

**THIS CIRCULAR, 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 Circular 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 Circular 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 or 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 Circular 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 Circular 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 New Ordinary Shares to be admitted to trading on AIM conditional, amongst other things, on the Resolutions being passed at the General Meeting. It is anticipated that First Admission will become effective and that dealings in the First Tranche Subscription Shares will commence at 8:00 a.m. on 19 December 2016 and Second Admission will become effective and that dealings in the Second Tranche Subscription Shares and the Open Offer Shares will commence trading at 8:00 a.m. on 11 January 2017.

**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 Circular. The AIM Rules are less demanding than those of the Official List of the UK Listing Authority.**

The Subscription and the Open Offer are each conditional, amongst other things, upon the passing of the Resolutions. The Subscription is also conditional upon, amongst other things, the Subscription Agreements becoming unconditional in all respects and, in respect of the First Tranche Subscription, First Admission occurring on or before 19 December 2016 and, in respect of the Second Tranche Subscription, Second Admission occurring on or before 11 January 2017. The Open Offer is also conditional upon, amongst other things, Second Admission occurring on or before 11 January 2017 or such later time and date as the Company may determine (being no later than 8:00 a.m. on 31 January 2017). 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 Subscription of up to 144,647,017 Ordinary Shares  
at 3.5 pence per Subscription Share,**

**Proposed Open Offer of up to 21,500,000 Ordinary Shares at 3.5 pence per Open Offer Share  
on the basis of**

**1 Open Offer Shares for every 7 Existing Ordinary Shares,**

**to raise up to £5,815,145.60, in aggregate,**

**and**

## **Notice of General Meeting**

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**You should read this Circular 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 Circular 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 9 January 2017. The procedure for acceptance and payment is set out in Part III of this Circular and, where relevant, in the Application Form.

Notice convening the General Meeting of the Company to be held at 10:30 a.m. on 16 December 2016 at the offices of Fieldfisher LLP, 9<sup>th</sup> Floor, Riverbank House, 2 Swan Lane, London EC4R 3TT is set out at the end of this Circular. 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 10:30 a.m. on 14 December 2016. 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 Circular 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 Circular 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 Circular 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 Circular 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.

Stockdale 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 Circular) as nominated adviser and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Stockdale Securities Limited or for advising any other person in connection with the matters described in this Circular. Stockdale Securities Limited makes no representation, express or implied, with respect to the accuracy or completeness of any information contained in this Circular and accepts no responsibility for, nor does it authorise, the contents of, or the issue of this Circular, 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 Circular 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 Circular or any other statement.

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

Certain statements contained in this Circular 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 Circular speak only as of the date of this Circular. 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 Circular, 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 Circular 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 Circular 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 Circular, 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 Circular has been reviewed and signed off by the CEO of Northern Petroleum, Mr Keith Bush, who has 25 years' experience as a petroleum engineer. He has read and approved the technical disclosures in this Circular. The technical disclosure in this Circular complies with the SPE/WPC standard.

The classification of reserves stated in this Circular 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 Circular. 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 1 December 2016. 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 1 December 2016 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 Circular and the Open Offer.

Unless otherwise stated, an exchange rate of US\$1.242 : £1 has been used throughout this Circular.

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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 Circular are to London times, unless otherwise stated.**

Record Date for entitlement under the Open Offer	5.00 p.m. on 28 November 2016
Announcement of the Disposals, the Subscription and the Open Offer	30 November 2016
Publication of this Circular, the Application Form and the Form of Proxy	30 November 2016
Ex-entitlement date for the Open Offer	1 December 2016
Open Offer Entitlements credited to stock accounts of Qualifying CREST Holders into CREST	1 December 2016
Latest time and date for receipt of Forms of Proxy and CREST Proxy Instructions	10:30 a.m. on 14 December
General Meeting	10.30 a.m. on 16 December
First Admission	8.00 a.m. on 19 December
Recommended latest time for requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST	4.30 p.m. on 3 January 2017
Recommended latest time for depositing Open Offer Entitlements and Excess CREST Open Offer Entitlements into CREST	3.00 p.m. on 4 January 2017
Recommended latest time and date for splitting of Application Forms	3.00 p.m. on 5 January 2017
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 9 January 2017
Announcement of the results of the Open Offer	10 January 2017
Second Admission	8.00 a.m. on 11 January 2017
Expected date for crediting of the New Ordinary Shares issued to CREST stock accounts in uncertificated form	11 January 2017
Expected date for dispatch of definitive share certificates (where applicable)	by 18 January 2017

## SUBSCRIPTION AND OPEN OFFER STATISTICS

Number of Existing Ordinary Shares in issue as at the date of this Circular	148,545,351
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Issue Price	3.5 pence
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### Subscription statistics

Number of First Tranche Subscription Shares	124,047,017
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Number of Second Tranche Subscription Shares	up to 20,600,000
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Maximum number of Subscription Shares	up to 144,647,017
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Subscription Shares as a percentage of the Enlarged Issued Share Capital <sup>(1)</sup>	46.0%
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Maximum gross proceeds of the Subscription <sup>(1)</sup>	£5,062,646
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### Open Offer statistics

Basis of Open Offer	1 Open Offer Share for every 7 Existing Ordinary Shares
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Maximum number of Open Offer Shares	21,500,000
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Open Offer Shares as a percentage of the Enlarged Issued Share Capital <sup>(1)</sup>	6.8%
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Maximum gross proceeds of the Open Offer <sup>(1)</sup>	£752,500
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### Overall statistics

Enlarged Issued Share Capital following completion of the Subscription and the Open Offer <sup>(1)</sup>	314,692,368
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New Ordinary Shares as a percentage of the Enlarged Issued Share Capital <sup>(1)</sup>	52.8%
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Maximum gross proceeds of the Subscription and the Open Offer <sup>(1)</sup>	£5,815,146
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Maximum estimated net proceeds of the Subscription and the Open Offer <sup>(1)</sup>	£5,595,146
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<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**

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

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

Fieldfisher LLP  
Riverbank House  
2 Swan Lane  
London EC4R 3TT

### **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

30 November 2016

Dear Shareholder,

**Proposed Subscription of up to 144,647,017 Ordinary Shares  
at 3.5 pence per Subscription Share,  
Proposed Open Offer of up to 21,500,000 Ordinary Shares at 3.5 pence per Open Offer Share  
on the basis of 1 Open Offer Share for every 7 Existing Ordinary Shares,  
to raise up to £5,815,146, in aggregate,  
and Notice of General Meeting**

#### 1. Introduction

On 30 November 2016 the Company announced that it has, conditional among other things, upon passing of the Resolutions and on Admission raised:

- a) £4,341,646 by way of the First Tranche Subscription of 124,047,017 First Tranche Subscription Shares at the Issue Price;
- b) up to a further £752,500 by way of an Open Offer to Qualifying Shareholders through the issue of up to 21,500,000 Open Offer Shares at the Issue Price; and
- c) up to a further £721,000 by way of the Second Tranche Subscription of up to 20,600,000 Second Tranche Subscription Shares at the Issue Price.

The Issue Price represents a premium of approximately 12.0 per cent. to the middle market closing price per Existing Ordinary Share of 3.125 pence on 29 November 2016 being the last business day prior to the announcement of the Subscription.

Accordingly, subject to the fulfilment of the conditions set out in this Circular, 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:

#### 1 Open Offer Share for every 7 Existing Ordinary Shares

Certain Qualifying Shareholders, who together own approximately 36.4 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.

The net proceeds of the Subscription and the Open Offer will be used primarily for the development of the Company's assets in Canada, progressing the Company's offshore permits in the southern Adriatic, as well as supporting the ongoing working capital requirements of the Company. Further details concerning the use of proceeds are set out in paragraph 5, below.

The Subscription and Open Offer are conditional, *inter alia*, upon the approval of Shareholders. You will find set out at the end of this Circular a Notice of the General Meeting which has been convened for 10:30 a.m on 16 December 2016, at the offices of Fieldfisher LLP, 9<sup>th</sup> Floor, Riverbank House, 2 Swan Lane, London EC4R 3TT, at which the Resolutions will be put to Shareholders seeking certain authorities that are necessary to facilitate the Subscription and the Open Offer.

**The purpose of this Circular 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 Circular.**

## **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 redevelopment 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 the entire interest in a large exploration licence onshore in the Otway basin in south Australia.

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

### *Canadian expansion*

On 22 January 2016, the Company completed the acquisition of the Rainbow Assets in north west Alberta, located near its existing operations in Virgo further to the north. During the first half of 2016, a work programme was undertaken to increase production from approximately 150 bopd to in excess of 400 bopd, primarily from the Rainbow Assets. Further investment was made to develop the production base and review the future development potential of the Rainbow Assets and Virgo Assets combined, including mandating McDaniel to produce an updated third party reserves report, the results of which were published on 27 October 2016.

The work completed during the year and the results of the McDaniel report supported the Director's initial views on the potential of the asset base in the region and its ability to produce much higher levels of daily production. The forecast investment returns over the medium term, even in the current oil price environment, were deemed attractive enough to warrant a larger programme of investment to further develop reserves and production volumes.

The investment required for the planned programme was greater than likely to be generated through cashflow from the existing production levels, at least in the short term. Therefore discussions were held with a number of third parties concerning a possible investment into the Canadian Assets to help materially increase production over the short and medium term. These discussions resulted in the Company agreeing a broad investment programme, which is described below, with H2P. Legally binding agreements have been signed to complete the various acquisitions and investments which are conditional upon certain regulatory approvals as well as the completion of the First Tranche Subscription, which itself is subject to the approval by Shareholders of the Resolutions contained in this Circular.

H2P is a wholly-owned oil and gas exploration and production subsidiary of I-Pulse Inc., a business which develops and commercialises High Pulse Power solutions with multi-sector and cross-industry applications, particularly for the natural resources sector. H2P is investing in a broad portfolio of upstream oil and gas assets, leveraging I-Pulse Inc's proprietary High Pulse Power technology in well stimulation production

optimisation and electro-magnetic exploration surveying applications, to create an enhanced economic return. H2P considers its investment in Northern Petroleum's Canadian production base and its promising exploration and appraisal prospects to be a value enhancing addition to the H2P asset portfolio.

H2P's acquisition and investment at the asset level and the significant investment as part of the Subscription is fundamental to the financing of the Company as it aims to grow production in Canada and progress the exploration and appraisal projects in Italy.

#### *The Disposals*

As announced on 30 November 2016, for a total consideration of \$2.5 million in cash and the application of \$0.25 million of well stimulation services by Blue Spark Energy Inc., an affiliate of H2P based in Calgary, H2P has agreed, conditional upon the required regulatory approvals in Italy and Australia and the completion of the First Tranche Subscription, in which H2P is participating, to purchase:

- a 25 per cent. interest in all of the Canadian Assets;
- a 10 per cent. interest in the Italian Exploration Permits;
- a 10 per cent. interest in the Italian Exploration Permit Applications, if granted; and
- a 25 per cent. interest in the Australian Asset.

The Company has also agreed, conditional on the completion of the Disposals outlined above, to grant H2P options to increase its interest in the Group's assets as follows:

- H2P can increase its interest in all of the Canadian Assets from 25 per cent. to 50 per cent. by agreeing to pay an additional \$4 million before 31 December 2017;
- H2P can increase its interest in the Italian Exploration Permits and Italian exploration Permit Applications, if granted, from 10 per cent. to 50 per cent. by funding all the work required to plan, contract drill, case, run temporary DST string and perforate an appraisal well on the Giove oil discovery in permit FR.40 up to a cap of \$15 million, an option which must be exercised within three months of receiving the results of the proposed 2017 3D seismic acquisition in the southern Adriatic; and
- H2P can increase its interest in the Australian Asset from 25 per cent. to 50 per cent. by funding all the work required to acquire and process seismic data with a seismic acquisition programme value of \$1 million, an option which must be exercised before the licence transitions into its second year in Q3 2017.

The Company and H2P have also entered into an Area of Mutual Interest Agreement to pursue jointly new opportunities to acquire new permit interests in Canada.

#### *The Subscription*

The Company has, conditional, inter alia, upon the passing of the Resolutions and First Admission, raised £4,341,646 (before expenses) by way of the First Tranche Subscription. The Issue Price for the First Tranche Subscription Shares represents a premium of approximately 12.0 per cent. to the middle market closing price per ordinary share of 3.125 pence on 29 November 2016, being the last business day prior to the publication of the Announcement.

Certain of the investors participating in the First Tranche Subscription have agreed to subscribe for further Second Tranche Subscription Shares once the results of the Open Offer are known in order to maintain the same percentage equity interest in the Company after the completion of the Open Offer that they held before the Open Offer. Accordingly, up to 20,600,000 New Ordinary Shares are being made available to certain investors participating in the Second Tranche Subscription at a price of 3.5 pence per share (being the same as the Issue Price for the First Tranche Subscription and Open Offer), with a view to raising up to £721,000 (before expenses).

### *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 21,500,000 New Ordinary shares are being made available to Qualifying Shareholders at a price of 3.5 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 £752,500 (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 7, below.

## **4. Current trading**

### *Financial*

Following the completion of the asset acquisition in the Rainbow area and the subsequent successful workover programme, total revenue for the first six months of the year was \$1.5 million, reflecting an average production rate of approximately 300 bopd. Even with the oil price for WTI averaging approximately \$39 per barrel for the period, a gross profit before depletion and amortisation of \$405,000 was generated during the first half of the year.

The Group maintained a strict focus on costs, which resulted in a 55 per cent. reduction in the administrative expenses for the first six months of the year.

The biggest cash movement during the first half of the year was an abandonment deposit of approximately \$1.2 million with the Alberta Energy Regulator required to complete the Rainbow Asset. Approximately \$0.2 million was already on deposit with the regulator from the prior year. Following the increase in production \$1.4 million was returned after the period end in October.

### *Operational - Canada*

During January 2016, the Group acquired assets which at the time were producing approximately 150 bopd and contained 1.1 mmbbls of proven plus probable oil reserves, close to the Group's Virgo Assets. The acquisition included a number of wells, pipeline infrastructure and two production facilities with a direct tie-in to the national pipeline network. A small, low cost work programme of well and facility repairs was conducted through the remainder of winter and into spring, initially increasing the production to over 400 bopd.

Production continued throughout the second quarter of 2016, with some downtime due to torrential rains during May and June which affected the wells not tied in to the pipeline infrastructure due to trucking restrictions. With the increase in production during the second quarter and despite the poor weather conditions, the Group still averaged approximately 300 bopd for the first half of 2016. The Group also secured contracts from local operators to process and ship their crude, generating additional income from the facilities.

### *Operational - Italy*

In Italy, progress continued with the development of an environmental impact assessment for the drilling of the Giove appraisal well. Onshore in the Po Valley, Shell Italia E&P S.P.A. continued to evaluate the Cascina Alberto exploration permit in order to develop the additional seismic programme required to more thoroughly review the previously identified 300 mmbbls prospect. The Group is carried by Shell for a 20 per cent. share of the Cascina Alberto permit including seismic acquisition up to \$4 million and an exploration well up to \$50 million.

### *Corporate*

The focus of the Group has continued to be on cost reduction and ensuring that the organisation is fit for purpose. Staff and infrastructure reductions were made, including the implementation of a cost effective

accounting system designed for the Canadian market. This further reduced the overall corporate general and administration cost to below \$3 million on an annualised basis.

## *Reserves*

McDaniel, the Calgary based independent reserves auditors who reported on the Rainbow Assets in 2014 for the previous owners, were mandated to provide an updated report on the Company's Canadian Assets as at 30 September 2016. The report included the Rainbow Assets and the wells in the Virgo area, approximately 20 miles north of the Rainbow Assets. Certified 2P reserves were reported as 1.91 million barrels of oil equivalent representing an increase of approximately 30 per cent. from the previous reports at 31 December 2014. The primary increase in reserves was attributed to the Rainbow Assets acquired in January 2016. These saw a 46 per cent. uplift in 2P reserves as a result of lower than expected decline rates and reduced operating costs making the wells economic at lower production rates and lower realised oil prices. This increase has been achieved in addition to approximately 0.16 million barrels of oil produced during this period.

## **5. Use of Proceeds**

As at 30 September 2016, the Company had cash holdings of approximately US\$1.0 million. It is anticipated that the funds raised from the Subscription and Open Offer, combined with existing cash resources and the consideration from the Disposals, will be used by the Company as follows:

- approximately \$3 million to be invested in the proposed winter work programme in the Canadian Assets and further investment as deemed appropriate later in 2017 to continue increasing production in Canada;
- progression of the permits in the southern Adriatic to obtain regulatory approval to drill the Giove appraisal well;
- the acquisition of 3D seismic across the permits in the southern Adriatic; and
- support the general working capital requirements of the business.

## **6. Related Party Transactions**

Cavendish Asset Management and City Financial have conditionally agreed to subscribe for up to 27,685,500 and 15,714,367 Subscription Shares respectively in the Subscription. Cavendish Asset Management and City Financial, being substantial shareholders of the Company as defined in the AIM Rules, are related parties of the Company for the purposes of the AIM Rules.

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

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

### ***The Subscription***

Pursuant to the Subscription Agreements, the Investors have conditionally agreed to subscribe for up to 144,647,017 Subscription Shares raising up to £5,062,646 in aggregate at the Issue Price. The final number of Subscription Shares to be issued to the Investors will be calculated to ensure that H2P holds 29.99 per cent. and Cavendish Asset Management holds approximately 19 per cent. of the Enlarged Issued Share Capital following the Open Offer. Accordingly, the number of Second Tranche Subscription Shares to be issued to H2P and Cavendish Asset Management will not be finalised until the results of the Open Offer are known. The Subscription is conditional, inter alia, on the passing of the Resolutions and the Subscription Agreements becoming unconditional in all respects.

In addition to the abovementioned conditions, the H2P Subscription Agreement is also conditional upon, *inter alia*, each of the Disposal Agreements remaining in full force and effect as at the date which the Resolutions are passed. H2P shall have the right to nominate a person to be appointed as a non-executive director of the Company along with an observer who shall have the right to attend any meetings of the Board (or any committee of the Board).

For further information relating to the Subscription Agreements, please refer to paragraph 5 of Part IV of this Circular.

### **The Open Offer**

The Open Offer is for up to 21,500,000 Open Offer Shares at the Issue Price (being the same as the Issue Price for the Subscription) to raise up to £752,500 (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 Circular 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 3.5 pence per Open Offer Share, free of expenses, payable in full, in cash on application, on the basis of:

#### **1 Open Offer Share for every 7 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 (subject to the Company's sole discretion) 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 Circular.

If you have received an Application Form with this Circular, please refer to paragraph 4.5(a) and paragraphs 5 to 11 of Part III of this Circular. 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 Circular 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 Circular 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 Circular 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 9 January 2017. For Qualifying CREST Holders, the relevant CREST instructions must have settled as explained in this Circular by no later than 11:00 a.m. on 9 January 2017.

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 11 January 2017 (or such later time and/or date as the Company may determine, being not later than 8:00 a.m. on 31 January 2017). 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.

## **8. 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 First Tranche Subscription Shares are expected to be admitted to AIM and commence trading at 8:00 a.m. on 19 December 2016 and the Second Tranche Subscription Shares and the Open Offer Shares are expected to be admitted to AIM and commence trading at 8:00 a.m. on 11 January 2017.

## **9. General Meeting**

You will find a Notice convening the General Meeting of the Company at the end of this Circular. The General Meeting will be held at the offices of Fieldfisher LLP, 9<sup>th</sup> Floor, Riverbank House, 2 Swan Lane, London EC4R 3TT at 10:30 a.m. on 16 December 2016 to consider and, if thought appropriate, pass the Resolutions summarised below.

Shareholders should be aware that if any of the Resolutions are not approved by Shareholders at the General Meeting, the Proposals will not complete and the Company will therefore be required to seek alternative sources of finance which may or may not be forthcoming.

### ***Resolution 1 - Authority to allot New Ordinary Shares***

Resolution 1 will 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 £1,661,470.17 being 166,147,017 New Ordinary Shares (being the maximum required for the purposes of issuing the Subscription Shares and the Open Offer Shares) and representing approximately 111.8 per cent. of the existing issued share capital of the Company. This authority will expire on 31 January 2017; and
- (b) after allowing for the issue of up to 166,147,017 New Ordinary Shares to be issued pursuant to the Subscription and the Open Offer, a further 104,897,456 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 1.

### ***Resolution 2 - 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 Enlarged Share Capital) be maintained following the Subscription and the Open Offer.

Resolution 2 will therefore be proposed as a special resolution to disapply statutory pre-emption provisions in connection with:

- (a) the allotment of up to 166,147,017 New Ordinary Shares 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 £314,692.36 being 31,469,236 Ordinary Shares,

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

The disapplication will expire 15 months from the date of passing of Resolution 2 or, if earlier, at the conclusion of the next annual general meeting of the Company.

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

### ***General Meeting***

**A Form of Proxy for use in connection with the General Meeting is enclosed with this Circular. 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 10:30 a.m. on 14 December 2016. 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 Circular, 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 Circular 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 Circular.

**The latest time for applications under the Open Offer to be received is 11:00 a.m. on 9 January 2017. 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 Circular. 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 Circular and the Open Offer.**

## **11. 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.

## **12. Additional Information**

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

## **13. Directors' Recommendation**

**The Board considers the Proposals to be in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolutions. The Directors, Cavendish Asset Management and City Financial have each undertaken to vote in favour of all the Resolutions at the General Meeting in relation to their shareholdings, being 56,665,021 Ordinary Shares, in aggregate, representing approximately 38.2 per cent. of the existing issued share capital as at the date of this Circular. In addition, Cavendish Asset Management and City Financial have each undertaken not to take up their entitlement for any Open Offer Shares under the Open Offer.**

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 21,500,000 Open Offer Shares at a price of 3.5 pence per 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 1 Open Offer Share for every 7 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 premium of 12.0 per cent. to the closing mid-market price of an Existing Ordinary Share of 3.125 pence on 29 November 2016 (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

(at the Company's sole discretion) 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, a 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.

**2. 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 1 December 2016 (the time when the Existing Ordinary Shares are expected to be marked "ex-entitlement" by the London Stock Exchange).

**3. 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 28 November 2016 (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 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.

**4. 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?**

**4.1 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 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 9 January 2017. 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 18 January 2017.

#### **4.2 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 £0.035, 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 is made out for. You should then sign and return your Application Form together with your cheque 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 9 January 2017, 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 18 January 2017.

#### **4.3 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 £0.035, 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 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 9 January 2017, 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 (at the Company's sole discretion) 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 18 January 2017.

#### **4.4 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.

#### **5. 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.

#### **6. 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 28 November 2016 and who have converted them to certificated form;
- Shareholders who bought Existing Ordinary Shares before 28 November 2016 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 28 November 2016; and
- certain Overseas Shareholders.

If this applies to you please contact the Receiving Agent using the details set out in the answer to question 21 below.

#### **7. 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 1 December 2016.

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 1 December 2016, you will not be eligible to participate in the Open Offer in respect of those Existing Ordinary Shares.

**8. 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.

**9. 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.

**10. 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 £0.035 (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 £0.035, which comes to 2,857.14286. You should round that down to 2,857 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, 2,857) in Box 8. To get an accurate amount to put on your cheque, you should multiply the whole number of Open Offer Shares you want to apply for (2,857) by £0.035 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.

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 £0.035 (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 £0.035. You should round that down to the nearest whole number (in this example, 1,428), to give you the number of shares you want to take up. Write that number (in this example, 1,428) in Box 8. Then to get an accurate amount to put on your cheque, you should multiply the whole number of Open Offer Shares you want to apply for (in this example, 1,428) by £0.035 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.

**11. 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.

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

You should return your Application Form with a cheque 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.

**13. 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.

**14. 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.

**15. 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 by 11:00 a.m. on 9 January 2017. 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.

**16. 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 18 January 2017.

**17. 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 5:00 p.m. on 28 November 2016 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 1 December 2016.

**18. 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.

**19. 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 4 January 2017 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.

**20. 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.

**21. 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 £752,500 by way of an Open Offer of up to 21,500,000 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 1 December 2016, 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 Circular 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 Circular 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:

##### **1 Open Offer Share for every 7 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 (subject to the Company's sole discretion) 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 Circular, 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 11 January 2017.
- 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 1 December 2017.
- 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 11 January 2017 (or such later time and/or date as the Company may determine, not being later than 8:00 a.m. on 31 January 2017).

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 Circular 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 Circular 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 Circular. 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 (at the Company's sole discretion) 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 1 December 2016. Application Forms may be split up to 3:00 p.m. on 5 January 2017. 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 9 January 2017. 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 should be made payable to "Neville Registrars Limited re clients account" and crossed "A/C payee only". Cheques 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 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. Payments via CHAPS, BACS or electronic transfer will not be accepted.

- (B) Cheques will be presented for payment upon receipt. The Company reserves the right to instruct Neville Registrars Limited to seek special clearance of cheques 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 11 January 2017 or such later time and date as the Company may determine (being no later than 8:00 a.m. on 31 January 2017), 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 (at the Company's sole discretion) 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 4 January 2017, 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 Circular will be adjusted as appropriate and the provisions of this Circular 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 GB00BYVQ8D30;
  - (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 9 January 2017; 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 9 January 2017.
- (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 8:00a.m. on 11 January 2017 or such later time and date as the Company may determine (being no later than on 8:00 a.m. on 31 January 2017), 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 GB00BYVQ8G60;
  - (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 9 January 2017; 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 9 January 2017.
- (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 8:00a.m. on 11 January 2017 or such later time and date as the Company may, in its absolute discretion, elect (being no later than 8:00 a.m. on 31 January 2017), 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 9 January 2017.
- (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 4 January 2017, 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 3 January 2017, 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 9 January 2017.
- (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 9 January 2017 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 9 January 2017. 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 Circular 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 cheque 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 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 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 9 January 2017, 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 Circular 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 Circular (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 Circular 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 Circular 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 Circular 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 Circular 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 Stockdale 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 Circular 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 Circular 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 Circular 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 Circular 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 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 Circular or the Application Forms into any Restricted Jurisdiction. Receipt of this Circular 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 Circular 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 Circular 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 Circular 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 Stockdale 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 Circular 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 Circular 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 subparagraph 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 10 January 2017. 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 11 January 2017.
- 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 9 January 2017 (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 1 December 2016, 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 1 December 2016). 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 Circular, 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 18 January 2017. 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 Circular 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 Circular, 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 Circular, 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 Circular 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 Circular or the Application Form. By taking up Open Offer Shares under the Open Offer in accordance with the instructions set out in this Circular 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 Circular 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 Circular and its application for Open Offer Shares shall be on and subject to the terms and conditions of this Circular 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 Circular 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 Circular, 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 Circular, 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 Stockdale 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 Circular (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 Circular. All representations, warranties, agreements and covenants given by it in this Circular 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 Circular and as it is expected to be on Admission (assuming completion of the Subscription and that the Open Offer is fully subscribed) is set out below:

##### ***Before First Admission***

148,545,351 Existing Ordinary Shares

##### ***After Second Admission***

314,692,368 New Ordinary Shares

As at the date of this Circular there are in issue 8,122,455 nil-cost options to subscribe for Ordinary Shares, of which 89,333 are currently exercisable. In addition, there are 175,000 warrants to subscribe for Ordinary Shares, of which the lowest exercisable price is 66 pence.

#### 2. Directors' Interests

##### ***Before First Admission***

##### ***After Second Admission<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	1,425,200	0.96	1,628,800	0.52
K R Bush	450,000	0.30	514,286	0.16
N T Morgan	448,000	0.30	512,000	0.16
I M Lanaghan	217,000	0.15	248,000	0.08

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

Jon Murphy, Keith Bush, Nick Morgan and Iain Lanaghan have been issued with 178,697, 2,346,875, 1,965,767 and 89,393 nil-cost options respectively to subscribe for Ordinary Shares in the Company which are exercisable between 31 January 2017 and 7 July 2026.

In addition to the interests disclosed above, Keith Bush has been issued 100,000 warrants to subscribe for Ordinary Shares in the Company exercisable at a price of 100p which 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 First Admission and their resultant holdings after Second Admission (assuming the Subscription and that the Open Offer is fully subscribed):

<b><i>Shareholder</i></b>	<b><i>Percentage of Existing Issued Share Capital before First Admission</i></b>	<b><i>Percentage of Enlarged Issued Share Capital after Second Admission</i></b>
Cavendish Asset Management	21.6	19.0
City Financial Investment Company Limited	14.8	13.8
Barclays PLC	5.5	3.0

TD Waterhouse (Europe) Limited	4.7	2.6
Halifax Share Dealing Limited	3.8	2.0
Barry James Lonsdale	3.2	1.7

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

The annual report and audited accounts for the Group for the financial year ending 31 December 2015, together with the interim report and unaudited interim accounts for the six month period ending 30 June 2016, 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.

##### ***Subscription Agreements***

###### *Alignment Energy Subscription Agreement and City Financial Subscription Agreement*

Pursuant to the Alignment Energy Subscription Agreement and the City Financial Subscription Agreement, Alignment Energy and City Financial have both conditionally agreed to subscribe for 22,571,517 First Tranche Subscription Shares (Alignment Energy have subscribed for 6,857,150 First Tranche Subscription Shares and City Financial have subscribed for 15,714,367 First Tranche Subscription Shares), with such subscriptions to be made at the Issue Price. Both subscription agreements contain certain warranties given by the Company including the accuracy of information given to the subscribers and the capacity of the Company to enter into and perform the agreements. The First Tranche Subscription is conditional, inter alia, on the passing of the Resolutions and Admission of the First Tranche Subscription Shares having occurred by no later than 19 December 2016 (or such later date as Alignment Energy and City Financial may agree with the Company, being not later than 30 December 2016).

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

Pursuant to the Cavendish Asset Management Subscription Agreement, Cavendish Asset Management has conditionally agreed to subscribe for 19,715,500 First Tranche Subscription Shares and up to 7,970,000 Second Tranche Subscription Shares the Issue Price. The agreement contains certain warranties given by the Company including the accuracy of information given to the subscribers and the capacity of the Company to enter into and perform the agreements. The First Tranche Subscription is conditional, inter alia, on the passing of the Resolutions and Admission of the First Tranche Subscription Shares having occurred by no later than 19 December 2016 (or such later date as Cavendish Asset Management and the Company may agree, being not later than 30 December 2016) and the Second Tranche Subscription is conditional upon, inter alia, allotment and issue of the First Tranche Subscription Shares, Admission of the First Tranche Subscription Shares and Admission of the Second Tranche Subscription Shares having occurred by no later than 11 January 2017 (or such later date as Cavendish Asset Management and the Company may agree, being not later than 31 January 2017).

###### *H2P Subscription Agreement*

Pursuant to the H2P Subscription Agreement, H2P has conditionally agreed to subscribe for 81,760,000 First Tranche Subscription Shares and up to 12,630,000 Second Tranche Subscription Shares at the Issue Price. The H2P Subscription Agreement contains certain warranties given by the Company including the accuracy of information given to H2P and other matters relating to the Company and its business. The First Tranche Subscription is conditional, inter alia, on the passing of the Resolutions and Admission of the First Tranche Subscription Shares having occurred by no later than 19 December 2016 (or such later date as H2P and the Company may agree, being not later than 30 December 2016), the Canadian SPA becoming unconditional in all respects (save for those conditions relating to the H2P Subscription

Agreement), each of the Disposal Agreements remaining in full force and effect at the date which the Resolutions are passed, the Company warranties set out in each of the Disposal Agreements being true and accurate in all material respects as at the date of execution of the H2P Subscription Agreement and the date which the Resolutions are passed. The Second Tranche Subscription is conditional upon, inter alia, allotment and issue of the First Tranche Subscription Shares, Admission of the First Tranche Subscription Shares and Admission of the Second Tranche Subscription Shares having occurred by no later than 11 January 2017 (or such later date as H2P and the Company may agree, being not later than 31 January 2017). H2P shall have the right to nominate a person to be appointed as a non-executive director of the Company along with an observer who shall have the right to attend any meetings of the Board (or any relevant committee of the Board) for such time as H2P and its associates hold not less than 10 per cent. and 20 per cent. respectively of the issued ordinary share capital of the Company.

### ***Disposal Agreements***

#### **Australian Disposal Agreements**

Pursuant to the Australian SPA, Ouro Preto Australia agreed to assign to H2P a 25% legal and beneficial interest in the Australian Asset, subject to receiving the applicable consents required for the transfer and completion of the H2P Subscription Agreement (the "Transfer").

In consideration of the Transfer, H2P has agreed to pay, when due and payable, its participating interest share of all costs incurred pursuant to the Australian JOA. H2P is not required to pay for any costs incurred during the current suspension of the work programme and any costs incurred in year 1 of the work programme.

H2P has the option acquire a further 25% legal and beneficial interest in the Australian Asset (subject to receiving the applicable consents required for the transfer) before the commencement of year 2 of the work programme for the Australian Asset by agreeing to pay for all costs for all work required to acquire and process seismic data in the Australian Asset area during year 2 of the work programme, up to US\$1,000,000.

Ouro Preto Australia and H2P have entered into the Australian Transfer Instrument to effect the Transfer, subject to receiving the applicable consents required for the Transfer. If the option is exercised, Ouro Preto Australia and H2P will enter into a further transfer instrument.

Ouro Preto and H2P have also entered into the Australian JOA to define their respective rights and obligations concerning the operations and activities under the Australian Asset. Ouro Preto Australia will remain operator of the Australian Asset and decisions in relation to the Australian Asset must be made by an operating committee and must be decided by the affirmative vote of two or more parties that are not affiliates, collectively holding at least 67% of the participating interests.

#### ***Canadian Disposal Agreements***

Pursuant to the Canadian SPA, Ouro Preto Canada agreed to assign to H2P a 25% legal and beneficial interest in the Canadian Asset, subject to receiving the applicable consents required for the transfer and completion of the H2P Subscription Agreement.

The consideration payable by H2P pursuant to the Canadian SPA is US\$2,000,000 (subject to any adjustments) (the "Cash Consideration") and a commitment to funding US\$250,000 of well stimulation services to be provided by Blue Spark Energy Inc or its affiliates. The Canadian SPA contains a commitment that the Cash Consideration will be invested in the Canadian Assets.

H2P has the option to:

- acquire a further 25% legal and beneficial interest in the Canadian Asset until 31 December 2017 by paying US\$4,000,000; and
- acquire 25% share of the NuVista assets if Ouro Preto Canada acquires the assets set out in the letter of intent, dated 24 October 2016.

Ouro Preto Canada and H2P will enter into the Canadian JOA to define their respective rights and obligations concerning the operations and activities under the Canadian Asset. Ouro Preto Canada will remain the operator of the Canadian Asset and the Canadian Association of Petroleum Landmen 2007 Operating Procedure forms part of the JOA.

Ouro Preto Canada and H2P will also enter into agreements to document the terms of the construction, ownership or operation of facilities.

The Canadian Transfer instrument will be entered into to effect the transfer, pursuant to the SPA.

### *Italian Disposal Agreements*

Pursuant to the Italian SPA, Northern agreed to assign to H2P a 10% legal and beneficial interest in the Italian Exploration Permits and the Italian Exploration Permit Applications, if awarded, subject to receiving the applicable consents required for the transfer and completion of the H2P Subscription Agreement (the "Italian Transfer").

In consideration of the Italian Transfer, H2P has agreed to pay US\$500,000 to Northern at completion and when due and payable, its participating interest share of all costs incurred pursuant to the Italian JOA. H2P is not required to pay for seismic acquisition costs for the 3D seismic survey over the Italian Exploration Permits, to be commenced or scheduled to be commenced in 2017 and any geological and geophysical study costs relating to the Italian Exploration Permits and the Italian Exploration Permit Applications that are incurred in 2017 or scheduled to be incurred in 2017.

H2P has the option to acquire a further 40% legal and beneficial interest in the Italian Exploration Permits by agreeing to pay all costs for the work required to plan, contract, drill, case, run temporary DST string and perforate the proposed appraisal well on the Giove discovery in F.R 40.NP, up to a maximum of US\$15,000,000.

Northern and H2P will enter into the Italian Transfer Instrument at completion to effect the Italian Transfer and will enter into a further transfer instruments if the option is exercised and the Italian Exploration Permit Applications are awarded to Northern.

Northern and H2P will enter into the Italian JOA at completion to define their respective rights and obligations concerning the operations and activities under the Italian Exploration Permits. Northern will remain operator of the Italian Exploration Permits and decisions in relation to the Italian Asset must be made by an operating committee and must be decided by the affirmative vote of two or more parties that are not affiliates, collectively holding at least 67% of the participating interests. Northern and H2P will enter into further joint operating agreements in respect of the Italian Exploration Permit Applications if awarded.

## **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 £220,000 (excluding VAT).

## **8. Consents**

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

## **9. Availability of Document**

This Circular will be available for a period of 12 months from the date of this Circular 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>"Admission"</b>	First Admission and/or Second Admission, as the context requires
<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>"Alignment Energy"</b>	Alignment Energy Invest AS
<b>"Alignment Energy Subscription Agreement"</b>	the conditional subscription agreement dated on or about the date of this Circular between the Company and Alignment Energy
<b>"Announcement"</b>	the announcement of the Proposals made via the Regulatory Information Service on 30 November 2016
<b>"Application Form"</b>	the application form accompanying this Circular to be used by Qualifying Ordinary Shareholders in connection with the Open Offer
<b>"Articles"</b>	the articles of association of the Company as at the date of this Circular
<b>"Australian Asset"</b>	Australian onshore exploration permit PEL629 found in the Otway Basin, South Australia granted by the government of South Australia and issued to Ouro Preto Australia
<b>"Australian Disposal Agreements"</b>	the following conditional agreements dated on or about the date of this Circular:  (1) the Australian SPA;  (2) the Australian JOA; and  (3) the Australian Transfer Instrument
<b>"Australian JOA"</b>	a joint operating agreement between (i) Ouro Preto Australia and (ii) H2P
<b>"Australian SPA"</b>	a sale and purchase agreement between (i) Ouro Preto Australia (as seller) and (ii) H2P (as buyer) to purchase 25 per cent. interest of the Australian Asset
<b>"Australian Transfer Agreement"</b>	a transfer instrument between (i) Ouro Preto Australia (as transferor) and (ii) H2P (as transferee) relating to the transfer of 25 per cent. of the Australian Asset
<b>"Business Day(s)"</b>	any day on which banks in London are open for business (excluding Saturdays, Sundays and public holidays)
<b>"Canadian Assets"</b>	all licences, wells and facilities relating to the Rainbow Assets and the Virgo Assets, Alberta, Canada
<b>"Canadian Disposal Agreements"</b>	the following conditional agreements dated on or about the date of this Circular:

	(1) the Canadian SPA;
	(2) the Canadian JOA and
	(3) the Canadian Transfer Agreement
<b>"Canadian JOA"</b>	a joint operating agreement between (i) Ouro Preto Canada and (ii) H2P
<b>"Canadian SPA"</b>	a sale and purchase agreement between (i) Ouro Preto Canada (as seller) and (ii) H2P (as buyer) to purchase 25 per cent. interest of the Canadian Asset
<b>"Canadian Transfer Agreement"</b>	a transfer instrument between (i) Ouro Preto Canada (as transferor) and (ii) H2P (as transferee) relating to the transfer of 25 per cent. of the Australian Asset
<b>"Cavendish Asset Management"</b>	Cavendish Asset Management Limited
<b>"Cavendish Asset Management Subscription Agreement"</b>	the conditional subscription agreement dated on or about the date of this Circular between the Company and Cavendish Asset Management
<b>"Circular"</b>	this Circular
<b>"City Financial"</b>	City Financial Investment Company Limited
<b>"City Financial Subscription Agreement"</b>	the conditional subscription agreement dated on or about the date of this Circular 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, a Company incorporated in England and Wales with company number 02933545
<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>"Disposal"</b>	the partial disposal of the Australian Asset, the Canadian Assets and the Italian Assets as set out in the Disposal Agreements
<b>"Disposal Agreements"</b>	the Australian Disposal Agreements, the Canadian Disposal

## Agreements and Italian Disposal Agreements

<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 immediately following the issue of the Subscription Shares and the Open Offer 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 Ordinary Share(s)”</b>	the 148,545,351 Ordinary Shares in issue at the date of this Circular
<b>“FCA”</b>	the Financial Conduct Authority of the United Kingdom
<b>“First Admission”</b>	the admission of the First Tranche Subscription Shares to trading on AIM becoming effective in accordance with the AIM Rules
<b>“First Tranche Subscription”</b>	the subscription for the First Tranche Subscription Shares pursuant to the terms of the Subscription Agreements
<b>“First Tranche Subscription Shares”</b>	124,047,017 New Ordinary Shares to be issued in the capital of the Company pursuant to the First Tranche Subscription
<b>“Form of Proxy”</b>	the form of proxy which accompanies this Circular 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 10:30 a.m. on 16 December 2016, notice of which is set out at the end of this Circular
<b>“Group”</b>	the Company and its subsidiaries and subsidiary and associated undertakings at the date of this Circular (and <b>“Group Company”</b> shall mean any such company)
<b>“H2P”</b>	High Power Petroleum LLC

<b>“H2P Subscription Agreement”</b>	the conditional subscription agreement dated on or about the date of this Circular between the Company and H2P
<b>“Investors”</b>	Alignment Energy, Cavendish Asset Management, City Financial and H2P
<b>“Issue Price”</b>	3.5 pence per New Ordinary Share
<b>“Italian Assets”</b>	the Italian Exploration Permits and the Italian Exploration Permit Application Permits
<b>“Italian Disposal Agreements”</b>	the following conditional agreements dated on or about the date of this Circular:  (1) the Italian SPA;  (2) the Italian JOA; and  (3) the Italian Transfer Instrument
<b>“Italian Exploration Permits”</b>	Italian Exploration Permits F.R39.NP and F.R40.NP both found in Southern Adriatic Sea issued to Northern
<b>“Italian Exploration Permit Applications”</b>	Italian Exploration Permit Applications d149D.R-.NP, d60F.R-.NP, d61F.R-.NP, d65F.R-.NP, d66F.R-.NP, Southern Adriatic Sea
<b>“Italian JOA”</b>	a joint operating agreement between (i) Northern and (ii) H2P
<b>“Italian SPA”</b>	a sale and purchase agreement between (i) Northern (as seller) and (ii) H2P (as buyer) to purchase 10 per cent. interest of the Italian Assets
<b>“Italian Transfer Agreement”</b>	a transfer instrument between (i) Northern (as transferor) and (ii) H2P (as transferee) relating to the transfer of 10 per cent. of the Italian Assets
<b>“London Stock Exchange”</b>	London Stock Exchange PLC
<b>“McDaniel”</b>	McDaniel & Associates Consultants Ltd
<b>“Member Account ID”</b>	the identification code or number attached to any member account in CREST
<b>“mmbbls”</b>	million barrels
<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>	up to 166,147,017 new Ordinary Shares to be issued pursuant to the Subscription and the Open Offer
<b>“Northern”</b>	Northern Petroleum (UK) Limited
<b>“Notice”</b>	the notice convening the General Meeting which is set out at the end of

this Circular

<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 Circular and, where relevant, the Application Form
<b>“Open Offer Entitlement”</b>	the <i>pro rata</i> basic entitlement for Qualifying Shareholders to subscribe for 1 Open Offer Share for every 7 Existing Ordinary Shares held on the Record Date pursuant to the Open Offer
<b>“Open Offer Share(s)”</b>	up to 21,500,000 New Ordinary Shares to be offered to Qualifying Shareholders pursuant to the Open Offer
<b>“Ordinary Share(s)”</b>	the ordinary shares of 1 penny each in the capital of the Company
<b>“Ouro Preto Australia”</b>	Ouro Preto Resources Pty Limited
<b>“Ouro Preto Canada”</b>	Ouro Preto Resources Inc.
<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 Subscription, the Open Offer, the Disposals 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 Company’s existing mineral leases, production facilities and wells in the Rainbow area of northwest Alberta, Canada
<b>“Record Date”</b>	5:00 p.m. in London on 28 November 2016
<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”</b>	as such term is defined in the AIM Rules

**Service"**

<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>"Second Admission"</b>	the admission of the Second Tranche Subscription Shares and Open Offer Shares to trading on AIM becoming effective in accordance with the AIM Rules
<b>"Second Tranche Subscription"</b>	the subscription for the Second Tranche Subscription Shares pursuant to the terms of the Cavendish Subscription Agreement and the H2P Subscription Agreement
<b>"Second Tranche Subscription Shares"</b>	up to 20,600,000 New Ordinary Shares to be issued in the capital of the Company pursuant to the Second Tranche Subscription
<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>"Stockdale"</b>	Stockdale 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
<b>"Subscription"</b>	the conditional subscription of the Subscription Shares by Alignment Energy, Cavendish Asset Management, City Financial and H2P pursuant to the Subscription Agreements
<b>"Subscription Agreements"</b>	the Alignment Energy Subscription Agreement, the Cavendish Asset Management Subscription Agreement, the City Financial Subscription Agreement and the H2P Subscription Agreement
<b>"Subscription Shares"</b>	the First Tranche Subscription Shares and the Second Tranche Subscription Shares
<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 existing mineral leases, facilities and wells in the Virgo area of northwest Alberta, Canada
<b>"WTI"</b>	West Texas Intermediate

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

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

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 Fieldfisher LLP, 9<sup>th</sup> Floor, Riverbank House, 2 Swan Lane, London EC4R 3TT at 10:30 a.m. on 16 December 2016 for the purpose of considering and, if thought fit, passing the following resolutions, with Resolution 1 being proposed as an ordinary resolution and Resolution 2 being proposed as a special resolution 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 30 November 2016 (the "**Circular**"), unless the context requires otherwise.

### ORDINARY RESOLUTION

#### Resolution 1

**THAT** 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 exercise all powers of the Company to allot:

- (a) shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company ("**Rights**") up to a maximum aggregate nominal amount of £1,661,470.17, being 166,147,017 ordinary shares of 1 penny in the capital of the Company ("**Ordinary Shares**") (being the maximum required for the purposes of issuing the Subscription Shares and the Open Offer Shares) and representing approximately 111.8 per cent. of the current issued share capital of the Company, and such authority shall expire on 31 January 2017; and
- (b) after allowing for the issue of up to 166,147,017 Ordinary Shares to be issued pursuant to the Subscription and the Open Offer, allot further Ordinary Shares or grant further Rights up to a maximum aggregate nominal amount of £1,048,974.56 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 or Rights to be granted after such expiry and the Directors are hereby authorised to allot such securities or grant such Rights in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

### SPECIAL RESOLUTION

#### Resolution 2

**THAT**, subject to and conditional on the passing of Resolution 1 above, the Directors be and they are hereby empowered pursuant to Section 570 of the Companies Act 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 166,147,017 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 £314,692.36,

which authorities shall apply in substitution for all other authorities dealing with the subject matter of this resolution 2 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: 30 November 2016

**Notes:**

1. Any member is entitled to appoint one or more proxies (who need not be a member of the Company) to attend exercise all or any of his rights to attend, speak and vote at the General Meeting. Shareholders will receive a Form of Proxy with this Circular. Completion and return of a Form of Proxy will not preclude a member from attending and voting at the General 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 10:30 a.m. on 14 December 2016. 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 (as amended) specifies that only those Shareholders registered in the register of members of the Company as at 10:30 a.m. on 14 December 2016 (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 ordinary 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.
9. To change your proxy instructions, simply submit a new proxy appointment using one of the methods set out above. Note that the cut-off time for receipt of proxy appointments also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. If the Company receives more than one appointment of a proxy in respect of any one share, the appointment received last revokes each earlier appointment and the Company's decision as to which appointment was received last is final.
10. In order to revoke a proxy appointment you must notify the Company of the termination at least three hours before the commencement of the meeting.
11. A corporation which is a shareholder may, by resolution of its directors or other governing body, authorise one or more persons to act as its representative at the meeting. Corporate representatives should bring with them to the meeting: (i) an original or certified copy of the resolution authorising them; or (ii) an original letter on the shareholder's letterhead, signed by an authorised signatory, confirming that they are so authorised.
12. As at the date of this Notice, the Company's issued share capital comprised 148,545,351 ordinary shares of 1p each fully paid. The Company does not hold any shares in treasury. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at the date of this notice of meeting is 148,545,351.
13. Shareholders who have general queries about the meeting should use the following means of communication (no other methods of communication will accepted):

- (a) calling Registrars shareholder helpline 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;
- (b) in writing to the Company by e-mail to: [info@northpet.com](mailto:info@northpet.com)

14. You may not use any electronic address provided in this notice of meeting or in any related documents (including the accompanying proxy form) to communicate with the Company for any purposes other than those expressly stated.

These documents will also be available for inspection during the meeting and for at least 15 minutes before it begins.

All references in this document to time are to Greenwich Mean Time.