assured.

### *Corporate*

As part of the continued review of ongoing general and administrative costs and in addition to a reduction announced in March this year, the Directors and other key senior management have agreed to further reduce their salaries. It is intended that in exchange for this second reduction in salaries, nil-cost options over New Ordinary Shares will be issued every three months and the amount of nil-cost options issued will be with reference to the average share price of the Company during the prior three months and the reduction in salary taken. The Remuneration Committee will determine the terms of the nil-cost options and the length of time in which these arrangements are deemed necessary, and an announcement will be made at the time the options are issued.

## **5. Use of Proceeds**

As at 30 September 2015, the Company had cash holdings of approximately US\$1.6 million. It is anticipated that the funds raised from the Subscription, combined with existing cash resources, will be used by the Company as follows:

- approximately US\$0.2 million to pay the cash consideration due on completion of the Proposed Acquisition; and

- approximately US\$1.6 million to fund the initial work programme of production reinstatement on the Rainbow Assets to be undertaken in the first quarter of 2016.

## **6. Reasons for and details of the Capital Reorganisation**

The Existing Issued Share Capital consists of 95,365,660 Existing Ordinary Shares which are currently in issue and credited as fully paid up.

The New Ordinary Shares proposed to be issued pursuant to the Subscription and the Open Offer are to be issued at the Issue Price, which represents a discount of 14.3 per cent. to the closing midmarket price of an Existing Ordinary Share of 3.5 pence on 11 November 2015 (being the last practicable date prior to the publication of the Announcement).

Under the provisions of section 580 of the Companies Act, the Company may not allot shares at a price which is less than the nominal value of those shares. To enable the Company to proceed with the Subscription and the Open Offer, the Company's Existing Ordinary Shares will therefore need to be sub-divided and re-designated as described below and in the Notice of the General Meeting at the end of this document.

### ***Details of the Capital Reorganisation***

Pursuant to the Capital Reorganisation, it is proposed that each Existing Ordinary Share with a nominal value of 5 pence be sub-divided and re-designated into one New Ordinary Share of 1 penny and one Deferred Share of 4 pence. Immediately following the Capital Reorganisation, every Shareholder will hold one New Ordinary Share and one Deferred Share for every Existing Ordinary Share currently held by them. A Shareholder's *pro rata* entitlement to Open Offer Shares will not be affected by such subdivision and re-designation. The Directors believe that the Capital Reorganisation should not affect the market value of a Shareholder's aggregate holding of the Existing Ordinary Shares in the Company.

It is proposed that each New Ordinary Share will carry the same rights in all respects as each Existing Ordinary Share does at present, including the rights in respect of voting and the entitlement to receive dividends. Each Deferred Share will have very limited rights and will effectively be valueless. Such shares will have no voting rights, no rights to receive dividends and will have only very limited rights on a return of capital. The Deferred Shares will not be admitted to trading on AIM or listed on any other stock exchange and will not be freely transferable. Please refer to Resolution 1 set out in the Notice of the General Meeting at the end of this document for further details of the rights which are proposed to be attached to the Deferred Shares.

The Company does not propose to issue new share certificates to the existing Shareholders as a result of the Capital Reorganisation. The existing share certificates which have been issued to the Shareholders in respect of their holdings of Existing Ordinary Shares will remain valid in respect of the New Ordinary Shares.

CREST accounts of Shareholders will not be credited in respect of any entitlement to Deferred Shares.

### ***Amendment to the Existing Articles***

As part of the Capital Reorganisation, the Company proposes to make consequential amendments to its Existing Articles to include provisions in respect of the Deferred Shares. Please refer to Resolution 3 set out in the Notice of the General Meeting at the end of this document for further details on such proposed amendments.

The Capital Reorganisation is conditional on the approval of the Shareholders at the General Meeting.

## **7. Related Party Transactions**

It is proposed that Cavendish Asset Management subscribe for 21,666,667 Subscription Shares in the Subscription. Cavendish Asset Management is a related party of the Company for the purposes of the AIM Rules as they have an existing shareholding in the Company that is greater than ten per cent., being approximately 10.91 per cent.

The Directors consider, having consulted with the Company's Nominated Adviser, Westhouse Securities Limited, that the participation of Cavendish Asset Management in the Subscription is fair and reasonable insofar as Shareholders are concerned.

## **8. Details of the Capital Raising**

### ***The Subscription***

Pursuant to the Subscription Agreements, Cavendish Asset Management and City Financial have conditionally agreed to subscribe for the Subscription Shares raising £1.2 million in aggregate at a price of 3 pence per Subscription Share. Pursuant to the Cavendish Asset Management Subscription Agreement, Cavendish Asset Management will subscribe for 21,666,667 New Ordinary Shares, and pursuant to the City Financial Subscription Agreement, City Financial will subscribe for 18,333,333 New Ordinary Shares. The Subscription is conditional, inter alia, on the passing of the Resolutions and the Subscription Agreements becoming unconditional in all respects.

### ***The Open Offer***

The Open Offer is for 40,000,000 Open Offer Shares at the Issue Price (being the same as the Issue Price for the Subscription) to raise up to £1.2 million (before expenses). Only Qualifying Shareholders on the Company's register of members as at the Record Date may participate in the Open Offer.

Subject to the fulfilment of the terms and conditions referred to in this document and, where relevant, set out in the Application Form, Qualifying Shareholders are being given the opportunity to apply for Open Offer Shares at a price of 3 pence per Open Offer Share, free of expenses, payable in full, in cash on application, on the basis of:

### **2 Open Offer Shares for every 5 Existing Ordinary Shares**

registered in the name of each Qualifying Shareholder at the Record Date and so on in proportion for any other number of Ordinary Shares then held.

Qualifying Shareholders may apply for more or fewer Open Offer Shares than they are entitled to under the Open Offer and applications in excess of the Open Offer entitlements will be dealt with under the Excess Application Facility. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of Open Offer Entitlements, such applications will be scaled back pro rata to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility.

To the extent that additional Open Offer Shares are not subscribed by existing Shareholders, Open Offer entitlements will lapse. Further details of the Open Offer and the Excess Application Facility are given in Part III of this document.

If you have received an Application Form with this document, please refer to paragraph 4.5(a) and paragraphs 5 to 11 of Part III of this document. If you hold your Ordinary Shares in CREST and have received a credit of Open Offer Entitlements and Excess Open Offer Entitlements to your CREST stock account, please refer to paragraph 4.5(b) and paragraphs 5 to 11 of Part III of this document and also to the CREST Manual for further information on the CREST procedures referred to below.

Further information on the Open Offer and the terms and conditions on which it is made, including the procedure for application and payment, are set out in Part III of this document and in the Application Form, which you should read in full. Qualifying Shareholders who subscribe for Open Offer Shares represent, warrant, covenant, agree and acknowledge that they have reviewed the representations, warranties, covenants, agreements and acknowledgements set out in paragraph 11 of Part III of this

document and, in applying for Open Offer Shares, are deemed to have given such representations, warranties, covenants, agreements and acknowledgements.

For Qualifying Ordinary Shareholders, completed Application Forms, accompanied by full payment, should be returned by post or by hand (during normal business hours only) to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA so as to arrive as soon as possible and in any event so as to be received no later than 11:00 a.m. on 4 December 2015. For Qualifying CREST Holders, the relevant CREST instructions must have settled as explained in this document by no later than 11:00 a.m. on 4 December 2015.

The Open Offer is conditional, amongst other things, upon Admission of the Open Offer Shares becoming effective by not later than 8:00 a.m. on 10 December 2015 (or such later time and/or date as the Company may determine, being not later than 8:00 a.m. on 17 December 2015). Accordingly, if such conditions are not satisfied, or, if applicable, waived, the Open Offer will not proceed and any Open Offer Entitlements admitted to CREST will thereafter be disabled.

The Subscription and the Open Offer are not interconditional, but each is conditional on the passing of the Resolutions and on Admission.

## **9. Application for Admission**

Application will be made to the London Stock Exchange for the Subscription Shares and the Open Offer Shares to be admitted to trading on AIM conditional on the Resolutions being passed at the General Meeting. The Subscription Shares are expected to be admitted to AIM and commence trading at 8:00 a.m. on 8 December 2015 and the Open Offer Shares are expected to be admitted to AIM and commence trading at 8:00 a.m. on 10 December 2015.

## **10. General Meeting**

You will find a Notice convening the General Meeting of the Company at the end of this document. The General Meeting will be held at the offices of Eversheds LLP, One Wood Street, London EC2V 7WS at 12:00 p.m. on 3 December 2015, to consider and, if thought appropriate, pass the Resolutions summarised below.

Shareholders should be aware that if all of the Resolutions are not approved by Shareholders at the General Meeting, the Company will not be able to complete the Capital Reorganisation, the Subscription and/or the Open Offer and will therefore be required to seek alternative sources of finance which may or may not be forthcoming.

### ***Resolution 1 – Capital Reorganisation***

Resolution 1 will be proposed as an ordinary resolution of the Company and is conditional on the passing of resolution 3, below. Pursuant to the Capital Reorganisation, it is proposed that each Existing Ordinary Share with a nominal value of 5 pence is sub-divided and re-designated into one New Ordinary Share of 1 penny and one Deferred Share of 4 pence.

### ***Resolution 2 - Authority to allot New Ordinary Shares***

Resolution 2 will also be proposed as an ordinary resolution of the Company. The Directors will be seeking authority in accordance with section 551 of the Companies Act to allot:

- (a) equity securities up to a maximum aggregate nominal amount of £800,000 being 80,000,000 New Ordinary Shares (being the maximum required for the purposes of issuing the Subscription Shares and the Open Offer Shares) and representing approximately 83.9 per cent. of the Existing Issued Share Capital of the Company. This authority will expire immediately following Admission; and
- (b) after allowing for the issue of up to 80,000,000 New Ordinary Shares to be issued pursuant to the Subscription and the Open Offer, a further 58,455,220 New Ordinary Shares (representing one third of the Company's Enlarged Share Capital) (assuming full take-up of the Open Offer). This authority will expire 15 months from the date of passing

of the resolution or, if earlier, at the conclusion of the next annual general meeting of the Company,

such authorities to apply in substitution for all other authorities dealing with the subject matter of this resolution 2.

### ***Resolution 3 - Amendments to Existing Articles***

Resolution 3 will be proposed as a special resolution to enable the Directors to make consequential amendments to the Existing Articles in order to include provisions in respect of the Deferred Shares and the sub-division of the Existing Ordinary Shares and is conditional on the passing of resolution 1, above. As explained in paragraph 6 above, the Deferred Shares will have no voting rights, no rights as to dividends and only very limited rights on a return of capital.

### ***Resolution 4 - Disapplication of pre-emption rights***

The provisions of section 561(1) of the Companies Act to the extent that they are not disapplied, confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be paid up, wholly in cash. It is proposed that the level of the general disapplication of statutory pre-emption rights previously available to the Directors (approximately 10 per cent. of the Company's Existing Issued Share Capital) be maintained following the Subscription and the Open Offer.

Resolution 4 will therefore be proposed as a special resolution to disapply statutory pre-emption provisions in connection with:

- (a) the allotment of up to 80,000,000 equity securities pursuant to the Subscription and the Open Offer;
- (b) rights or other pre-emptive issues; and
- (c) any other issues of equity securities for cash which do not, in aggregate, exceed a nominal value of £175,000, being 17,500,000 New Ordinary Shares,

such authorities to apply in substitution for all other authorities dealing with the subject matter of this resolution 4.

The disapplication will expire 15 months from the date of passing of Resolution 4 or, if earlier, at the conclusion of the next annual general meeting of the Company.

## **11. Action to be taken by Shareholders**

### ***General Meeting***

**A Form of Proxy for use in connection with the General Meeting is enclosed with this document. Whether or not you intend to be present at the General Meeting, you are requested to complete, sign and return a Form of Proxy in accordance with the instructions printed thereon so as to be received by the Registrar, Neville Registrars Limited at Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA, not later than 12:00 p.m. on 1 December 2015. Alternatively, Shareholders may submit their proxy votes electronically using the Share Portal service at [www.sharegateway.co.uk](http://www.sharegateway.co.uk). Completion and return of a Form of Proxy will not preclude you from attending and voting in person at the General Meeting, if you wish to do so.**

### ***Open Offer***

#### *Qualifying Ordinary Shareholder*

If you are a Qualifying Ordinary Shareholder, you will have received an Application Form with this document, which gives details of your entitlement under the Open Offer (as shown by the number of Open Offer Entitlements allocated to you). If you wish to apply for the number of Open Offer Shares you are entitled to under the Open Offer (as shown by the number of Open Offer Entitlements allocated to you) or more or less Open Offer Shares than you are entitled to under the Open Offer, you should complete the enclosed Application Form in accordance with the procedure for application set out in paragraph 4.5(a) of Part III of this document and on the Application Form itself.

## *Qualifying CREST Holder*

If you are a Qualifying CREST Holder, no Application Form is enclosed and you will receive a credit to your appropriate stock account in CREST in respect of the Open Offer Entitlements representing your entitlement under the Open Offer. You should refer to the procedure for application set out in paragraph 4(b) of Part III of this document.

**The latest time for applications under the Open Offer to be received is 11:00 a.m. on 4 December 2015. The procedure for application and payment depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your entitlement under the Open Offer or have Open Offer Entitlements credited to your stock account in CREST in respect of such entitlement. The procedures for application and payment are set out in Part III of this document. Further details also appear in the Application Form which has been sent to Qualifying Ordinary Shareholders.**

**Qualifying CREST Holders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer.**

## **12. Overseas Shareholders**

Information for Overseas Shareholders who have registered addresses outside the United Kingdom or who are citizens or residents of countries other than the United Kingdom appears in section 6 of Part III of this circular, which sets out the restrictions applicable to such persons. If you are an Overseas Shareholder, it is important that you pay particular attention to that section of this circular.

## **13. Additional Information**

Your attention is drawn to the additional information set out in Parts II to IV (inclusive) of this circular.

## **14. Directors' Recommendation**

**The Board considers the Proposals to be in the best interests of the Company and its Shareholders as a whole. While the completion of the Acquisition is only subject to the financing of the cash consideration of Cdn\$0.25 million, and the Company had an unaudited cash balance of approximately US\$1.6 million as at 30 September 2015, if the Subscription is not approved by shareholders, sufficient funding will not be available to the Company to undertake the initial work programme on the Rainbow Assets and therefore the Company will choose not to complete the Acquisition and will need to look for alternative sources of finance to support the Company during 2016.**

**The Directors, having consulted with the Company's Nominated Adviser, Westhouse Securities Limited, consider that the participation of Cavendish Asset Management in the Subscription is fair and reasonable insofar as the Shareholders are concerned. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolutions, as all of the Directors intend to do in respect of their beneficial holdings amounting, in aggregate, to 710,082 Ordinary Shares representing approximately 0.7 per cent. of the Existing Issued Share Capital as at the date of this document.**

Yours faithfully,

**J D Murphy**  
Chairman  
**Northern Petroleum Plc**

## **PART II**

### **QUESTIONS AND ANSWERS ABOUT THE OPEN OFFER**

The questions and answers set out in this Part II are intended to be in general terms only and, as such, you should read Part III for full details of what action you should take. If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank, fund manager, solicitor, accountant or other appropriate independent financial adviser, who is authorised under the FSMA if you are resident in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser.

This Part II deals with general questions relating to the Subscription and the Open Offer and more specific questions relating principally to the Existing Ordinary Shares held by persons resident in the United Kingdom who hold their Existing Ordinary Shares in certificated form only. If you are an Overseas Shareholder, you should read paragraph 6 of Part III of this Circular and you should take professional advice as to whether you are eligible and/or you need to observe any formalities to enable you to take up your Open Offer Entitlements or apply for Excess Shares pursuant to the Excess Application Facility. If you hold your Existing Ordinary Shares in uncertificated form (that is, through CREST) you should read Part III of this Circular for full details of what action you should take. If you are a CREST sponsored member, you should also consult your CREST sponsor.

The contents of this Circular should not be construed as legal, business, accounting, tax, investment or other professional advice. Each prospective investor should consult his, her or its own appropriate professional advisers for advice. This Circular is for your information only and nothing in this Circular is intended to endorse or recommend a particular course of action.

#### **1. What is an open offer?**

An open offer is a way for companies to raise money. Companies may do this by giving their existing shareholders a right to acquire further shares at a fixed price in proportion to their existing shareholdings (the open offer).

This Open Offer is an invitation by the Company to Qualifying Shareholders to apply to acquire an aggregate of up to 40,000,000 Open Offer Shares at a price of 3 pence per New Ordinary Share. If you hold Existing Ordinary Shares on the Record Date or have a bona fide market claim, other than, subject to certain exceptions, where you are a Shareholder with a registered address or located in the United States or another Restricted Jurisdiction, you will be entitled to apply for Open Offer Shares under the Open Offer.

The Open Offer is being made on the basis of 2 Open Offer Shares for every 5 Existing Ordinary Shares held by Qualifying Shareholders on the Record Date. If your entitlement to Open Offer Shares is not a whole number, you will not be entitled to apply for an Open Offer Share in respect of any fraction of an Existing Ordinary Share and your entitlement will be rounded down to the nearest whole number. The resulting fractions of New Ordinary Shares will be aggregated and made available to Qualifying Shareholders under the Excess Application Facility.

Open Offer Shares are being offered to Qualifying Shareholders in the Open Offer at the Issue Price, which represents a discount of 14.3 per cent. to the closing mid-market price of an Existing Ordinary Share of 3.5 pence on 11 November 2015 (being the last business day prior to the publication of the Announcement).

Applications by Qualifying Shareholders will be satisfied in full up to the amount of their individual Open Offer Entitlement. Qualifying Shareholders are also being given the opportunity, provided that they take up their Open Offer Entitlement in full, to apply for additional Open Offer Shares through the Excess Application Facility.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of additional Open Offer Shares applied for by Qualifying Shareholders under the Excess Application Facility.

The number of available Open Offer Shares under the Excess Application Facility is dependent on the level of take-up of Open Offer Entitlements. Assuming that there is no Overseas Shareholder who has a registered address in, or is a resident in or a citizen of an Restricted Jurisdiction, and if every Qualifying Shareholder takes up their Open Offer Entitlements in full, there will be no Open Offer Shares available under the Excess Application Facility.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Ordinary Shareholders should also note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be admitted to CREST, they will have limited settlement capabilities (for the purposes of market claims only), and the Open Offer Entitlements will not be tradable or listed, and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim.

**3. I hold my Existing Ordinary Shares in certificated form. How do I know whether I am able to acquire Open Offer Shares under the Open Offer?**

If you receive an Application Form and, subject to certain exceptions, are not a holder with a registered address in or located in the United States or another Restricted Jurisdiction, then you should be eligible to acquire Open Offer Shares under the Open Offer, as long as you have not sold all of your Existing Ordinary Shares before 16 November 2015 (the time when the Existing Ordinary Shares are expected to be marked "ex-entitlement" by the London Stock Exchange).

**4. I hold my Existing Ordinary Shares in certificated form. How do I know how many Open Offer Shares I am entitled to take up?**

If you hold your Existing Ordinary Shares in certificated form and, subject to certain exceptions, do not have a registered address and are not located in the United States or another Restricted Jurisdiction, you have been sent an Application Form that shows:

- how many Existing Ordinary Shares you held at close of business on 13 November 2015 (the Record Date for the Open Offer);
- how many Open Offer Shares are comprised in your Open Offer Entitlement; and
- how much you need to pay if you want to take up your right to buy all your entitlement to the Open Offer Shares.

Subject to certain exceptions, if you have a registered address in the United States or one of the Restricted Jurisdictions, you will not receive an Application Form.

If you would like to apply for any of, all of or more than the Open Offer Shares comprised in your Open Offer Entitlement you should complete the Application Form in accordance with the instructions printed on it and the information provided in this Circular. Please return the completed form in the reply-paid envelope provided with the Application Form along with a cheque or banker's draft for the number of Open Offer Shares you want to apply for and allow at least four Business Days for delivery if sent by first class post from within the United Kingdom. Please also see questions 5 and 11 for further help in completing the Application Form.

**5. I am a Qualifying Shareholder with a registered address in the UK and I hold my Existing Ordinary Shares in certificated form. What are my choices in relation to the Open Offer and what should I do with the Application Form?**

**5.1 If you want to take up all of your Open Offer Entitlement**

If you want to take up all of the Open Offer Shares to which you are entitled, all you need to do is sign and send the Application Form, together with your cheque or duly endorsed banker's draft for the amount (as indicated in Box 5 of your Application Form), payable to "*Neville Registrars Limited re clients account*" and crossed "A/C payee only", in the reply-paid envelope provided, by post or by hand (during normal business hours only) to Neville Registrars Limited, 18 Neville House, Laurel Lane,

Halesowen, West Midlands, B63 3DA, United Kingdom to arrive by no later than 11:00 a.m. on 4 December 2015. Within the United Kingdom only, you can use the accompanying reply-paid envelope. You should allow at least four Business Days for delivery if using first-class post within the United Kingdom. If posting from outside the United Kingdom, postage will be payable when using the reply-paid envelope. Full instructions are set out in the Application Form. A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you by no later than 21 December 2015.

## **5.2 If you want to take up some but not all of your Open Offer Entitlement**

If you want to take up some but not all of the Open Offer Shares to which you are entitled, you should write the number of Open Offer Shares you want to take up in Box 6 of your Application Form. For example, if you are entitled to take up 1,000 shares but you only want to take up 500 shares, then you should write '500' in Box 6.

To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example, 500) by £0.03, which is the price in pounds of each Open Offer Share (giving you an amount of £15 in this example). You should write this amount in Box 9, rounding down to the nearest whole penny and this should be the amount your cheque or banker's draft is made out for. You should then sign and return your Application Form together with your cheque or banker's draft for that amount, payable to "*Neville Registrars Limited re clients account*" and crossed "A/C payee only", in the reply-paid envelope provided, by post to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA, United Kingdom (during normal business hours only if by hand), to arrive by no later than 11:00 a.m. on 4 December 2015, after which time the Application Form will not be valid. Within the United Kingdom only, you can use the accompanying reply-paid envelope. You should allow at least four Business Days for delivery if using first-class post or the reply-paid envelope within the United Kingdom. If posting from outside the United Kingdom, postage will be payable when using the reply-paid envelope. Full instructions are set out in Part III of this Circular and will be set out in the Application Form.

A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you by no later than 21 December 2015.

## **5.3 If you want to apply for more than your Open Offer Entitlement**

Provided that you have agreed to take up your Open Offer Entitlement in full, you can apply for further Open Offer Shares using the Excess Application Facility. You should write the number of Open Offer Shares you wish to take up in Box 6 which must be the number of Open Offer Shares shown in Box 4. You should then write the number of Open Offer Shares you wish to apply for under the Excess Application Facility in Box 7 and then complete Box 8 by adding together the numbers you have entered in Boxes 6 and 7.

To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares shown in Box 8 by £0.03, which is the price in pounds of each Open Offer Share. You should write this amount in Box 9, rounding down to the nearest whole penny. You should then return your Application Form together with your cheque or banker's draft for that amount, payable to "*Neville Registrars Ltd re clients account*" and crossed "A/C payee only", in the reply-paid envelope provided, by post to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA, United Kingdom (during normal business hours only if by hand), to arrive by no later than 11:00 a.m. on 4 December 2015, after which time the Application Form will not be valid. Within the United Kingdom only, you can use the accompanying reply-paid envelope. You should allow at least four Business Days for delivery if using first-class post or the reply-paid envelope within the United Kingdom. If posting from outside the United Kingdom, postage will be payable when using the reply-paid envelope. Full instructions are set out in the Application Form.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility. Therefore, applications under the Excess Application Facility may not be satisfied in full. In this event Qualifying Shareholders will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for by, but not allocated to, the relevant Qualifying

Shareholder, multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable, without payment of interest and at the applicant's sole risk.

A definitive share certificate will be sent to you for the Open Offer Shares that you take up and otherwise successfully apply for using the Excess Application Facility. Your definitive share certificate for Open Offer Shares is expected to be despatched to you by no later than 21 December 2015.

#### **5.4 If you do not want to take up your Open Offer Entitlement**

If you do not want to take up the Open Offer Shares to which you are entitled, you do not need to do anything. In these circumstances, you will not receive any Open Offer Shares. If you do not take up your Open Offer Entitlement then, following the issue of Open Offer Shares pursuant to the Open Offer, your interest in the Company will be diluted, although you should note that even if a Qualifying Shareholder subscribes for his full entitlement to the Open Offer Shares, his proportionate interest in the Company will be diluted by the issue of New Ordinary Shares pursuant to the Subscription.

#### **6. I hold my Existing Ordinary Shares in uncertificated form in CREST. What do I need to do in relation to the Open Offer?**

CREST members should follow the instructions set out in Part III of this Circular. Persons who hold Existing Ordinary Shares through a CREST member should be informed by such CREST member of the number of Open Offer Shares they are entitled to take up or apply for under their Open Offer Entitlement and their Excess CREST Open Offer Entitlement, respectively, and should contact their CREST member should they not receive this information.

#### **7. I acquired my Existing Ordinary Shares prior to the Record Date and hold my Existing Ordinary Shares in certificated form. What if I do not receive an Application Form or I have lost my Application Form?**

If you do not receive an Application Form but hold your Existing Ordinary Shares in certificated form, this probably means that you are not able to acquire Open Offer Shares under the Open Offer. Some Qualifying Ordinary Shareholders, however, will not receive an Application Form but may still be eligible to acquire New Ordinary Shares under the Open Offer, namely:

- Qualifying CREST Shareholders who held their Existing Ordinary Shares in uncertificated form on 13 November 2015 and who have converted them to certificated form;
- Shareholders who bought Existing Ordinary Shares before 8:00 a.m. on 16 November 2015 and who hold such ordinary shares in certificated form but were not registered as the holders of those shares at the close of business on 13 November 2015; and
- certain Overseas Shareholders.

If this applies to you please contact the Receiving Agent using the details set out in the answer to question 22 below.

#### **8. If I buy Existing Ordinary Shares after the Record Date will I be eligible to participate in the Open Offer?**

If you bought Existing Ordinary Shares after the Record Date you are unlikely to be able to participate in the Open Offer, as the Existing Ordinary Shares are expected to start trading ex-entitlement on the London Stock Exchange at 8:00 a.m. on 16 November 2015.

If you are in any doubt, please consult your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement. If you buy Existing Ordinary Shares at or after 8:00 a.m. on 16 November 2015, you will not be eligible to participate in the Open Offer in respect of those Existing Ordinary Shares.

#### **9. What if I change my mind?**

Once you have sent your Application Form and payment to the Receiving Agent, you cannot withdraw your application or change the number of Open Offer Shares you have applied for.

**10. What if the number of Open Offer Shares to which I am entitled is not a whole number? Am I entitled to fractions of Open Offer Shares?**

Your entitlement to Open Offer Shares will be calculated at the Record Date. If the result is not a whole number, you will not receive an Open Offer Share in respect of the fraction of each Existing Ordinary Share and your entitlement will be rounded down to the nearest whole number.

**11. I hold my Existing Ordinary Shares in certificated form. What should I do if I want to spend more or less than the amount set out in Box 5 of the Application Form?**

If you want to spend more than the amount set out in Box 5, you should divide the amount you want to spend by £0.03 (being the price in pounds of each Open Offer Share under the Open Offer). This will give you the number of Open Offer Shares for which you should apply. You can only apply for a whole number of Open Offer Shares. For example, if you want to spend £100 you should divide £100 by £0.03, which comes to 3,333.33. You should round that down to 3,333 to give you the number of Open Offer Shares for which, in this example, you can apply without exceeding your chosen amount. Write the total number of Open Offer Shares (in this example, 3,333) in Box 8. To get an accurate amount to put on your cheque or banker's draft, you should multiply the whole number of Open Offer Shares you want to apply for (3,333) by £0.03 and then fill in that amount rounded down to the nearest whole penny (in this example being £99.99), in Box 9 and on your cheque or banker's draft accordingly.

You should note that the number of available Open Offer Shares under the Excess Application Facility is dependent on the level of take-up of Open Offer Entitlements. If applications are received for more than the available number of Open Offer Shares, applications made under the Excess Application Facility will be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders. Assuming that there are no Overseas Shareholders who have registered addresses in, or are residents in or citizens of an Restricted Jurisdiction, and if every Qualifying Shareholder takes up their Open Offer Entitlements in full there will be no Open Offer Shares available under the Excess Application Facility. Qualifying Ordinary Shareholders whose applications under the Excess Application Facility are so scaled back will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for by, but not allocated to, them multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable, without payment of interest and at the applicant's sole risk.

If you want to spend less than the amount set out in Box 5, you should divide the amount you want to spend by £0.03 (being the price, in pounds, of each Open Offer Share under the Open Offer). This will give you the number of Open Offer Shares you should apply for. You can only apply for a whole number of Open Offer Shares. For example, if you want to spend £50 you should divide £50 by £0.03. You should round that down to the nearest whole number (in this example, 1,666), to give you the number of shares you want to take up. Write that number (in this example, 1,666) in Box 8. Then to get an accurate amount to put on your cheque or banker's draft, you should multiply the whole number of Open Offer Shares you want to apply for (in this example, 1,666) by £0.03 and then fill in that amount rounded down to the nearest whole penny (in this example, being £49.98) in Box 9 and on your cheque or banker's draft accordingly.

**12. I hold my Existing Ordinary Shares in certificated form. What should I do if I have sold some or all of my Existing Ordinary Shares?**

If you hold shares in the Company directly and you sell some or all of your Existing Ordinary Shares before the ex-entitlement date, you should contact the buyer or the person/company through whom you sell your shares. The buyer may be entitled to apply for Open Offer Shares under the Open Offer.

**13. I hold my Existing Shares in certificated form. How do I pay?**

You should return your Application Form with a cheque or banker's draft drawn in pounds sterling on a UK bank or building society account in the accompanying reply-paid envelope (from within the United Kingdom). You should allow at least four Business Days for delivery if using first-class post within the United Kingdom. Cheques should be drawn on a personal account of the Qualifying Shareholder who is applying for the Open Offer Shares or you may be required to supply additional documentation to satisfy Money Laundering Regulations. The funds should be made payable to "Neville Registrars Limited *re clients account*". In each case, the cheque should be crossed "A/C Payee only". Third party cheques

will not be accepted, except bankers' drafts or buildings society cheques which have been endorsed by the bank or building society on the back of the draft or cheque, as appropriate. Payments via CHAPS, BACS or electronic transfer will not be accepted.

**14. Will the Existing Ordinary Shares that I hold now be affected by the Open Offer?**

If you decide not to apply for any of the Open Offer Shares to which you are entitled under the Open Offer, or only apply for some of your entitlement, your proportionate ownership and voting interest in the Company will be reduced to a greater extent than if you apply.

**15. I hold my Existing Ordinary Shares in certificated form. Where do I send my Application Form?**

You should send your completed Application Form and payment in full in the accompanying reply-paid envelope (from within the United Kingdom) by post or by hand (during normal business hours only) to: Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA, United Kingdom. You should allow at least four Business Days for delivery if using first class post within the United Kingdom.

If you do not want to take up or apply for Open Offer Shares then you need take no further action.

**16. I hold my Existing Ordinary Shares in certificated form. When do I have to decide whether I want to apply for Open Offer Shares?**

The Receiving Agent must receive your completed Application Form and cheque or banker's draft by 11:00 a.m. on 4 December 2015. You should allow at least four Business Days for delivery if using first-class post or the reply-paid envelope included with the Application Form, within the United Kingdom.

**17. I hold my Existing Ordinary Shares in certificated form. If I take up my entitlements, when will I receive the certificate representing my Open Offer Shares?**

It is expected that the Registrar will post all new share certificates by 21 December 2015.

**18. What should I do if I think my holding of Existing Ordinary Shares (as shown in Box 3 on page 1 of the Application Form) is incorrect?**

If you bought or sold Existing Ordinary Shares shortly before the Record Date, your transaction may not have been entered on the register of members before the Record Date for the Open Offer. If you bought Existing Ordinary Shares before close of business on 13 November 2015 but were not registered as the holder of those shares on the Record Date for the Open Offer, you may still be eligible to participate in the Open Offer. If you are in any doubt, please contact your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure that you claim your entitlement.

You will not be entitled to Open Offer Entitlements in respect of any Existing Ordinary Shares acquired on or after 16 November 2015.

**19. What should I do if I live outside the United Kingdom?**

Your ability to apply to acquire Open Offer Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your Open Offer Entitlement.

Shareholders with registered addresses or who are located in the United States or another Restricted Jurisdiction are not eligible to participate in the Open Offer. Your attention is drawn to the information in paragraph 6 of Part III of this Circular.

**20. How do I transfer my entitlements into the CREST system?**

If you are a Qualifying Ordinary Shareholder, but are a CREST member and want your Open Offer Shares to be in uncertificated form, you should complete the CREST deposit form (Box 13 on page 4 of the Application Form), and ensure they are delivered to the CREST courier and sorting service to be received by 3:00 p.m. on 1 December 2015 at the latest. CREST sponsored members should arrange for their CREST sponsors to do this.

If you have transferred your rights into the CREST system, you should refer to Part III of this Circular for details on how to apply for the Open Offer Shares.

**21. Do I need to comply with the Money Laundering Regulations (as set out in paragraph 5 of Part III of this Circular)?**

If you are a Qualifying Ordinary Shareholder, you may not need to follow these procedures if the value of the Open Offer Shares you are acquiring is less than €15,000 (or its pounds sterling equivalent) or if you pay for them by a cheque drawn on an account in your own name and that account is one which is held with an EU or United Kingdom regulated bank or building society. If you are a Qualifying CREST Shareholder, you will not generally need to comply with the Money Laundering Regulations unless you apply to take up all or some of your entitlement to Open Offer Entitlements as agent for one or more persons and you are not an EU or United Kingdom regulated financial institution.

Qualifying Ordinary Shareholders should refer to paragraph 5.1(a) of Part III of this Circular and Qualifying CREST Shareholders should refer to paragraph 5.1(b) of Part III of this Circular for a fuller description of the requirements of the Money Laundering Regulations.

**22. Further assistance**

Should you require further assistance please call the Receiving Agent on 0121 585 1131 (from inside the United Kingdom), or +44 (0)121 585 1131 (from outside the United Kingdom), which is available between the hours of 9:00 a.m. to 5:00 p.m. on any Business Day. Calls to the 0121 585 1131 number will be charged at your standard network rate. Calls to the +44 (0)121 585 1131 number will be charged at applicable international rates. Different charges may apply to calls from mobile telephones. Please note that, for legal reasons, the Receiving Agent is only able to provide information contained in this Circular and is unable to give advice on the merits of the Open Offer or to provide legal, business, accounting, tax, investment or other professional advice.

## PART III

### TERMS AND CONDITIONS OF THE OPEN OFFER

#### 1. Introduction

- 1.1 The Company proposes to raise up to £1.2 million by way of an Open Offer of up to 40,000,000 Open Offer Shares at the Issue Price (being the same as the Issue Price for the Subscription).
- 1.2 The Open Offer is an opportunity for Qualifying Shareholders to apply to subscribe for Open Offer Shares at the Issue Price in accordance with the terms of the Open Offer. Any Qualifying Shareholder who has sold or transferred all or part of his registered holding of Existing Ordinary Shares before the date upon which the Ordinary Shares were marked "ex" the entitlement to the Open Offer by the London Stock Exchange at 8:00 a.m. on 16 November 2015, is advised to consult his stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for Open Offer Shares under the Open Offer may be a benefit which may be claimed from him by the purchasers under the rules of the London Stock Exchange.
- 1.3 A summary of the arrangements relating to the Open Offer is set out below. This document and, for Qualifying Ordinary Shareholders, the Application Form contains the formal terms and conditions of the Open Offer. Your attention is drawn to paragraph 4 of this Part III which gives details of the procedure for application and payment for the Open Offer Shares.

#### 2 The Open Offer

- 2.1 Subject to the fulfilment of the terms and conditions referred to in this document and, where relevant, set out in the Application Form, Qualifying Shareholders are being given the opportunity to apply for Open Offer Shares at the Issue Price, free of expenses, payable in full in cash on application, on the basis of:

##### **2 Open Offer Shares for every 5 Existing Ordinary Shares**

registered in the name of each Qualifying Shareholder at the Record Date and so on in proportion to any other number of Ordinary Shares then held. Qualifying Shareholders may apply for more or less Open Offer Shares than they are entitled to under the Open Offer. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility. The Open Offer Entitlements of Qualifying CREST Holders will be credited to their stock account in CREST and in addition Qualifying CREST Holders will receive credit in respect of excess shares available. Any monies paid in excess of the amount due in respect of an application will be returned to the applicant (at the applicant's risk and without payment of interest) within 14 days. To the extent that Open Offer Shares are not subscribed by existing Shareholders, Open Offer entitlements will lapse.

- 2.2 The total consideration under the Open Offer shall be less than €5,000,000 (or an equivalent amount) in aggregate (so that the Company is not required to prepare a prospectus in connection with the Open Offer for the purposes of the Prospectus Rules published by the FCA). To the extent that applications received from Qualifying Shareholders reach or exceed €5,000,000 in aggregate, excess applications shall be scaled-back at the absolute discretion of the Company (but to an amount which is not less than the relevant Qualifying Shareholder's entitlement under the Open Offer, as shown by the number of Open Offer Entitlements allocated to the relevant Qualifying Shareholder).
- 2.3 Fractions of Open Offer Shares will not be allotted and each Qualifying Shareholder's entitlement will be rounded down to the nearest whole number. Qualifying Shareholders may apply for any number of Open Offer Shares (i.e. more or less Open Offer Shares than they are entitled to under the Open Offer). A Qualifying Ordinary Shareholder's entitlement is equal to the number of Open Offer Entitlements as shown on their Application Form and a Qualifying CREST Holder's entitlement is equal to the number of Open Offer Entitlements standing to the credit of their stock account in CREST. Any monies paid in excess of the amount due in respect of an application (because an excess application has been scaled back or otherwise) will be returned to the applicant (at the applicant's risk and without payment of interest) within 14

days. The action to be taken in relation to the Open Offer depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your entitlement under the Open Offer or have Open Offer Entitlements credited to your stock account in CREST in respect of such entitlement.

- 2.4 If you have received an Application Form with this document, please refer to paragraph 4.5(a) and paragraphs 5 to 11 of this Part III.
- 2.5 If you hold your Ordinary Shares in CREST and have received a credit of Open Offer Entitlements to your CREST stock account, please refer to paragraph 4.5(b) and paragraphs 5 to 11 of this Part III and also to the CREST Manual for further information on the CREST procedures referred to below.
- 2.6 The Open Offer is not a rights issue. Qualifying CREST Holders should note that although the Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim raised by Euroclear's Claims Processing Unit. Qualifying Ordinary Shareholders should note that the Application Form is not a negotiable document and cannot be traded. Qualifying Shareholders should be aware that in the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold in the market or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer, but will be made available under the Excess Application Facility and the net proceeds will be retained for the benefit of the Company.
- 2.7 The Existing Ordinary Shares are admitted to trading on AIM. Application will be made for the Open Offer Shares to be admitted to trading on AIM. It is expected that Admission of the Open Offer Shares will become effective and that dealings will commence in the Open Offer Shares at 8:00 a.m. on 10 December 2015.
- 2.8 The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the Open Offer Shares; all of such Open Offer Shares, when issued and fully paid, may be held and transferred by means of CREST.
- 2.9 Application has been made for the Open Offer Entitlements and the Excess Open Offer Entitlements to be admitted to CREST. The conditions to such admission having already been met, the Open Offer Entitlements and the Excess Open Offer Entitlements are expected to be admitted to CREST with effect from 17 November 2015.
- 2.10 The Open Offer Shares will be issued fully paid and will be identical to, and rank *pari passu* in all respects with, the Existing Ordinary Shares and will rank for all dividends or other distributions declared, made or paid after the date of issue of the Open Offer Shares. No temporary documents of title will be issued.

### **3 Conditions and Further Terms of the Open Offer**

- 3.1 The Open Offer is conditional, amongst other things, upon Admission of the Open Offer Shares becoming effective by not later than 8:00 a.m. on 10 December 2015 (or such later time and/or date as the Company may determine, not being later than 8:00 a.m. on 17 December 2015). Accordingly, if any of such conditions are not satisfied, or, if applicable, waived, the Open Offer will not proceed.
- 3.2 Further terms of the Open Offer are set out in this document and in the Application Form.

### **4 Procedure for Application and Payment**

- 4.1 The action to be taken by a Qualifying Shareholder in respect of the Open Offer depends on whether, at the relevant time, a Qualifying Shareholder has an Application Form in respect of his entitlement under the Open Offer or Open Offer Entitlements and Excess Open Offer Entitlements credited to his CREST stock account in respect of such entitlement.
- 4.2 Qualifying Shareholders who hold their Existing Ordinary Shares in certificated form will be allotted Open Offer Shares in certificated form. Qualifying Shareholders who hold all or part of their Existing Ordinary Shares in uncertificated form will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to Open Offer Shares arises as a result of

holding Existing Ordinary Shares in uncertificated form. However, it will be possible for Qualifying Shareholders to deposit entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in paragraph 4.5(b)(vii) of this Part III.

- 4.3 CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.
- 4.4 If for any reason it becomes necessary to adjust the expected timetable as set out in this document the Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates.
- 4.5 **Qualifying Shareholders who do not want to take up or apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form.**
- (a) If you have an Application Form in respect of your entitlement under the Open Offer
- (i) **General**
- (A) Qualifying Ordinary Shareholders will have received an Application Form enclosed with this document. The Application Form shows the number of Existing Ordinary Shares registered in your name at the close of business on the Record Date. It also shows the number of Open Offer Shares you are entitled to apply for under the Open Offer, as shown by the total number of Open Offer Entitlements allocated to you. You may apply for more or less Open Offer Shares than you are entitled to should you wish to do so. The total number of Open Offer Shares is fixed and will not be increased in response to any applications in excess of what is available under the Excess Application Facility. Applications under the Excess Application Facility will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements in full. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of additional Open Offer Shares applied for by Qualifying Shareholders under the Excess Application Facility. Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant's risk) without the payment of interest as soon as practicable.
- (B) The instructions and other terms set out in the Application Form form part of the terms of the Open Offer.
- (ii) **Market Claims**
- (A) Applications may only be made on the Application Form and may only be made by the Qualifying Shareholder named in it or by a person entitled by virtue of a bona fide market claim in relation to a purchase of Existing Ordinary Shares through the market prior to the date upon which the Existing Ordinary Shares were marked "ex" the entitlement to the Open Offer by the London Stock Exchange, being 8:00 a.m. on 16 November 2015. Application Forms may be split up to 3:00 p.m. on 2 December 2015. The Application Form is not a negotiable document and cannot be separately traded. A Qualifying Ordinary Shareholder who has sold or transferred all or part of his holding of Existing Ordinary Shares prior to the date upon which the Existing Ordinary Shares were marked "ex" the entitlement to the Open Offer by the London Stock Exchange, should consult his broker or other professional adviser as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer may be a benefit which may be claimed by the transferee from his counterparty pursuant to the rules of the London Stock Exchange. Qualifying Shareholders who have sold all or part of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 10 on the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. The Application Form should not, however, subject to certain exceptions, be forwarded to or transmitted in or into any Restricted Jurisdiction.

(B) If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 4.5(b)(vii) below.

(iii) **Application Procedures**

(A) If you are a Qualifying Ordinary Shareholder and wish to apply for all, or some of or more than your entitlement to Open Offer Shares under the Open Offer you should complete and sign the Application Form in accordance with the instructions on it and send it, together with the appropriate remittance, by post or by hand (during business hours only) to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA, United Kingdom, United Kingdom, so as to arrive no later than 11:00 a.m. on 4 December 2015. A reply paid envelope is enclosed for use by Qualifying Ordinary Shareholders within the United Kingdom in connection with the Open Offer.

(B) Please note that the Receiving Agent cannot provide financial advice on the merits of the Open Offer or as to whether or not you should take up your entitlement to Open Offer Shares under the Open Offer. If any Application Form is sent by first class post within the United Kingdom, Qualifying Ordinary Shareholders are recommended to allow at least four business days for delivery. The Company may, in its absolute discretion, elect to accept Application Forms and remittances after that date. The Company may, in its sole discretion, elect to treat an Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged, even if it is not completed in accordance with the relevant instructions, or if it does not strictly comply with the terms and conditions of application. Applications will not be acknowledged.

(iv) **Payments**

(A) All payments must be in pounds sterling and cheques or banker's drafts should be made payable to "*Neville Registrars Limited re clients account*" and crossed "A/C payee only". Cheques or banker's drafts must be drawn on the sole or joint account of the Shareholder named on the Application Form at an account at a branch of a bank or building society in the United Kingdom, the Channel Islands or the Isle of Man which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which is a member of either of the Committees of Scottish or Belfast clearing houses or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner. Third party cheques will not be accepted except bankers drafts or building society cheques which must be endorsed by the bank or building society on the back of the draft or cheque, as appropriate. Payments via CHAPS, BACS or electronic transfer will not be accepted.

(B) Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct Neville Registrars Limited to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be allowed on payments made before they are due and any interest earned on such payments will accrue for the benefit of the Company. It is a term of the Open Offer that cheques shall be honoured on first presentation, and the Company may elect in their absolute discretion to treat as invalid acceptances in respect of which cheques are not so honoured.

(C) Application monies will be paid into a separate bank account pending the Open Offer becoming unconditional. In the event that it does not become unconditional by 8:00 a.m. on 10 December 2015 or such later time and date as the Company may determine (being no later than 8:00 a.m. on 17 December 2015), the Open Offer will lapse and application monies will be returned by post to applicants, at the applicants' risk and without interest, to the address set out on the Application Form, within 14 days thereafter. The interest earned on monies held in the separate bank account will be retained for the benefit of the Company.

(v) **Effect of Application**

(A) All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk.

- (B) By completing and delivering an Application Form, the applicant gives the representations, warranties, covenants, agreements and acknowledgements set out in paragraph 11 of this Part III.
- (C) If you do not wish to apply for any of the Open Offer Shares to which you are entitled under the Open Offer, you should not complete and return the Application Form.
- (D) If you are in doubt whether or not you should apply for any of the Open Offer Shares under the Open Offer, you should consult your independent financial adviser immediately. All enquiries in relation to the procedure for application for Qualifying Ordinary Shareholders under the Open Offer should be addressed to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA, United Kingdom, or by telephone on 0121 585 1131 from within the UK or on +44 (0)121 585 1131 if calling from outside the UK. Lines are open between 9:00 a.m. and 5:00 p.m. (London time) Monday to Friday. Calls to the 0121 585 1131 number will be charged at your standard network rate. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice. Please note that the Receiving Agent cannot provide financial advice on the merits of the Open Offer or as to whether or not you should take up your entitlement.
- (b) If you have Open Offer Entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer
- (i) **General**
- (A) Subject as provided in paragraph 6 of this Part III in relation to certain Overseas Shareholders, each Qualifying CREST Holder will receive a credit to his stock account in CREST of his Open Offer Entitlements equal to the number of Open Offer Shares for which he is entitled to apply under the Open Offer. A Qualifying CREST Holder may apply for more or less Open Offer Shares than he is entitled to should he wish to do so. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of additional Open Offer Shares applied for by Qualifying CREST Shareholders under the Excess Application Facility. Further details of the Excess Application Facility are set out in paragraph 2 of this Part III.
- (B) The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Holder in respect of which the Open Offer Entitlements have been allocated.
- (C) If for any reason the Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Holders cannot be credited by 3:00 p.m. or such later time as the Company may decide on 1 December 2015, an Application Form will be sent out to each Qualifying CREST Holder in substitution for the Open Offer Entitlements credited to his stock account in CREST. In these circumstances the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Qualifying Ordinary Shareholders with Application Forms will apply to Qualifying CREST Holders who receive Application Forms.
- (D) CREST members who wish to apply for some, all or more than their entitlements to Open Offer Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please contact the Receiving Agent at Neville Registrars Limited using the contact details set out in paragraph (iii) below. If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for Open Offer Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.
- (ii) **Market claims**

The Open Offer Entitlements will constitute a separate security for the purposes of CREST. Although Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements may only be made by the Qualifying

Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim transaction. Transactions identified by the CREST Claims Processing Unit as "cum" the Open Offer entitlement will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) will thereafter be transferred accordingly.

(iii) **Excess Application Facility**

- (A) Qualifying CREST Holders at the Record Date who wish to make applications for additional Open Offer Shares (in excess of their initial pro rata entitlement) should follow the instructions below for submitting a USE (as defined below) in respect of the Excess Application Facility.
- (B) All enquiries in connection with the procedure for making an excess application should be addressed to the Receiving Agent at Neville Registrars Limited or by phone on 0121 585 1131 or, if calling from outside the UK on +44 (0)121 585 1131. Calls to the Receiving Agent on 0121 585 1131 are charged at your standard network rate. Lines are open 9:00 a.m. to 5:00 p.m. (Monday to Friday) London time. Calls to the Receiving Agent on +44 (0)121 585 1131 from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. The Receiving Agent cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice.

(iv) **USE Instructions**

- (A) CREST members who wish to apply for Open Offer Shares in respect of some, all or more than their Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) an Unmatched Stock Event ("**USE**") instruction to Euroclear which, on its settlement, will have the following effect:
- (1) the crediting of a stock account of the Registrar under the participant ID and member account ID specified below, with a number of Open Offer Entitlements corresponding to the number of Open Offer Shares applied for; and
  - (2) the creation of a CREST payment, in accordance with the CREST payment arrangements, in favour of the payment bank of the Registrar in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in (1) above.

(v) **Content of USE Instructions**

- (A) The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:
- (1) the number of Open Offer Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to the Registrar);
  - (2) the ISIN of the Open Offer Entitlement. This is GB00BYNZGN45;
  - (3) the CREST participant ID of the accepting CREST member;
  - (4) the CREST member account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
  - (5) the participant ID of the Registrar, in its capacity as a CREST receiving agent. This is 7RA11;
  - (6) the member account ID of the Registrar, in its capacity as a CREST receiving agent. This is NPBASIC;
  - (7) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (1) above;
  - (8) the intended settlement date. This must be on or before 11:00 a.m. on 4 December 2015; and

- (9) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.
- (B) In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11:00 a.m. on 4 December 2015.
- (C) In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:
- (1) a contact name and telephone number (in the free format shared note field); and
  - (2) a priority of at least 80.
- (D) In the event that the Open Offer does not become unconditional by 8:00 a.m. on 10 December 2015 or such later time and date as the Company may determine (being no later than 8:00 a.m. on 17 December 2015), the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Holder by way of a CREST payment, without interest, within 14 days thereafter. The interest earned on such monies will be retained for the benefit of the Company.
- (vi) ***Content of USE Instructions in respect of the Excess Application Facility***
- (A) The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:
- (1) the number of excess Open Offer Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to the Registrar);
  - (2) the ISIN of the Excess Application Facility. This is GB00BYNZGP68;
  - (3) the participant ID of the accepting CREST member;
  - (4) the CREST member account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
  - (5) the participant ID of the Registrar, in its capacity as a CREST receiving agent. This is 7RA11;
  - (6) the member account ID of the Registrar, in its capacity as a CREST receiving agent. This is NPEXCESS;
  - (7) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the Full amount payable on application for the number of Open Offer Shares referred to in paragraph (1) above;
  - (8) the intended settlement date. This must be on or before 11:00 a.m. on 4 December 2015; and
  - (9) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.
- (B) In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11:00 a.m. on 4 December 2015.
- (C) In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:
- (1) a contact name and telephone number (in the free format shared note field); and
  - (2) a priority of at least 80.

(D) In the event that the Open Offer does not become unconditional by 8:00 a.m. on or about 10 December 2015 or such later time and date as the Company may, in its absolute discretion, elect (being no later than 8:00 a.m. on 17 December 2015), the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Holder by way of a CREST payment, without interest, within 14 days thereafter. The interest (if any) earned on such monies will be retained for the benefit of the Company.

(vii) ***Deposit of Open Offer Entitlements into, and withdrawal from, CREST***

(A) A Qualifying Ordinary Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a bona fide market claim). Similarly, Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

(B) A holder of an Application Form who is proposing so to deposit the entitlement set out in such form is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11:00 a.m. on 4 December 2015.

(C) In particular, having regard to normal processing times in CREST and on the part of the Registrar, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements in CREST, is 3:00 p.m. on 1 December 2015, and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements from CREST is 4:30 p.m. on 27 November 2015, in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements prior to 11:00 a.m. on 4 December 2015.

(D) Delivery of an Application Form with the CREST Deposit Form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation, warranty, covenant, agreement and acknowledgement to the Company and the Registrar by the relevant CREST member(s) that it/they is/are not in breach of the provisions of the notes as set out in the CREST deposit form which forms part of the Application Form, and a declaration to the Company and the Registrar from the relevant CREST member(s) that it/they is/are not citizen(s) or resident(s) of any Restricted Jurisdiction and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a bona fide market claim.

(viii) ***Validity of Application***

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11:00 a.m. on 4 December 2015 will constitute a valid application under the Open Offer.

(ix) ***CREST Procedures and Timings***

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11:00 a.m. on 4 December 2015. In this connection

CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(x) ***Incorrect or Incomplete Applications***

(A) If a USE instruction includes a CREST payment for an incorrect sum, the Company through the Receiving Agent reserves the right:

- (1) to reject the application in full and refund the payment to the CREST member in question;
- (2) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question; and
- (3) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE instruction refunding any unutilised sum to the CREST member in question.

(xi) ***Effect of Valid Application***

(A) A CREST member who makes or is treated as making a valid application in accordance with the above procedures will thereby:

- (1) give the representations, warranties, covenants, agreements and acknowledgements set out in paragraph 11 of this Part III;
- (2) pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Registrars payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application); and
- (3) request that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this document and subject to the Articles.

(xii) ***Company's discretion as to Rejection and Validity of Applications***

(A) The Company may in its sole discretion:

- (1) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part III;
- (2) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
- (3) treat a properly authenticated dematerialised instruction (in this sub-paragraph the first instruction) as not constituting a valid application if, at the time at which the Registrar receives a properly authenticated dematerialised instruction giving details of the first instruction or, thereafter, either the Company or Registrar have received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (4) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Registrar in connection with CREST.

## 5 Money Laundering Regulations

### 5.1 Holders of Application Forms

- (a) To ensure compliance with the Money Laundering Regulations, the Receiving Agent may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf the Application Form is lodged with payment (which requirements are referred to below as the verification of identity requirements). If the Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Receiving Agent. In such case, the lodging agent's stamp should be inserted on the Application Form.
- (b) The person lodging the Application Form with payment and in accordance with the other terms as described above (the acceptor), including any person who appears to the Receiving Agent to be acting on behalf of some other person, accepts the Open Offer in respect of such number of Open Offer Shares as is referred to therein (for the purposes of this paragraph 5, the relevant Open Offer Shares) and shall thereby be deemed to agree to provide the Receiving Agent with such information and other evidence as the Receiving Agent may require to satisfy the verification of identity requirements.
- (c) If the Receiving Agent determines that the verification of identity requirements apply to any acceptor or application, the relevant Open Offer Shares (notwithstanding any other term of the Open Offer) will not be issued to the relevant acceptor unless and until the verification of identity requirements have been satisfied in respect of that acceptor or application. The Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any acceptor or application and whether such requirements have been satisfied, and neither the Receiving Agent nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.
- (d) If the verification of identity requirements apply, failure to provide the necessary evidence of identity and address within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Open Offer will be returned (at the acceptor's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.
- (e) Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Receiving Agent and the Company from the applicant that the Money Laundering Regulations will not be breached by application of such remittance.
- (f) The verification of identity requirements will not usually apply:
- (i) if the applicant is an organisation required to comply with the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing); or
  - (ii) if the acceptor is a regulated UK broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
  - (iii) if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the applicant's name.
- (g) In other cases the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:
- (i) if payment is made by cheque or banker's draft in sterling drawn on a branch in the British Isles of a bank or building society which bears a UK bank sort code number in the top right hand corner, the following applies. Cheques should be made payable to "*Neville Registrars Limited re clients account*" in respect of an application by a Qualifying Shareholder and crossed "A/C Payee

Only” in each case. Third party cheques will not be accepted with the exception of building society cheques or bankers’ drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/banker’s draft to such effect. The account name should be the same as that shown on the Application Form; or

- (ii) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in paragraph 5.1(g)(i) above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, China, Gibraltar, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, Russian Federation, Singapore, The Republic of South Africa, Switzerland, Turkey, UK Crown Dependencies and the US and, by virtue of their membership of the Gulf Cooperation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide, with the Application Form, written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Receiving Agent. If the agent is not such an organisation, it should contact the Receiving Agent at Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA, United Kingdom, United Kingdom (during normal business hours only if by hand) or by telephone as set out below.
- (h) To confirm the acceptability of any written assurance referred to in paragraph 5.1(g)(i) above, or in any other case, the acceptor should contact the Receiving Agent on 0121 585 1131 or if you are calling from outside the UK on +44 (0)121 585 1131. Calls to the 0121 585 1131 number will be charged at your standard network rate. Other network providers’ costs may vary. Lines are open 9:00 a.m. to 5:00 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice.
- (i) If the Application Form(s) is/are in respect of Open Offer Shares with an aggregate subscription price of £10,000 or more and is/are lodged by hand by the acceptor in person, or if the Application Form(s) in respect of Open Offer Shares is/are lodged by hand by the acceptor and the accompanying payment is not the acceptor’s own cheque, he should ensure that he has with him evidence of identity bearing his photograph (for example, his passport) and separate evidence of his address.
- (j) If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 11:00 a.m. on 4 December 2015, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Receiving Agent may, at its discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the applicant (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

## 5.2 **Open Offer Entitlements in CREST**

- (a) If you hold your Open Offer Entitlements in CREST and apply for Open Offer Shares in respect of all or some or more than your Open Offer Entitlements as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, the Receiving Agent is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact the Receiving Agent before sending any USE or other instruction so that appropriate measures may be taken.
- (b) Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a representation, warranty, covenant, agreement, acknowledgement and undertaking by the applicant to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time,

then the application for the Open Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

## 6. **Overseas Shareholders**

6.1 The making of the Open Offer to persons resident in, or who are citizens of, or who have a registered address in, countries other than the UK may be affected by the law or regulatory requirements of the relevant jurisdiction. The comments set out in this paragraph 6 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

### (a) **General**

- (i) The distribution of this document and the Application Form and the making of the Open Offer to persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the UK or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the UK may be affected by the laws or regulatory requirements of the relevant jurisdictions. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for Open Offer Shares under the Open Offer.
- (ii) No action has been or will be taken by the Company or any other person to permit a public offering or distribution of this document (or any other offering or publicity materials or application form(s) relating to the Open Offer Shares) in any jurisdiction where action for that purpose may be required.
- (iii) Receipt of this document and/or an Application Form and/or a credit of Open Offer Entitlements and Excess Open Offer Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in any jurisdiction in which it may be illegal to make such an invitation or offer including, without limitation, and subject to certain exemptions, the Restricted Jurisdictions and, in those circumstances, and subject to certain exemptions, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.
- (iv) Due to restrictions under the securities laws of the Restricted Jurisdictions, Application Forms will not be sent to, and Open Offer Entitlements will not be credited to stock accounts in CREST of, Overseas Shareholders who are resident in, or who are citizens of, or who have a registered address in, a Restricted Jurisdiction, or their agents or intermediaries, except where the Company is satisfied, at its sole and absolute discretion, that such action would not result in the contravention of any registration or other legal requirement in the relevant jurisdiction.
- (v) No person receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements or Excess Open Offer Entitlements to a stock account in CREST in any territory other than the UK may treat the same as constituting an invitation or offer to him, nor should he in any event use any such Application Form and/or credit of Open Offer Entitlements or Excess Open Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him and such Application Form and/or credit of Open Offer Entitlements or Excess Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.
- (vi) It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the UK wishing to apply for Open Offer Shares under the Open Offer to satisfy himself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory. Any such person may also be required to

demonstrate to the Company, at the Company's sole discretion, that their application for Open Offer Shares is in accordance with all laws, notes and regulations applicable to them.

- (vii) Neither the Company nor Westhouse nor any of their respective representatives is making any representation to any offeree or purchaser of Open Offer Shares regarding the legality of an investment in the Open Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.
- (viii) Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements or Excess Open Offer Entitlements to a stock account in CREST, in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer Open Offer Entitlements or Excess Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements or Excess Open Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by his custodian, agent, nominee or trustee, he must not seek to apply for Open Offer Shares unless the Company is satisfied that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this document and/or an Application Form and/or transfers Open Offer Entitlements or Excess Open Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part III and specifically the contents of this paragraph 6.
- (ix) Subject to paragraphs 6.1(b) to (f) below, any person (including, without limitation, custodians, agents, nominees and trustees) outside the UK wishing to apply for Open Offer Shares must satisfy himself as to the full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities and pay any issue, transfer or other taxes due in such territories.
- (x) The Company reserves the right to treat as invalid any application or purported application for Open Offer Shares that appears to the Company or its agents to have been executed, effected or dispatched by an Overseas Shareholder who is resident in, or who is a citizen of, or who has a registered address in, a Restricted Jurisdiction or on behalf of such a person by their agent or intermediary or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates of Open Offer Shares or, in the case of a credit of Open Offer Entitlements to a stock account in CREST, to a CREST member whose registered address would be, in a Restricted Jurisdiction or any other jurisdiction outside the UK in which it would be unlawful to deliver such share certificates or make such a credit.
- (xi) The attention of Overseas Shareholders is drawn to paragraphs 6.1(b) to (f) below. Notwithstanding any other provision of this document or the Application Form, the Company reserves the right to permit any Qualifying Shareholder who is resident in, or who is a citizen of, or who has a registered address in, a Restricted Jurisdiction to apply for Open Offer Shares if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.
- (xii) Overseas Shareholders who wish, and are permitted, to apply for Open Offer Shares should note that payment must be made in sterling denominated cheques or banker's drafts or where such an Overseas Shareholder is a Qualifying CREST Holder, through CREST.
- (xiii) Due to restrictions under the securities laws of the Restricted Jurisdictions, subject to certain exceptions, Overseas Shareholders who are resident in, or who are citizens of or who have a registered address in, a Restricted Jurisdiction will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements.
- (xiv) The Open Offer Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, in or into any Restricted

Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption.

- (xv) No public offer of Open Offer Shares is being made by virtue of this document or the Application Forms into any Restricted Jurisdiction. Receipt of this document and/or an Application Form and/or a credit of an Open Offer Entitlement to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.
- (b) **United States**
- (i) Subject to certain exceptions, this document is intended for use only in connection with offers of Open Offer Shares outside the United States and any other Restricted Jurisdiction and neither this document nor any Application Form is to be sent or given to any person within the United States or any other Restricted Jurisdiction. The Open Offer Shares offered hereby are not being and will not be registered under the Securities Act or securities laws of any US state or jurisdiction and will not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and such other applicable laws.
- (ii) Subject to certain exceptions, the Open Offer Shares will be distributed, offered or sold, as the case may be, outside the United States in offshore transactions within the meaning of, and in accordance with, Regulation S under the Securities Act.
- (iii) Each person to which the Open Offer Shares are distributed, offered or sold outside the United States will be deemed by its subscription for the Open Offer Shares to have represented and agreed, on its behalf and on behalf of an investor accounts for which it is subscribing the Open Offer Shares, as the case may be, that:
- (A) it is acquiring the Open Offer Shares from the Company in an "offshore transaction" as defined in Regulation S under the Securities Act; and
- (B) the Open Offer Shares have not been offered to it by the Company or Westhouse by means of any "directed selling efforts" as defined in Regulation S under the Securities Act.
- (iv) Each subscriber acknowledges that the Company will rely upon the truth and accuracy of the foregoing representations and agreements, and agrees that if any of the representations and agreements deemed to have been made by such subscriber or purchaser by its subscription for the Open Offer Shares, as the case may be, are no longer accurate, it shall promptly notify the Company. If such subscriber is subscribing for the Open Offer Shares as a fiduciary or agent for one or more investor accounts, each subscriber or purchaser represents that it has sole investment discretion with respect to each such account and full power to make the foregoing representations and agreements on behalf of each such account.
- (v) Each subscriber acknowledges that it will not resell the Open Offer Shares without registration or an available exemption or safe harbour from registration under the Securities Act.
- (c) **Other Restricted Jurisdictions**
- (i) The Open Offer Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption.
- (ii) No offer of Open Offer Shares is being made by virtue of this document or the Application Forms into any Restricted Jurisdiction.
- (d) **Other overseas territories**

Application Forms will be sent to Qualifying Ordinary Shareholders and Open Offer Entitlements and Excess Open Offer Entitlements will be credited to the stock account in CREST of Qualifying CREST Holders. Qualifying Shareholders in jurisdictions other than the Restricted Jurisdictions may, subject to the laws of their relevant jurisdiction, take up Open Offer Shares under the Open Offer in accordance with the instructions set out in this document and the Application Form. Such Qualifying Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, countries other than the UK should, however, consult appropriate professional advisers as to whether they require any governmental or other consents or need to observe any further formalities to enable them to apply for any Open Offer Shares. The participation by any such Qualifying Shareholder in the Open Offer will be at the absolute discretion of the Company.

(e) ***Representations and warranties relating to Overseas Shareholders***

(i) ***Qualifying Ordinary Shareholders***

(A) Any person completing and returning an Application Form or requesting registration of the Open Offer Shares comprised therein represents and warrants to the Company and the Receiving Agent that, except where proof has been provided to the Company's satisfaction that such person's use of the Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction: (i) such person is not requesting registration of the relevant Open Offer Shares from within any Restricted Jurisdiction; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares or to use the Application Form in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person located within any Restricted Jurisdiction or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) such person is not acquiring Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into any of the above territories.

(B) The Company and/or the Receiving Agent may treat as invalid any acceptance or purported acceptance of the allotment of Open Offer Shares comprised in an Application Form if it: (i) appears to the Company or its agents to have been executed, effected or dispatched from a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; or (ii) provides an address in a Restricted Jurisdiction for delivery of the share certificates of Open Offer Shares (or any other jurisdiction outside the UK in which it would be unlawful to deliver such share certificates); or (iii) purports to exclude the representation and warranty required by this sub-paragraph 6.1(e)(i).

(ii) ***Qualifying CREST Holders***

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this Part III represents and warrants to the Company that, except where proof has been provided to the Company's satisfaction that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) neither it nor its client is within any Restricted Jurisdiction; (ii) neither it nor its client is in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares; (iii) it is not accepting on a non-discretionary basis for a person located within any Restricted Jurisdiction or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) neither it nor its client is acquiring any Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into any of the above territories.

(f) ***Waiver***

The provisions of this paragraph 6 and of any other terms of the Open Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company, in its absolute discretion. Subject to this, the provisions of this paragraph 6 supersede any terms of the Open Offer inconsistent herewith. References in this paragraph 6 to Shareholders shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of this paragraph 6 shall apply to them jointly and to each of them.

## **7. Admission, Settlement and Dealings**

- 7.1 The result of the Open Offer is expected to be announced on 7 December 2015. Application will be made to AIM for Admission to trading of the Open Offer Shares. It is expected that Admission of the Open Offer Shares will become effective and that dealings such shares, fully paid, will commence at 8:00 a.m. on 10 December 2015.
- 7.2 The Existing Ordinary Shares are already admitted to CREST and applications will be made for the Open Offer Shares to be admitted to CREST. All such Ordinary Shares, when issued and fully paid, may be held and transferred by means of CREST.
- 7.3 Open Offer Entitlements and Excess Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11:00 a.m. on 4 December 2015 (being the latest practicable date for applications under the Open Offer). If the conditions to the Open Offer described above are satisfied, the Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for the Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company. On 17 November 2015, the Receiving Agent will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlements to Open Offer Shares with effect from Admission (expected to be on 17 November 2015). The stock accounts to be credited will be accounts under the same CREST participant IDs and CREST member account IDs in respect of which the USE instruction was given.
- 7.4 Notwithstanding any other provision of this document, the Company reserves the right to send Qualifying CREST Holders an Application Form instead of crediting the relevant stock account with Open Offer Entitlements, and to allot and/or issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Receiving Agent in connection with CREST.
- 7.5 For Qualifying Ordinary Shareholders who have applied by using an Application Form, share certificates in respect of the Open Offer Shares validly applied for are expected to be dispatched by post by 21 December 2015. No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers will be certified against the register of members of the Company. All documents or remittances sent by or to applicants, or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Qualifying Non-CREST shareholders are referred to paragraph 4.5(a)(iii) of this Part III, and the Application Form.
- 7.6 The result of the Open Offer will be announced and made public through an announcement on a Regulatory Information Service as soon as reasonably practicable after the results are known.

## **8 Times and Dates**

- 8.1 The Company shall, in its discretion, and after consultation with its financial and legal advisers, be entitled to amend the dates on which Application Forms are dispatched or amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this document and in such circumstances shall make an announcement on a Regulatory Information Service.
- 8.2 If a supplementary circular is published by the Company two or fewer Business Days prior to the latest time and date for acceptance and payment in full under the Open Offer specified in this document, the latest date for acceptance under the Open Offer shall be extended to the date that is at least three Business Days after the date of publication of the supplementary circular (and the dates and times of principal events due to take place following such date shall be extended accordingly).

## **9 Governing Law and Jurisdiction**

The terms and conditions of the Open Offer as set out in this document, the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, the laws of England. The courts of England are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this document or the Application Form including, without limitation, disputes relating to any non-contractual

obligations arising out of or in connection with the Open Offer, this document or the Application Form. By taking up Open Offer Shares under the Open Offer in accordance with the instructions set out in this document and, where applicable, the Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

## 10 **Further Information**

Your attention is drawn to the further information set out in this document and also to the terms, conditions and other information printed on any Application Form.

## 11 **Warranties**

Each Qualifying Shareholder applying for Open Offer Shares represents, warrants, covenants, agrees and acknowledges as follows:

- 11.1 the Company and others will rely upon its representations, warranties, covenants, agreements and acknowledgements set forth herein, and it agrees to notify the Company promptly in writing if any of its representations, warranties, covenants, agreements or acknowledgements ceases to be accurate and complete;
- 11.2 it has read and understood and accepted the terms and conditions of the Open Offer contained in this document and its application for Open Offer Shares shall be on and subject to the terms and conditions of this document and, if it is a Qualifying Ordinary Shareholder, the Application Form;
- 11.3 it agrees that all applications, and contracts resulting therefrom, and all non-contractual claims under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- 11.4 it is a Qualifying Shareholder originally entitled to Open Offer Entitlements or if it has received some or all of its Open Offer Entitlements from a person other than the Company, it is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a bona fide market claim;
- 11.5 it may lawfully acquire the Open Offer Shares to be subscribed by it pursuant to the Open Offer and has the capacity and authority and is entitled to enter into and perform its obligations as a subscriber for Open Offer Shares and will honour such obligations;
- 11.6 it agrees that its obligations under the Open Offer shall not be capable of rescission or termination by it in any circumstance;
- 11.7 in agreeing to acquire the Open Offer Shares, it is relying on the information contained in this document and any announcement made by or on behalf of the Company through a Regulatory Information Service and it is not relying on any information given or representation, warranty, undertaking, agreement or statement made at any time by the Company or its officers, directors, agents, employees or advisers, or any other person in relation to the Company or its subsidiary undertakings, the Open Offer or the Open Offer Shares, and neither the Company nor any other person will be liable for any Qualifying Shareholder's decision to participate in the Open Offer based on any other information, representation, warranty, undertaking, agreement or statement which Qualifying Shareholders may have obtained or received. In addition, it has neither received nor relied on any confidential price-sensitive information. Nothing in this paragraph shall exclude the liability of any person for fraud;
- 11.8 it is entitled to acquire the Open Offer Shares under the terms of the Open Offer and the laws of all relevant jurisdictions which apply to it (the "**Applicable Securities Laws**") and it has fully observed such laws 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 or omitted to take any action which will or may result in the Company or any of their officers, directors, agents, employees or advisers acting in breach of any law or regulatory requirement of any territory or jurisdiction in connection with the Open Offer or its entitlement;

- 11.9 it is not, nor is it applying on behalf of any person who is, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that it is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome) and the Qualifying Shareholder is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of its application to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is or may be prevented by law (except where proof satisfactory to the Company has been provided to the Company that the Qualifying Shareholder is able to accept the invitation by the Company pursuant to an applicable exemption and free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor such person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;
- 11.10 it irrevocably appoints any director of the Company as its agent for the purpose of executing and delivering to the Company and/or the Receiving Agent any documents on its behalf necessary to enable it to be registered as the holder of Open Offer Shares;
- 11.11 it is not, and nor is it applying for Open Offer Shares as nominee or agent for, a person who is or may be liable to notify and account for stamp duty or stamp duty reserve tax at any of the increased rates referred to in sections 67 to 72 inclusive and sections 93 to 97A inclusive of the Finance Act 1986 (Depositary Receipts and Clearance Services) and, in the event of any breach of this warranty, it agrees that neither the Company nor any other person will have any liability to it or other persons in respect of such duty or tax;
- 11.12 the Applicable Securities Laws do not require the Company to make any filings or seek any approvals of any kind whatsoever from any regulatory authority of any kind in connection with the Open Offer in the jurisdiction in which it is resident;
- 11.13 the purchase by it of Open Offer Shares does not trigger in the jurisdiction in which it is resident: (a) any obligation to prepare or file a prospectus or similar document or any other report with respect to such purchase; or (b) any disclosure reporting obligation of the Company; or (c) any registration or other obligation on the part of the Company; or (d) the requirement for the Company to take any other action;
- 11.14 the offer and sale to it of Open Offer Shares was not made through an advertisement of the Open Offer Shares in printed media of general and regular paid circulation, radio or television or any other form of advertisement;
- 11.15 it and any person acting on its behalf is aware of the obligations in connection with money laundering under the Money Laundering Regulations to the extent applicable to it and, if it is making payment on behalf of a third party, it has obtained and recorded satisfactory evidence to verify the identity of the third party as required by the Money Laundering Regulations;
- 11.16 it agrees to be bound by the terms of the Articles of the Company in force immediately following Admission of the Open Offer Shares;
- 11.17 it will not deal or cause or permit any other person to deal in all or any of the Open Offer Shares unless and until Admission of the Open Offer Shares becomes effective;
- 11.18 the Company is relying on one or more exemptions from the registration requirements of the Securities Act and, as a consequence of acquiring the Open Offer Shares pursuant to such exemption(s), certain protections, rights and remedies provided by applicable securities laws will not be available to it, including an obligation on the Company to provide it with a prospectus or other disclosure document, and, save for this document, no offer document, admission document or prospectus has been, or is required to be, prepared in connection with the Open Offer;
- 11.19 it has not received a prospectus or admission document or, save for this document, any other offering document in connection with the Open Offer, and no United States federal or state agency or any other government or governmental agency has passed on or made any

recommendation or endorsement of the Open Offer Shares or the fairness or suitability of the investment in the Open Offer Shares nor have such authorities passed upon or endorsed the merits of the offering of the Open Offer Shares;

- 11.20 it acknowledges that the Ordinary Shares are admitted to trading on AIM and the Company is therefore required to publish certain business and financial information in accordance with the rules of AIM (the "**Exchange Information**"), and that it is able to obtain or access the Exchange Information without undue difficulty;
- 11.21 neither the Company nor Westhouse nor any person acting on their behalf nor any of their respective affiliates nor any of their respective directors, officers, employees, agents, partners or professional advisers has or shall have any liability for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement contained in the Exchange Information, any other information made available by or on behalf of the Company or made publicly available by the Company on its website, by press release, by public filing or otherwise or any other information, provided that nothing in this paragraph excludes the liability of any person for fraud made by that person;
- 11.22 if it is acquiring any Open Offer Shares as a fiduciary or agent for one or more accounts, it has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, covenants, agreements and acknowledgements on behalf of each such account;
- 11.23 it acknowledges that the Open Offer Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States;
- 11.24 it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document (or any part thereof) to or within the United States, nor will it do any of the foregoing;
- 11.25 it is purchasing the Open Offer Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the Open Offer Shares in any manner that would violate the Securities Act or any other applicable securities laws, and it does not have a present arrangement to effect any distribution of the Open Offer Shares to or through any person or entity;
- 11.26 it is not acquiring any Open Offer Shares for resale in the United States and it has not and will not deliver or forward any advertisement or other offering material in relation to the Open Offer Shares in or into the United States;
- 11.27 it will indemnify and hold the Company and its respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, agreements and covenants in this document. All representations, warranties, agreements and covenants given by it in this document are given to the Company and will survive completion of the Open Offer;
- 11.28 it is acquiring the Open Offer Shares in an offshore transaction meeting the requirements of Regulation S under the Securities Act;
- 11.29 at the time it received the offer to purchase the Open Offer Shares it was not in the United States;
- 11.30 it: (i) understands and acknowledges that the offering and sale of the Open Offer Shares are not being, and will not be, made, directly or indirectly, in or into, or by the use of the mails or any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facilities of a national securities exchange of, the United States; and (ii) acknowledges that no Application Form will be accepted by any such use, means, instrumentality or facility or from within the United States, and doing so may render such Application Form invalid;
- 11.31 its receipt and execution of the Application Form each occurred outside the United States; and

11.32 it is not acquiring the Open Offer Shares as a result of or due to, and will not engage in, any "directed selling efforts" (as defined in Regulation S under the Securities Act) in the United States in respect of the Open Offer Shares, which would include any activities undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the resale of the Open Offer Shares, including placing an advertisement in a publication with a general circulation in the United States, nor has it seen or been aware of any activity that, to its knowledge, constitutes directed selling efforts in the United States.

**PART IV**  
**ADDITIONAL INFORMATION**

**1. Share Capital**

The issued share capital of the Company as at the date of this document and as it is expected to be on Admission (assuming completion of the Capital Reorganisation, the Subscription and that the Open Offer is fully subscribed) is set out below:

<b><i>Before Admission</i></b>	<b><i>After Admission</i></b>
95,365,660 Existing Ordinary Shares of 5 pence each	175,365,660 New Ordinary Shares of 1 penny each <sup>(1)</sup>

As at the date of this document there are in issue 666,607 nil-cost options to subscribe for Ordinary Shares, none of which are currently exercisable. In addition, there are 410,000 warrants to subscribe for Ordinary Shares, of which the lowest exercisable price is 66 pence.

**2. Directors' Interests**

	<b><i>Before Admission</i></b>		<b><i>After Admission</i></b> <sup>(2)</sup>	
<i>Director</i>	<i>Existing Ordinary Shares</i>	<i>% of issued share capital</i>	<i>New Ordinary Shares</i>	<i>% of issued share capital</i>
J D Murphy	425,200	0.45	595,280	0.34
K R Bush	120,000	0.13	168,000	0.10
N T Morgan	114,882	0.12	160,835	0.09
I M Lanaghan	50,000	0.05	70,000	0.04

<sup>(2)</sup> Assuming that the Open Offer is fully subscribed and the Directors take up their pro rata entitlements under the Open Offer.

Keith Bush and Nick Morgan have been issued with 209,664 and 167,715 nil-cost options respectively to subscribe for Ordinary Shares in the Company which are exercisable between 31 January 2017 and 8 May 2025.

In addition to the interests disclosed above, Keith Bush has been issued 200,000 warrants to subscribe for Ordinary Shares in the Company exercisable at a price of 100p; 100,000 of which have an expiry date of 30 June 2016 and the remaining 100,000 have an expiry date of 30 June 2017.

**3. Major Shareholders**

The following table shows the beneficial interests, as far as the Company is aware, of those investors holding 3 per cent. or more of the Existing Ordinary Shares before Admission and their resultant holdings after Admission (assuming completion of the Capital Reorganisation and the Subscription and that the Open Offer is fully subscribed):

<b>Shareholder</b>	<b>Percentage of Existing Issued Share Capital before Admission</b>	<b>Percentage of Enlarged Issued Share Capital after Admission</b>
Cavendish Asset Management	10.91	18.29
City Financial	3.15	12.17
Hargreaves Lansdown Asset Management	8.87	6.75
TD Waterhouse (Europe) Limited	7.75	5.90
Barclays PLC	7.74	5.90
Barry James Lonsdale	5.00	3.81
Lloyds Bank Private Banking	3.98	3.03

#### **4. Financial Information**

The annual report and audited accounts for the Group for the financial year (ending 31 December 2014), together with the interim report and unaudited interim accounts for the six month period ending 30 June 2015, are available on the Company's website at [www.northernpetroleum.com](http://www.northernpetroleum.com)

#### **5. Material Contracts**

The following contracts have been entered into in connection with the Proposals and are, or may be, material.

##### ***Cavendish Asset Management Subscription Agreement***

Pursuant to the Cavendish Asset Management Subscription Agreement, Cavendish Asset Management have conditionally agreed to subscribe for 21,666,667 Subscription Shares at the Issue Price. The Cavendish Asset Management Subscription Agreement contains customary warranties given by the Company including the accuracy of information given to Cavendish Asset Management and other matters relating to the Company and its business. The Subscription is conditional, *inter alia*, on the passing of the Resolutions and the Cavendish Asset Management Subscription Agreement becoming unconditional in all respects.

##### ***City Financial Subscription Agreement***

Pursuant to the City Financial Subscription Agreement, City Financial have conditionally agreed to subscribe for 18,333,333 Subscription Shares at the Issue Price. The City Financial Subscription Agreement contains customary warranties given by the Company including the accuracy of information given to City Financial and other matters relating to the Company and its business. The Subscription is conditional, *inter alia*, on the passing of the Resolutions and the City Financial Subscription Agreement becoming unconditional in all respects.

#### **6. Litigation**

The Company is not involved in any governmental, legal or arbitration proceedings which are having, may have or have had, in the previous 12 months, a significant effect on its financial position and, so far as the Directors are aware, there are no such proceedings pending or threatened against the Company.

#### **7. General**

The total cost and expenses payable by the Company in connection with the Proposals (including professional fees, commissions, the cost of printing and the fees payable to the registrars) are estimated to amount to approximately £60,000 (excluding VAT).

## **8. Consents**

Westhouse has given and not withdrawn its consent to the publication of this document with the inclusion therein of the references to its name in the form and context in which it appears.

## **9. Availability of Document**

This document will be available for a period of 12 months from the date of this document on the Company's website ([www.northernpetroleum.com](http://www.northernpetroleum.com)) free of charge in accordance with the requirements of Rule 26 of the AIM Rules.

**PART V**  
**DEFINITIONS**

<b>"Acquisition"</b>	the acquisition of mineral leases, wells and facilities in the Rainbow area of northwest Alberta for a cash consideration of Cdn\$250,000 as detailed in the announcement made by the Company on 12 November 2015
<b>"Admission"</b>	the admission of the Subscription Shares or the Open Offer Shares (as applicable) to trading on AIM becoming effective in accordance with the AIM Rules
<b>"AIM"</b>	a market operated by the London Stock Exchange
<b>"AIM Rules"</b>	the AIM Rules for Companies published by the London Stock Exchange governing the admission to, and the operation of, AIM
<b>"Application Form"</b>	the application form accompanying this document to be used by Qualifying Ordinary Shareholders in connection with the Open Offer
<b>"Amended Articles"</b>	the articles of association of the Company as amended following the passing of Resolution 3 at the General Meeting, further details of which are set out in paragraph 6 of Part I of this document
<b>"Announcement"</b>	the announcement of the Open Offer made via the Regulatory Information Service on 13 November 2015
<b>"Articles"</b>	the Existing Articles or the Amended Articles, as the context requires
<b>"Basic Entitlement"</b>	the total Open Offer Entitlement per Qualifying Shareholder
<b>"Board of Directors", "Board" or "Directors"</b>	the directors of the Company as at the date of this document
<b>"Business Day(s)"</b>	any day on which banks in London are open for business (excluding Saturdays, Sundays and public holidays)
<b>"Capital Reorganisation"</b>	the proposed sub-division and re-designation of the Company's Existing Ordinary Shares, details of which are set out in this document, to be effected by the passing of the Resolutions
<b>"Capital Reorganisation Record Date"</b>	the close of business in London on 3 December 2015
<b>"Cavendish Asset Management"</b>	Cavendish Asset Management Limited
<b>"Cavendish Asset Management Subscription Agreement"</b>	the conditional subscription agreement in relation to the Subscription Shares between the Company and Cavendish Asset Management
<b>"Circular"</b>	this document
<b>"City Financial"</b>	City Financial Investment Company Limited
<b>"City Financial Subscription Agreement"</b>	the conditional subscription agreement in relation to the Subscription Shares between the Company and City Financial
<b>"Companies Act"</b>	the Companies Act 2006, as amended
<b>"Company" or "Northern Petroleum"</b>	Northern Petroleum Plc

<b>"CREST"</b>	the computerised settlement system (as defined in the Regulations) operated by Euroclear which facilitates the transfer of title to shares in uncertificated form
<b>"CREST member"</b>	a person who has been admitted by Euroclear as a system-member (as defined in the Regulations)
<b>"CREST participant"</b>	a person who is, in relation to CREST, a system-participant (as defined in the Regulations)
<b>"CREST payment"</b>	as such term is defined in the CREST Manual issued by Euroclear
<b>"CREST sponsor"</b>	a CREST participant admitted to CREST as a CREST sponsor
<b>"CREST sponsored member"</b>	a CREST member admitted to CREST as a sponsored member (which includes all CREST Personal Members)
<b>"Deferred Share(s)"</b>	the new deferred shares of 4 pence each in the capital of the Company arising from the Capital Reorganisation and having the rights set out in the Amended Articles
<b>"enabled for settlement"</b>	in relation to Open Offer Entitlements, enabled for the limited purpose of settlement of claim transactions and unmatched stock event transactions (each as described in the CREST Manual issued by Euroclear)
<b>"Enlarged Issued Share Capital"</b>	the issued ordinary share capital of the Company following the Capital Reorganisation, the issue of the Subscription Shares and the Open Offer Shares, but excluding any Deferred Shares
<b>"Euroclear"</b>	Euroclear UK & Ireland Limited, the operator of CREST
<b>"Excess Application Facility"</b>	to the extent that the Open Offer Entitlements to Open Offer Shares are not subscribed for in full by Qualifying Shareholders, the facility for Qualifying Shareholders to apply for additional Open Offer Shares over and above their Open Offer Entitlements, subject to the terms and conditions
<b>"Excess CREST Open Offer Entitlements"</b>	in respect of Qualifying CREST Holders, the entitlement to apply for Open Offer Shares in addition to their Open Offer Entitlement credited to his stock account in CREST under the Excess Application Facility, subject to the terms and conditions of the Open Offer
<b>"Excess Shares"</b>	New Ordinary Shares in addition to the Open Offer Entitlement for which Qualifying Shareholders may apply under the Excess Application Facility
<b>"Existing Articles"</b>	the articles of association of the Company as at the date of this document
<b>"Existing Issued Share Capital"</b>	the 95,365,660 Existing Ordinary Shares in issue at the date of this document
<b>"Existing Ordinary Share(s)"</b>	the issued ordinary shares of 5 pence each in the capital of the Company at the date of this document, each such ordinary share to be sub-divided and re-designated into one new ordinary share of 1 penny and one new deferred share of 4 pence following completion of the Capital Reorganisation
<b>"FCA"</b>	the Financial Conduct Authority of the United Kingdom
<b>"Form of Proxy"</b>	the form of proxy which accompanies this document for use in connection with the General Meeting
<b>"FSMA"</b>	the Financial Services and Markets Act 2000 (as amended)

<b>"General Meeting"</b>	the general meeting of the Company to be held at 12:00 p.m. on 3 December 2015, notice of which is set out at the end of this document
<b>"Group"</b>	the Company and its subsidiaries and subsidiary and associated undertakings at the date of this document
<b>"Issue Price"</b>	3 pence per Subscription Share or Open Offer Share, as the context requires
<b>"London Stock Exchange"</b>	London Stock Exchange PLC
<b>"Member Account ID"</b>	the identification code or number attached to any member account in CREST
<b>"Money Laundering Regulations"</b>	the Money Laundering Regulations 2007 and obligations in connection with money laundering under the Criminal Justice Act 1993 and the Proceeds of Crime Act 2002
<b>"New Ordinary Share(s)"</b>	the new ordinary shares of 1 penny each in the capital of the Company arising from the Capital Reorganisation and/or to be issued pursuant to the Subscription and/or the Open Offer, as the context requires
<b>"Notice"</b>	the notice convening the General Meeting which is set out at the end of this document
<b>"Official List"</b>	the Official List maintained by the United Kingdom Listing Authority
<b>"Open Offer"</b>	the invitation to Qualifying Shareholders to subscribe for Open Offer Shares at the Issue Price on the terms and subject to the conditions set out or referred to in Part III of this document and, where relevant, the Application Form
<b>"Open Offer Entitlement"</b>	the <i>pro rata</i> basic entitlement for Qualifying Shareholders to subscribe for 2 Open Offer Shares for every 5 Existing Ordinary Shares held on the Record Date pursuant to the Open Offer
<b>"Open Offer Share(s)"</b>	the 40,000,000 New Ordinary Shares to be issued in the capital of the Company to Qualifying Shareholders pursuant to the Open Offer
<b>"Ordinary Share(s)"</b>	the Existing Ordinary Shares or the New Ordinary Shares, as the context requires
<b>"Overseas Shareholder(s)"</b>	Shareholders who are resident in, or who are citizens of, or have registered addresses in, territories other than the United Kingdom
<b>"Proposals"</b>	the Capital Reorganisation, the Subscription, the Open Offer and the additional authorities set out in the Resolutions
<b>"Qualifying CREST Holder(s)"</b>	holders of Ordinary Shares in uncertificated form on the register of members of the Company on the Record Date
<b>"Qualifying Ordinary Shareholder(s)"</b>	holders of Ordinary Shares in certificated form on the register of members of the Company on the Record Date
<b>"Qualifying Shareholders"</b>	Qualifying Ordinary Shareholders and Qualifying CREST Holders (other than certain Overseas Shareholders)
<b>"Rainbow Assets"</b>	the existing mineral leases, production facilities and wells in the Rainbow area of northwest Alberta, Canada, proposed to be acquired pursuant to the Acquisition

<b>“Record Date”</b>	5:30 p.m. in London on 13 November 2015
<b>“Receiving Agent”</b>	Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA, United Kingdom
<b>“Registrar”</b>	Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA, United Kingdom
<b>“Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended from time to time
<b>“Regulation S”</b>	Regulation S under the Securities Act
<b>“Regulatory Information Service”</b>	as such term is defined in the AIM Rules
<b>“Resolutions”</b>	the resolutions to be proposed at the General Meeting which are set out in the Notice
<b>“Restricted Jurisdiction(s)”</b>	the United States of America, Canada, Australia, New Zealand, the Republic of South Africa, Japan and/or the Russian Federation
<b>“Securities Act”</b>	the U.S. Securities Act of 1933, as amended
<b>“Shareholder(s)”</b>	holder(s) of Ordinary Share(s) from time to time
<b>“stock account”</b>	an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited
<b>“Subscription”</b>	the conditional subscription of the Subscription Shares by Cavendish Asset Management and City Financial pursuant to the Subscription Agreements
<b>“Subscription Agreements”</b>	the Cavendish Asset Management Subscription Agreement and the City Financial Subscription Agreement
<b>“Subscription Shares”</b>	the 40,000,000 New Ordinary Shares to be issued in the capital of the Company pursuant to the Subscription
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland, its territories and possession, and all areas subject to its jurisdiction
<b>“Virgo Assets”</b>	the Company’s onshore light oil play assets located in the Virgo area of northwest Alberta, Canada
<b>“Westhouse”</b>	Westhouse Securities Limited, the Company’s nominated adviser and broker, a company incorporated in England and Wales with registered number 00762818, whose registered office is at Beaufort House, 12 <sup>th</sup> Floor, 15 St. Botolph Street, London, EC3A 7BB

A reference to “£” is to pounds sterling, the lawful currency of the UK.

A reference to “United States Dollars” or “US\$” is to United States dollars, the lawful currency of the United States of America.

A reference to “Canadian Dollars” or “Cdn\$” is to Canadian dollars, the lawful currency of Canada.

A reference to "**€**", "**EUR**" or "**Euro**" is to currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

## NOTICE OF GENERAL MEETING

### Northern Petroleum Plc

*(incorporated in England and Wales with registered number 02933545)*

**NOTICE IS HEREBY GIVEN** that a **GENERAL MEETING** of Northern Petroleum Plc (the "**Company**") will be held at the offices of Eversheds LLP, One Wood Street, London EC2V 7WS at 12:00 p.m. on 3 December 2015 for the purpose of considering and, if thought fit, passing the following resolutions, with Resolutions 1 and 2 being proposed as ordinary resolutions and Resolutions 3 and 4 being proposed as special resolutions of the shareholders of the Company.

Capitalised terms contained in this notice shall have the meanings given to them in the circular to the Company's shareholders published on 16 November 2015 (the "**Circular**"), unless the context requires otherwise.

### ORDINARY RESOLUTIONS

#### Resolution 1

**THAT**, subject to and conditional on the passing of Resolution 3 in the notice convening a meeting to be held on 3 December 2015, each of the issued ordinary shares of 5 pence in the capital of the Company (the "**Existing Ordinary Share**") be sub-divided and re-designated into one new ordinary share of 1 penny (the "**New Ordinary Share**") and one new deferred share of 4 pence (the "**New Deferred Share**"). Each New Ordinary Share shall carry the same rights in all respects as the Existing Ordinary Share did prior to the subdivision and re-designation. Each New Deferred Share shall carry such rights and be subject to such restrictions as will be set out in the Company's articles of association, as amended pursuant to Resolution 3 below.

#### Resolution 2

**THAT**, subject to and conditional on the passing of Resolution 1 in the notice convening a meeting to be held on 3 December 2015, the Directors be and they are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "**Companies Act**"), in substitution of all previous powers granted thereunder, to allot:

- (a) equity securities (as defined by section 560 of the Companies Act) in the Company provided that this power shall be limited to the allotment of equity securities up to a maximum aggregate nominal amount of £800,000, being 80,000,000 New Ordinary Shares (being the maximum required for the purposes of issuing the Subscription Shares and the Open Offer Shares) and representing approximately 83.9 per cent. of the current issued share capital of the Company, and such authority shall expire immediately following Admission of the Open Offer Shares; and
- (b) after allowing for the issue of up to 80,000,000 New Ordinary Shares to be issued pursuant to the Subscription and the Open Offer, a further 58,455,220 New Ordinary Shares representing approximately one third of the then issued and committed share capital of the Company (assuming full take-up of the Open Offer), and such authority shall expire 15 months from the date of passing of this resolution or, if earlier, at the conclusion of the next annual general meeting of the Company (unless previously revoked or varied by the Company in general meeting),

save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors are hereby authorised to allot such securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

The authorities referred to in this Resolution shall apply in substitution for all other authorities dealing with the subject matter of this Resolution.

## SPECIAL RESOLUTIONS

### Resolution 3

**THAT**, subject to and conditional on the passing of Resolution 1 in the notice convening a meeting to be held on 3 December 2015, the articles of association of the Company be amended pursuant to section 21 of the Companies Act by:

- (a) The deletion of the current definition of "the Ordinary Shares" in Article 2.1 which provides as follows:

"the Ordinary Shares" means ordinary shares of five pence each in the capital of the Company"

- (b) The insertion of new definitions into Article 2.1 as follows:

"the Deferred Shares" the deferred shares of four pence each in the capital of the Company having the rights set out in Article 6"

"the Ordinary Shares" means ordinary shares of one pence each in the capital of the Company"

- (c) The deletion of the current Article 5 which provides as follows:

"The authorised capital of the Company as at 26 July 2006 is £15,565,820.20 divided into 311,316,404 ordinary shares of five pence each."

- (d) Renumbering Article 6 as Article 5.

- (e) The insertion of a new Article 6, as follows:

"6. Any Deferred Shares in issue shall have the following rights and shall be subject to the following restrictions, notwithstanding any other provisions in these Articles:

#### *Return of Capital*

6.1 On the return of assets on a winding up of the Company, after the holders of the Ordinary Shares have received the aggregate amount paid up thereon, there shall be distributed amongst the holders of the Deferred Shares an amount equal to the nominal value of the Deferred Shares and thereafter any surplus shall be distributed amongst the holders of the Ordinary Shares pro rata to the number of Ordinary Shares held by each of them, respectively. Save as set out in this Article 6.1, the holders of the Deferred Shares shall have no interest or right to participate in the assets of the Company;

#### *Dividends*

6.2 The Deferred Shares shall not carry any entitlement to receive dividends or to participate in any way in the income or profits of the Company;

#### *Further Participation*

6.3 Save as set out in Article 6.1, the Deferred Shares shall carry no right to participate in the profits or assets of the Company;

#### *Acquisition*

6.4 The Company may acquire, subject to the Statutes, all or any of the Deferred Shares in issue at any time for no consideration. Pending such acquisition, each holder of the Deferred Share(s) shall be deemed to have irrevocably authorised the Company, at any time:

- (a) to appoint any person to execute (on behalf of the holder of the Deferred Share(s)) a transfer thereof and/or an agreement to transfer the same to the Company or to such person(s) as the Company may determine as custodian thereof; and

- (b) pending such transfer, to retain such holder's certificate (if any) for the Deferred Shares;
- 6.5 Other than as specified in this Article 6, the Deferred Shares shall not be capable of transfer at any time other than with the prior consent of each of the Directors, nor shall the holders of them be entitled to mortgage, pledge, charge or otherwise encumber them or to create or dispose of or to agree to create or dispose of any interest (within the meaning of section 820 of the Companies Act) whatsoever in any Deferred Share;
- 6.6 The Company is irrevocably authorised to appoint any person on behalf of any holder of the Deferred Share(s) to enter into an agreement to transfer and to execute a transfer of the Deferred Share(s) to such person as the Directors may determine in their absolute discretion and to execute any other documents which such person may consider necessary or desirable to effect such transfer (and pending such transfer, to retain such holder's certificate (if any) for the Deferred Share(s)) or to give instructions to transfer any Deferred Share(s) held in uncertificated form to such person as the Directors may determine in their absolute discretion, in each case, without obtaining the sanction of the holder(s) of them and without any payment being made in respect of that transfer;

#### *Voting*

- 6.7 The Deferred Shares shall not confer on the holders thereof any entitlement to receive notice of or to attend or speak at or vote at any general meeting or any annual general meeting of the Company;

#### *Variation of Rights*

- 6.8 The rights attaching to the Deferred Shares shall not be deemed to be varied or abrogated by the creation and/or allotment and/or issue of any further shares, the passing of any resolution of the Company reducing its share capital or cancelling the Deferred Shares and none of the rights or restrictions attached to the Deferred Shares shall be deemed to be varied or abrogated in any way by the passing or coming into effect of any special resolution of the Company to reduce its share capital and/or reduce or cancel (as the case may be) its share premium account (including a special resolution to reduce the capital paid up or to cancel such Deferred Shares), provided that upon a cancellation of all the Deferred Shares the Articles shall automatically be amended by the deletion of the definition of "Deferred Shares" in Article 2.1 and this Article 6 in its entirety."

#### **Resolution 4**

**THAT**, subject to and conditional on the passing of Resolutions 1 and 2 in the notice convening a meeting to be held on 3 December 2015, the Directors be and they are hereby given the general power to allot equity securities (as defined by section 560 of the Companies Act) for cash pursuant to the authority conferred by Resolution 2 above as if section 561(1) of the Companies Act did not apply to any such allotment, **PROVIDED THAT** this power shall be limited to:

- (a) the allotment of up to 80,000,000 equity securities, in aggregate, pursuant to the Subscription and the Open Offer;
- (b) the allotment of equity securities in connection with or pursuant to an offer by way of rights, open offer or other pre-emptive offer to the holders of Ordinary Shares in the Company and other persons entitled to participate therein in proportion (as near as practicable) to the respective number of equity securities held by them, but subject to such exclusions and other arrangements as the Directors may consider necessary or expedient in relation to fractional entitlements and any legal or practical problems under any laws or requirements of any regulatory body or stock exchange in any territory or otherwise; and
- (c) the allotment (other than pursuant to paragraphs (a) or (b) above) of equity securities up to a maximum aggregate nominal amount of £175,000,

which authorities shall apply in substitution for all other authorities dealing with the subject matter of this resolution 4 and shall expire 15 months from the date of passing of this resolution or, if earlier, at the conclusion of the next annual general meeting of the Company, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors are hereby authorised to allot such securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

*By order of the Board*  
**W J Anderson**  
*Company Secretary*

*Registered Office*  
Chester House  
Unit 3.01 Kennington Park  
1-3 Brixton Road  
London SW9 6DE

Date: 16 November 2015

**Notes:**

1. Any member entitled to attend and vote at the Meeting may appoint one or more proxies (who need not be a member of the Company) to attend and, in the event of a poll, to vote instead of the member. Shareholders will receive a Form of Proxy with this document. Completion and return of a Form of Proxy will not preclude a member from attending and voting at the meeting, or any adjournment thereof, in person.
2. In order to be valid, any Form of Proxy and a power of attorney or other authority under which it is signed must reach the Company's Registrar, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA, not less than 48 hours (excluding any part of a day which is a non-working day) before the time of the General Meeting and in default will not be treated as valid. Alternatively, Shareholders may submit their proxy votes electronically using the Share Portal service at [www.sharegateway.co.uk](http://www.sharegateway.co.uk). Shareholders requiring any assistance should call Neville Registrars' shareholders' helpline on 0121 585 1131 (calls are charged at your standard network rate, lines are open 9:00 a.m. – 5.00 p.m. Monday to Friday).
3. In the case of joint holders, the signature of only one of the joint holders is required on the Form of Proxy but the vote of the first named on the register of members of the Company will be accepted to the exclusion of the other joint holders.
4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) of the meeting by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
5. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent by 12:00 p.m. on 1 December 2015. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by the enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
6. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or

voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

7. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
8. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 specifies that only those Shareholders registered in the register of members of the Company as at 12:00 p.m. on 1 December 2015 (or if the General Meeting is adjourned, Shareholders registered in the register of members of the Company not later than 48 hours before the time fixed for the adjourned General Meeting) shall be entitled to attend or vote at the General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after the relevant times shall be disregarded in determining the rights of any person to attend or vote at the meeting.