

**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 Non-CREST Holders) 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 Admission will become effective and that dealings in the Subscription Shares, the Placing Shares and the Consideration Shares will commence at 8:00 a.m. on 8 January 2018.

**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.**

---

# **Cabot Energy Plc**

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

**Proposed Placing and Subscription of up to 207,200,000 New Ordinary Shares at 5 pence per New Ordinary Share,**

**Proposed Open Offer of up to 39,478,629 New Ordinary Shares at 5 pence per Open Offer Share on the basis of 1 Open Offer Share for every 8 Existing Ordinary Shares, to raise up to approximately £12.3 million in aggregate,**

**Acquisition of a 25 per cent. interest in the Rainbow and Virgo Assets**

**Waiver of obligations under Rule 9 of the Takeover Code**

**and**

**Notice of General Meeting**

---

**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 Cabot Energy 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 16 January 2018. The procedure for acceptance and payment is set out in Part IV of this Circular and, where relevant, in the Application Form.

Notice convening the General Meeting of the Company to be held at 11:00 a.m. on 5 January 2018 at the offices of Fieldfisher LLP, 9th 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 11:00 a.m. on 3 January 2018. 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, the Placing 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, the Placing 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.

SP Angel Corporate Finance LLP, 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 SP Angel Corporate Finance LLP or for advising any other person in connection with the matters described in this Circular. SP Angel Corporate Finance LLP 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, Cabot Energy has also made assumptions regarding the timing and results of exploration activities; the enforceability of Cabot Energy’s contracts; the costs of expenditures to be made by Cabot Energy; future crude oil prices; access to local and international markets for future crude oil production, if any; Cabot Energy’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 Cabot Energy operates; the regulatory, legal and political framework governing such contracts, royalties, taxes and environmental matters in the jurisdictions in which Cabot Energy, conducts and will conduct its business and the interpretation of applicable laws; the ability to renew its licenses on attractive terms; Cabot Energy’s future production levels; the applicability of technologies for the recovery and production of Cabot Energy’s oil resources; operating costs; availability of equipment and qualified contractors and personnel; Cabot Energy’s future capital expenditures; future sources of funding for Cabot Energy’s capital program; Cabot Energy’s future debt levels; geological and engineering estimates in respect of Cabot Energy’s resources; the geography of the area in which Cabot Energy is conducting exploration and development activities; the impact of increasing competition on Cabot Energy; and the ability of Cabot Energy to obtain financing, and if obtained, to obtain acceptable terms. Although Cabot Energy 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 Cabot Energy or any of their respective advisers and/or agents that any person should subscribe for or purchase any securities of Cabot Energy. Prospective purchasers of securities of Cabot Energy are required to make their own independent investigation and appraisal.

## Resource Information

In this Circular, Cabot Energy 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 Cabot Energy believes are predominantly independent in nature. However, Cabot Energy 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. Cabot Energy 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 Cabot Energy’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 Cabot Energy, Mr Keith Bush, who has 26 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 Non-CREST Holders 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 20 December 2017. 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 11 January 2018 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\$1.341: £1 and CAD\$1.265:US\$1 has been used throughout this Circular.

## CONTENTS

	<i>Page</i>
<b>Expected Timetable of Principal Events</b>	4
<b>Placing, Subscription and Open Offer Statistics</b>	5
<b>Directors, Secretary and Advisers</b>	6
<b>Part I: Letter from the Chairman of the Company</b>	7
<b>Part II: Information in relation to the Waiver</b>	16
<b>Part III: Questions and Answers about the Open Offer</b>	27
<b>Part IV: Terms and Conditions of the Open Offer</b>	34
<b>Part V: Additional Information</b>	54
<b>Part VI: Summary of Reserve Report dated 06 November 2017</b>	60
<b>Part VII: Definitions</b>	68
<b>Notice of General Meeting</b>	75

## 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	6.00 p.m. on 15 December 2017
Announcement of the Proposals	19 December 2017
Publication of this Circular, the Application Form and the Form of Proxy	19 December 2017
Ex-entitlement date for the Open Offer	19 December 2017
Open Offer Entitlements credited to stock accounts of Qualifying CREST Holders into CREST	20 December 2017
Latest time and date for receipt of Forms of Proxy and CREST Proxy Instructions	11.00 a.m. on 3 January 2018
General Meeting	11.00 a.m. on 5 January 2018
Expected time and date of announcement of the results of the General Meeting and Placing	12.00 noon on 5 January 2018
First Admission	8.00 a.m. on 8 January 2018
Recommended latest time for requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST	4.30 p.m. on 10 January 2018
Recommended latest time for depositing Open Offer Entitlements and Excess CREST Open Offer Entitlements into CREST	3.00 p.m. on 11 January 2018
Recommended latest time and date for splitting of Application Forms	3.00 p.m. on 12 January 2018
Latest time and date for receipt of applications by Qualifying Non-CREST Holders and Qualifying CREST Holders under the Open Offer	11.00 a.m. on 16 January 2018
Announcement of the results of the Open Offer	17 January 2018
Second Admission	8.00 a.m. on 18 January 2018
Expected date for crediting of the New Ordinary Shares issued to CREST stock accounts in uncertificated form	18 January 2018
Expected date for dispatch of definitive share certificates (where applicable)	by 25 January 2018

## PLACING, SUBSCRIPTION AND OPEN OFFER STATISTICS

Number of Existing Ordinary Shares in issue as at the date of this Circular	315,829,037
Issue Price	5 pence

### Placing statistics

Number of Placing Shares <sup>(1)</sup>	28,700,000
Placing Shares as a percentage of the Enlarged Issued Share Capital <sup>(2)</sup>	4.31%
Maximum gross proceeds of the Placing	£1,435,000

### Subscription statistics

Number of Subscription Shares	178,500,000
Subscription Shares as a percentage of the Enlarged Issued Share Capital <sup>(2)</sup>	26.79%
Maximum gross proceeds of the Subscription	£8,925,000

### Open Offer statistics

Basis of Open Offer		1 Open Offer Share for every 8 Existing Ordinary Shares
Maximum number of Open Offer Shares		39,478,629
Open Offer Shares as a percentage of the Enlarged Issued Share Capital <sup>(2)</sup>		5.93%
Gross proceeds of the Open Offer <sup>(2)</sup>		£1,973,931

### Overall statistics

Consideration Shares to be issued	103,796,081
Enlarged Issued Share Capital following completion of the Proposals <sup>(2)</sup>	666,303,747
New Ordinary Shares as a percentage of the Enlarged Issued Share Capital <sup>(2)</sup>	52.60%
Maximum gross proceeds of the Placing, the Subscription and the Open Offer <sup>(2)</sup>	£12,333,931
Maximum estimated net proceeds of the Placing, the Subscription and the Open Offer <sup>(2)</sup>	£12,100,000
Number of Nil-Cost Option Shares which may be issued once the Nil-Cost Options become exercisable upon completion of the Proposals	18,594,097
Nil-Cost Option Shares as a percentage of the Enlarged Issued Share Capital <sup>(2)</sup>	2.79%

(1) Assuming the maximum number of Placing Shares under the Placing are allotted

(2) Assuming full subscription under the Open Offer and no exercise of any options or warrants prior to Admission.

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	Jonathan D Murphy ( <i>Non-executive Chairman</i> ) Keith R Bush ( <i>Chief Executive Officer</i> ) Nicholas T Morgan ( <i>Finance Director</i> ) Paul J Lafferty ( <i>President, Cabot Energy Inc.</i> ) Iain M Lanaghan ( <i>Non-executive Director</i> ) Campbell J Airlie ( <i>Non-executive Director</i> )
<b>Registered Office</b>	Chester House Unit 3.01 Kennington Park 1-3 Brixton Road London SW9 6DE
<b>Company Secretary</b>	William J Anderson
<b>Nominated Adviser and Broker</b>	SP Angel Corporate Finance LLP Prince Frederick House 35-39 Maddox Street London W1S 2PP
<b>Legal advisers to the Company</b>	Fieldfisher LLP Riverbank House 2 Swan Lane London EC4R 3TT
<b>Competent Person</b>	McDaniel & Associates Consultants Ltd 2200, 255 – 5th Avenue SW Calgary, Alberta T2P 3G6
<b>Registrars and Receiving Agent</b>	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA

## PART I

### LETTER FROM THE CHAIRMAN OF THE COMPANY

#### CABOT ENERGY PLC

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

*Directors:*

Jonathan Murphy (*Non-executive Chairman*)  
Keith Bush (*Chief Executive Officer*)  
Nicholas Morgan (*Finance Director*)  
Paul Lafferty (*President, Cabot Energy Inc.*)  
Iain Lanaghan (*Non-executive Director*)  
Campbell Airlie (*Non-executive Director*)

*Registered Office:*

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

19 December 2017

Dear Shareholder,

**Proposed Placing and Subscription of up to 207,200,000 New Ordinary Shares  
at 5 pence per New Ordinary Share,  
Proposed Open Offer of up to 39,478,629 New Ordinary Shares at 5 pence per Open Offer  
Share on the basis of 1 Open Offer Share for every 8 Existing Ordinary Shares,  
to raise up to approximately £12.3 million, in aggregate,  
Acquisition of a 25 per cent. interest in Rainbow and Virgo Assets  
Waiver of obligations under Rule 9 of the Takeover Code  
and Notice of General Meeting**

#### 1. Introduction

The Company has conditionally agreed to acquire the 25 per cent. interest in the Rainbow and Virgo Assets in Canada not currently owned by the Group and the H2P Option. Upon completion of the Acquisition, the Group will own a 100 per cent. interest in the Rainbow and Virgo Assets. The total consideration for the Acquisition is US\$8.71 million to be satisfied by the issue of the Consideration Shares at the Issue Price to H2P and deferred consideration of US\$1.75 million in cash payable over a 12 month period commencing in February 2018.

The Company also proposes to raise, conditional amongst other things, upon the passing of the Resolutions and on Admission:

- a) £8,925,000 by way of the Subscription of 178,500,000 New Ordinary Shares at the Issue Price;
- b) £1,435,000 by way of the Placing of 28,700,000 New Ordinary Shares at the Issue Price; and
- c) up to a further £1,973,931 by way of an Open Offer to Qualifying Shareholders through the issue of up to 39,478,629 Open Offer Shares at the Issue Price.

The Issue Price of 5 pence represents a discount of approximately 2.5 per cent. to the middle market closing price per Existing Ordinary Share of 5.125 pence on 18 December 2017 being the last business day prior to the announcement of the Proposals.

The net proceeds of the Fundraising will be used primarily to fund the 2018 and 2019 drilling and workover campaigns on the Canadian Assets in order to increase production and reserves, as well as supporting the development of the Company's other assets and ongoing working capital requirements.

The Board believes that there is a strong commercial rationale for the Acquisition for the following reasons:

- the Directors believe in the medium and long-term value of the Canadian Assets, given the potential for further production growth and reserves upgrades at competitive investment metrics

and therefore consider it is in the best interests of Shareholders to increase the Company's working interest in the Canadian assets;

- the Directors believe it is beneficial to the Company to have the benefit of a 100 per cent. working interest in the Canadian Assets, rather than be reduced to 50 per cent. interest due to H2P exercising the H2P Option; and
- from an operational, financial and investor relations perspective, there will be benefits in respect of transparency and control by the Company having 100 per cent. ownership of the Canadian Assets.

On completion of the Proposals, H2P will hold a minimum of approximately 56.53 per cent. and a maximum of 60.09 per cent. of the Enlarged Issued Share Capital (by virtue of the Consideration Shares and Subscription Shares to be issued to H2P) assuming full or nil subscription under the Open Offer respectively, the issue of the Placing Shares and there being no exercise of any options or warrants over Ordinary Shares prior to Admission. Under Rule 9 of the Takeover Code, the issue of the Consideration Shares and the Subscription Shares to H2P would normally result in H2P being obliged to make an offer to all other Shareholders to acquire their shares. The Takeover Panel has agreed to waive this obligation subject to the approval of the Independent Shareholders (on a poll) at the General Meeting.

**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 Cabot Energy**

Cabot Energy is an oil and gas exploration and production company quoted on AIM. The Group is focused on production led growth which will deliver cash flow and demonstrable value for shareholders in a reasonable timeframe.

During 2017, the Company has made significant progress in developing the Rainbow Asset and Virgo Assets. At the beginning of 2017, the Canadian Assets were producing approximately 325 bopd gross. Following two capital investment work programmes during the year, the Company announced on 24 November 2017 that gross production from the Canadian Assets was between 750 bopd and 850 bopd. In addition, the Company is in process of completing further well activities prior to year end, which, if successful would add 150 bopd (gross) production upon completion. Accordingly, the Company is targeting an exit rate for the year of between 800 and 1,000 bopd gross production from the Canadian assets.

The Company has, and plans to, increase production through well workovers, the use of I-Pulse's BlueSpark well stimulation technology and drilling sidetrack wells. In addition, the Company has been working on a subsurface mapping project in the Virgo Assets area. The objective of the project is to use 3D seismic to delineate the extent of the Keg River reefs for future drilling and production in addition to the other production horizons, which are known to be present in the area. The mapping project is forecast to be completed in 2018, and it is likely that drilling may start in the Virgo Asset area, later that year.

On 8 November 2017, the Company announced that McDaniel & Associates Consultants Ltd., an independent reserves engineer based in Calgary, had provided an updated reserves report on the Canadian Assets as at 30 September 2017. The report, a summary of which is included in Part VI of this document and the full report which is available on the Company's website, stated that the Proven and Probable reserves for the Canadian Assets were 2.9 million barrels of oil equivalent, on a gross basis, representing an increase of 53 per cent. from the prior year.

Following the year's operating and subsurface activities, the Directors believe that further capital can be invested in the Rainbow Assets and Virgo Assets to achieve material production and reserves growth at competitive investment metrics. The net proceeds of the Fundraising will predominantly be used to fund the 2018 drilling and workover campaigns to increase production and reserves across both the Rainbow Assets and Virgo Assets.

The Company also has a portfolio of exploration and appraisal projects in Italy and Australia. In Italy, the Civita gas field is producing 130 barrels of oil equivalent per day, which since 1 January 2017 has been accruing to the Company's benefit and will be paid as a working capital adjustment on closing of the asset acquisition from Rockhopper Exploration plc, estimated to occur in the first quarter of 2018.

### **3. Background to, reasons for and details of the Acquisition**

In December 2016, the Company sold a 25 per cent. working interest in the Canadian Assets to H2P. As part of this transaction H2P subscribed for Ordinary Shares and farmed into certain other assets in Italy and Australia. As part of these arrangements, the Company granted the H2P Option to acquire a further 25 per cent. working interest in the Canadian Assets for a total consideration of US\$4 million, such option to be exercised no later than 31 December 2017 (subsequently extended to 31 January 2018). Following completion of this transaction, H2P became the Company's largest shareholder, with a current holding of 29.89 per cent. of the Ordinary Shares.

The Directors believe that it would be in the best interests of the Company not to have the H2P Option exercised, which, if exercised, would reduce the production and cashflow accruing to the Company. Furthermore, given the belief of the Directors in the medium and long-term future value of the Canadian Assets, it is preferable for the Company to increase its working interest in these assets, ahead of further production and reserves growth. From an operational, financial and investor relations perspective, there will be benefits in respect of transparency and control by the Company having 100 per cent. ownership of the Canadian Assets.

Therefore, the Company has agreed to acquire H2P UK (which indirectly owns the 25 per cent. working interest in the Canadian Assets not owned by the Company and the H2P Option) from H2P, for a total consideration of US\$8.71 million to be satisfied by the issue to H2P of the Consideration Shares and deferred consideration of US\$1.75 million in cash, to be paid over a 12 month period commencing in February 2018.

The value of the total consideration corresponds to 50 per cent. of the net present value, using a ten per cent. discount rate, of the Proven Reserves as calculated by McDaniel of the Rainbow Assets and Virgo Assets as at 30 September 2017 (CAD\$34.95 million or US\$27.63 million). This value, less the US\$4 million cost of exercising the H2P Option and less the further deduction of certain taxes and discounted long term abandonment liability costs was used to determine the consideration price. A summary of the McDaniel report is set out in Part VI of this Circular.

Further information on the terms of the Acquisition is set out in Section 5 of Part V of this Circular.

### **4. Details of the Fundraising and Use of Proceeds**

The Company proposes to raise up to approximately £12.3 million (gross) through the Placing, Subscription and Open Offer conditional, amongst other things, upon the passing of the Resolutions and on Admission.

#### ***The Placing***

The Company has conditionally raised £1,435,000 (gross) by the issue of 28,700,000 Placing Shares at the Issue Price through SP Angel pursuant to the terms of the Placing Agreement.

The Placing is conditional on, amongst other things, the completion of the Subscription and the Acquisition, the passing of the Resolutions at the General Meeting and on Admission of the Placing Shares occurring on or before 8.00 a.m. on 8 January 2018 (or such later date as SP Angel and the Company may agree, being not later than 8.00 a.m. on 22 January 2018). Cabot Energy has appointed SP Angel as its agent to use its reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price pursuant to the Placing Agreement. The Company has agreed to pay SP Angel fees and commissions in connection with its appointment.

Under the terms of the Placing Agreement, the Company has given certain customary warranties and indemnities to SP Angel in connection with the Placing and other matters relating to the Company and its affairs.

For further information relating to the Placing Agreement, please refer to paragraph 5 of Part V of this Circular.

### ***The Subscription***

Pursuant to the Subscription Agreement, H2P has conditionally agreed to subscribe for the Subscription Shares raising £8,925,000 in aggregate at the Issue Price. The Subscription is conditional, *inter alia*, on the completion of the Placing and the Acquisition, the grant of the Waiver, the passing of the Resolutions and the Subscription Agreement becoming unconditional in all respects.

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

### ***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 and the Placing. Accordingly, up to 39,478,629 Open Offer Shares are being made available to Qualifying Shareholders at a price of 5 pence per share (being the same as the Issue Price for the Subscription and the Placing) under the terms of the Open Offer, with a view to raising up to £1,973,931 (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 subscribe for Open Offer Shares at the Issue Price *pro rata* to their holdings of Existing Ordinary Shares on the Record Date, free of expenses, payable in full, in cash on application, on the basis of:

#### **1 Open Offer Share for every 8 Existing Ordinary Shares**

H2P and City Financial, which together own approximately 41.37 per cent. of the Existing Ordinary Shares and have participated in the Subscription and the Placing respectively, have undertaken not to subscribe for any Open Offer Shares in the Open Offer and so their Open Offer Entitlements will be made available to Qualifying Shareholders under the Excess Application Facility.

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 information on the Open Offer and the Excess Application Facility and the terms and conditions on which it is made, including the procedure for application and payment, are set out in Part IV 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 IV of this Circular and, in applying for Open Offer Shares, are deemed to have given such representations, warranties, covenants, agreements and acknowledgements.

If you have received an Application Form with this Circular, please refer to paragraph 4.5(a) and paragraphs 5 to 11 of Part IV 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 IV of this Circular and also to the CREST Manual for further information on the CREST procedures referred to below.

For Qualifying Non-CREST Holders, 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 16 January 2018. 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 16 January 2018.

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 18 January 2018 (or such later time and/or date as the Company may determine, being not later than 8:00 a.m. on 18 February 2018). 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.

Funds received from the Open Offer will provide additional working capital for the Company. Further details concerning the Open Offer are set out in paragraph 12, below.

#### ***Use of Proceeds and Cash Position***

As at 30 November 2017, the Company held unaudited cash on the balance sheet as at of approximately US\$2.5 million. This balance excludes approximately US\$3 million of cash due on completion of the previously announced Italian transactions with Rockhopper Exploration Plc and H2P, forecast to complete in the first quarter of 2018.

The gross proceeds of the Fundraising of approximately £12.3 million (equivalent to approximately US\$16.5 million) are intended to be applied as follows:

- US\$15 million to be spent on the winter and summer development programmes during 2018 in Canada;
- US\$1.2 million for general working capital purposes; and
- US\$0.3 million incurred in respect of professional legal, financial advisory and broking fees relating to the Proposals.

The Company proposes to undertake two capital investment work programmes during 2018, a winter programme in the first quarter of the year and a summer programme during the third quarter. The investment will focus on two key projects, the first being the workover and BlueSpark stimulation of existing wells, which still have production potential. These only require the replacement of facilities and equipment such as a rods, well tubing and pumps. The second key area for investment will be the drilling of sidetracks from existing wells, into new areas of previously drilled reefs which still have significant levels of oil in place. The Company expects that the proceeds of the Fundraising combined with cashflow will enable Canada to be self funding.

#### **5. Relationship Agreement**

On completion of the Proposals, H2P will own a minimum of 56.53 per cent. of the Enlarged Issued Share Capital (assuming the maximum number of Placing Shares under the Placing are allotted, full subscription under the Open Offer and no exercise of any options or warrants prior to Admission) and will be able to exercise control over the Company. H2P has therefore entered into the Relationship Agreement with the Company and SP Angel to regulate the relationship between the Company and H2P and ensure that the management of the Company can be conducted independently of the interests of H2P.

Pursuant to the Relationship Agreement, H2P has agreed, amongst other things, that: (i) certain material transactions, agreements and arrangements between the Group on the one hand and H2P and/or its associates on the other will be made on an arm's length basis and on normal commercial terms and shall be approved solely by directors independent of H2P; (ii) there are and remain at all times a majority of directors of the Company which are independent of H2P; and (iii) save in certain circumstances, neither H2P nor any of its associates shall seek to procure or vote on any resolution to cancel the Company's admission to trading on AIM without the prior approval of the directors of the Company who are independent of H2P (save in the event of a general offer made to Shareholders for the entire issued share capital of the Company, a reverse takeover (as defined by the AIM Rules) or in relation to a proposal to admit the Ordinary Shares to trading on the main market of the London Stock Exchange).

The Company has granted H2P the right under the Relationship Agreement to nominate up to two persons to be appointed as non-executive directors of the Company. In addition, the Company has agreed not to allot or issue any new voting shares (so as to dilute the percentage of the voting rights in the Company in which H2P is interested) without first offering H2P the opportunity to subscribe for further voting shares so as to maintain the percentage of the voting rights in which H2P is interested.

Further details of the Relationship Agreement are set out in paragraph 5 of Part V of this document.

## **6. Related Party Transactions**

H2P and City Financial are substantial shareholders of the Company and are therefore regarded as related parties as defined by the AIM Rules. The Acquisition and the Subscription by H2P and City Financial's participation in the Placing are therefore deemed related party transactions for the purposes of Rule 13 of the AIM Rules. The Independent Directors, being Jonathan Murphy, Keith Bush, Nicholas Morgan, Paul Lafferty, and Iain Lanaghan consider, having consulted with SP Angel, the Company's nominated adviser, that the terms of the Acquisition and the Subscription by H2P and City Financial's participation in the Placing are fair and reasonable insofar as Shareholders are concerned.

## **7. Takeover Code**

The Takeover Code is issued and administered by the Panel. The Takeover Code applies to all takeover and merger transactions, however effected, where the offeree company is, *inter alia*, a listed public company incorporated in the United Kingdom. The Company is such a company and Shareholders are entitled to the protections afforded by the Takeover Code.

Under Rule 9 of the Takeover Code, any person who acquires an interest in shares (as defined in the Takeover Code) which, taken together with shares in which he and persons acting in concert with him are already interested, carry 30 per cent. or more of the voting rights is required to make a general offer to all the remaining shareholders to acquire their shares.

Rule 9 of the Takeover Code also provides, *inter alia*, that where any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of a company but is not interested in shares carrying more than 50 per cent. of that company's voting rights and such person, or any person acting in concert with him, acquires an interest in any additional shares in that company which increases the percentage of the shares carrying voting rights in which he is interested, such person is normally obliged to make a general offer in cash to all other shareholders of that company to acquire the balance of the equity share capital of the company within the preceding 12 months.

An offer under Rule 9 must be made in cash (or with a full cash alternative) at a price not less than the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

Under the Takeover Code, a concert party arises where persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control (as defined below) of a company or to frustrate the successful outcome of an offer for a company. Control means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights of the company, irrespective of whether the holding or holdings give *de facto* control.

As at the date of this Circular, H2P holds an interest in 94,390,000 Ordinary Shares representing 29.89 per cent. of the Existing Ordinary Shares and voting rights of the Company. Following implementation of the Proposals, H2P will have a maximum interest in 376,686,081 Ordinary Shares which will represent 60.09 per cent. of both the Enlarged Issued Share Capital and total voting rights of the Company (assuming no take-up of the Open Offer occurs, no Open Offer Shares are issued and there being no exercise of any options or warrants over the Ordinary Shares prior to Admission).

A table which sets out the current interest of H2P and its potential interest in the Company following implementation of the Proposals in the ordinary share capital and voting rights of the Company is set out in Part II of this Circular.

## **8. Waiver of obligations under Rule 9 of the Takeover Code**

As a consequence of the issue of the Consideration Shares and the Subscription Shares, H2P would normally be required to make a general offer to Shareholders pursuant to Rule 9 of the Takeover Code.

In accordance with Note 1 on the Notes on the Dispensations from Rule 9, the Panel has been consulted and has agreed, subject to the Whitewash Resolution being passed by the Independent Shareholders (on a poll) at the General Meeting, to waive the requirement that would otherwise arise

under Rule 9 of the Takeover Code as a result of the issue of the Consideration Shares and Subscription Shares to H2P. The Whitewash Resolution will be passed if approved by a simple majority of votes cast by Independent Shareholders on a poll, the Independent Shareholders being all Shareholders other than H2P and City Financial, by virtue of its participation in the Placing.

**Shareholders should note that H2P currently holds less than 30 per cent. of the voting rights of the Company. Once the Consideration Shares and the Subscription Shares are issued, H2P will hold over 50 per cent. of the total voting rights of the Company. As a result, H2P will be able to acquire further interests in shares in the Company without incurring any further obligation under Rule 9 to make a general offer.**

In the event that the Proposals are implemented, H2P will not be restricted from making an offer for the Company.

Further background information in relation to H2P and the Waiver is set out in Part II of this Circular.

## **9. Independent advice provided to the Board**

The Takeover Code requires the Board to obtain competent independent advice regarding the merits of the transaction which is the subject of the Whitewash Resolution, the increase of H2P's controlling position and the effect it will have on Shareholders generally. Accordingly, SP Angel, as the Company's financial adviser, has provided formal advice to the Independent Directors regarding the Proposals. SP Angel confirms that it is independent of H2P and has no commercial relationship with it.

## **10. Application for Admission**

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM conditional on the Resolutions being passed at the General Meeting. The Placing Shares, the Subscription Shares and the Consideration Shares are expected to be admitted to AIM and commence trading at 8:00 a.m. on 8 January 2018 and the Open Offer Shares are expected to be admitted to AIM and commence trading at 8:00 a.m. on 18 January 2018.

The New Ordinary Shares and the Consideration Shares will rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive all dividends and other distributions declared, paid or made after the date of issue. The Placing, which is not underwritten or guaranteed, is conditional, *inter alia*, upon completion of the Acquisition and the passing of the Resolutions.

## **11. 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, 9th Floor, Riverbank House, 2 Swan Lane, London EC4R 3TT at 11:00 a.m. on 5 January 2018 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 – Approval of the Waiver***

Resolution 1 will be proposed as an ordinary resolution. Under Resolution 1, conditional on the passing of Resolutions 2 and 3 below, approval is sought for the Waiver (further details of which are set out in paragraph 7 of this part I entitled "Takeover Code" above.) In accordance with the requirements of the Takeover Code, Resolution 1 shall be taken on a poll of Independent Shareholders. H2P and City Financial may not vote on the Whitewash Resolution (Resolution 1) at the General Meeting.

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

Resolution 2 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) up to 350,474,710 New Ordinary Shares (being the maximum required for the purposes of issuing the Placing Shares, the Subscription Shares, the Consideration Shares and the Open Offer Shares) and representing approximately 111 per cent. of the Existing Ordinary Shares; and
- (b) after allowing for the issue of up to 350,474,710 New Ordinary Shares to be issued pursuant to the Fundraising and Acquisition a further 222,101,249 Ordinary Shares (representing one third of the Company's Enlarged Share Capital) (assuming full take-up of the Open Offer).

### ***Resolution 3 – 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 Proposals.

Resolution 3 will therefore be proposed as a special resolution to disapply statutory pre-emption provisions in connection with:

- (a) the allotment of up to 28,700,000 New Ordinary Shares pursuant to the Placing
- (b) the allotment of up to 178,500,000 New Ordinary Shares pursuant to the Subscription
- (c) the allotment of up to 39,478,629 New Ordinary Shares pursuant to the Open Offer
- (d) the allotment of 103,796,081 New Ordinary Shares pursuant to the Acquisition;
- (e) rights or other pre-emptive issues; and
- (f) any other issues of equity securities for cash which do not, in aggregate, exceed a nominal value of £666,303.75 being 66,630,375 Ordinary Shares.

## **12. 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 11.00 a.m. on 3 January 2018. 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 IV 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 4.5(b) of Part IV of this Circular.

**The latest time for applications under the Open Offer to be received is 11:00 a.m. on 16 January 2018. 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 IV of this Circular. Further details also appear in the Application Form which has been sent to Qualifying Non-CREST Holders.

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.

### **13. 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 IV 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.

### **14. Additional Information**

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

### **15. Irrevocable Undertakings**

The Independent Directors have given irrevocable undertakings to the Company to vote in favour of all the Resolutions in respect of their own beneficial holdings of 5,090,615 Ordinary Shares, representing 1.61 per cent. of the Existing Issued Share Capital.

The Company has also received irrevocable undertakings to vote in favour of the Resolutions to be proposed at the General Meeting in respect of all Resolutions, other than the Whitewash Resolution, a total of 190,754,449 Ordinary Shares, representing 60.4 per cent of the Existing Issued Share Capital and in respect of the Whitewash Resolution, on which only the Independent Shareholders are entitled to vote, 60,116,749 Ordinary Shares, representing, in aggregate, approximately 32.5 per cent. of the Existing Issued Share Capital entitled to vote on that Resolution.

In total, therefore, the Company has received irrevocable undertakings to vote in favour of the Resolutions to be proposed at the General Meeting in respect of, in the case of all Resolutions other than the Whitewash Resolution, 195,845,064 Ordinary Shares, representing, in aggregate, approximately 62.01 per cent. of the Existing Issued Share Capital and, in respect of the Whitewash Resolution, 65,207,364 Ordinary Shares, representing 35.21 per cent. of the Existing Issued Share Capital. entitled to vote on that Resolution.

### **16. Directors' Recommendation**

The Board considers the Proposals to be in the best interests of the Company and its Shareholders as a whole.

Mr Campbell Airlie is not considered independent in respect of the Waiver by virtue of being H2P's representative on the Board and so does not feel it appropriate to make any recommendation in respect of the Resolutions. The Independent Directors, having been so advised by SP Angel as to the financial terms of the Proposals, consider that the terms of the Proposals are fair and reasonable in so far as the independent shareholders and the Company are concerned. In providing advice to the Independent Directors, SP Angel has taken into account the Independent Directors' commercial assessments. Accordingly, the Independent Directors recommend that Shareholders vote in favour of the Resolutions.

Yours faithfully,

**J D Murphy**  
*Chairman*  
**Cabot Energy Plc**

## PART II

### INFORMATION IN RELATION TO THE WAIVER

#### 1. Background

Under the Takeover Code a concert party arises where persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control (as defined below) of a company or to frustrate the successful outcome of an offer for a company. Control means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights of the company, irrespective of whether the holding or holdings give *de facto* control.

As at the date of this Circular, H2P holds an interest in 94,390,000 Ordinary Shares representing 29.89 per cent. of the Existing Ordinary Shares and voting rights of the Company.

On completion of the Proposals and assuming full or nil subscription under the Open Offer respectively, H2P will be interested in 376,686,081 Ordinary Shares which will represent a minimum of 56.63 per cent. and a maximum of 60.09 per cent. of the Enlarged Issued Share Capital and total voting rights of the Company (assuming no share options or warrants in respect of Ordinary Shares are exercised prior to the issue of the New Ordinary Shares or Consideration Shares).

#### 2. Current interest and maximum potential interest of H2P in the voting rights of the Company

Details of the current interest and maximum potential interest of H2P, following implementation of the Proposals, in the ordinary share capital of the Company are set out in the table below:

<i>As at the date of this Circular</i>			<i>Following implementation of the Proposals</i>			
					<i>Maximum % interest held by H2P in the Enlarged Issued Share Capital and voting rights of the Company<sup>(1)(2)</sup></i>	<i>Maximum % interest held by H2P in the Enlarged Issued Share Capital and voting rights of the Company<sup>(2)(3)</sup></i>
<i>Number of Existing Ordinary Shares held by H2P</i>	<i>% interest of Existing Issued Share Capital held by H2P</i>	<i>Number of Consideration Shares to be issued to H2P</i>	<i>Number of Subscription Shares to be issued to H2P</i>	<i>Interest of H2P in Ordinary Shares and voting rights of the Company</i>		
94,390,000	29.89	103,796,081	178,500,000	376,686,081	56.53	60.09

Note: the above table assumes:

1. full take-up of the Open Offer occurs and that 39,478,629 Open Offer Shares are issued;
2. no share options or warrants in respect of Ordinary Shares are exercised prior to the issue of the New Ordinary Shares or Consideration Shares; and
3. no take-up of the Open Offer occurs and no Open Offer Shares are issued.

#### 3. Waiver

The Company applied to the Panel for a waiver of the obligation which would otherwise arise to make a general offer under Rule 9 of the Takeover Code in order to permit H2P's participation in the Subscription and the issue of Consideration Shares by the Company to H2P without triggering an obligation on the part of H2P to make a general offer to Shareholders. The Panel has agreed, subject to the approval of Independent Shareholders on a poll vote, to waive the requirement for H2P to make a general offer to all Shareholders where such an obligation would arise as a result of H2P's participation in the Subscription and the issue of the Consideration Shares.

#### 4. Further details on H2P

H2P is an upstream oil and gas company with access to a suite of proprietary exploration and production technologies that deploy high-pulse power to unlock additional value within specific geology and reservoir themes. H2P is incorporated in Delaware, USA with the Company Number 6071413, and its registered office is at 2711 Centerville Road, Suite 400 Wilmington, Delaware 19808, United States of America. In addition to its existing 29.89 per cent. interest in the Company, it also has interests in a number of production and exploration assets in Turkey and exploration assets in Italy and Australia. H2P is a wholly-owned subsidiary of I-Pulse.

I-Pulse is incorporated in Delaware, USA with the Company Number 4302289, and its registered office is at 2711 Centerville Road, Suite 400 Wilmington, Delaware, 19808, United States of America. I-Pulse uses electrical energy to power industrial solutions. The I-Pulse suite of proprietary technologies compresses and releases stored electricity in billionths of a second. The discharges can generate shockwaves directed to enhance oil-well production; generate electrical fields that reveal chargeable or resistive mineral deposits, or liquid reservoirs, at depth; and shape and assemble metals. I-Pulse is commercializing these applications in industries such as oil and gas production, mineral and water exploration, and advanced manufacturing. I-Pulse also holds a number of interests, through its subsidiaries, in mining companies, both listed and unlisted.

I-Pulse Inc. is majority-owned by Ivanhoe Industries, LLC, a U.S.-based, privately held company actively engaged in supporting technology, energy and natural resource companies worldwide. A company controlled by Eurazeo, a multinational publicly listed private equity fund, is also a significant shareholder of I-Pulse. The remainder is held by a number of high net worth individuals, family and investment trusts, pension funds and quoted companies.

Ivanhoe Industries is backed by several prominent entrepreneurs, including Ivanhoe Mines founder and Executive Chairman Robert Friedland and Laurent Frescaline, who are the majority shareholders of Ivanhoe. On Completion of the Proposals, each of Robert Friedland and Laurent Frescaline will have an indirect interest, via I-Pulse and H2P, of 13.00 per cent. and 9.85 per cent. of the equity share capital of the Company respectively (assuming the maximum number of Placing Shares are allotted under the placing, full subscription under the open offer and no exercise of any options or warrants). There are no other shareholders of Ivanhoe who will have an indirect interest, via I-Pulse and H2P, in more than 5 per cent. of the equity share capital of the Company.

Biographies for the directors of I-Pulse are set out below.

#### **Robert Martin Friedland, Chairman**

Robert Friedland is a co-founder of I-Pulse. An international financier and entrepreneur, he has been associated with natural resources and technology ventures for more than 25 years. Mr. Friedland also is the founder of Turquoise Hill Resources (previously Ivanhoe Mines), a Canadian public company recognized for its world-scale Oyu Tolgoi copper-gold discovery in Mongolia, where he served variously as the company's Executive Chairman, President and Chief Executive Officer over a period of 18 years, to April 2012. Mr. Friedland also is Executive Chairman of Ivanhoe Mines (previously Ivanplats), a mineral resource company. Mr. Friedland graduated from Reed College, in Oregon, USA, in 1974 with an undergraduate degree in political science.

#### **Laurent Jean-Louis Frescaline, Director**

Laurent Frescaline is an electrical engineer and co-founder of I-Pulse. He is the founder and was the Chief Executive Officer between 1997 and 2006 of International Technologies for High Pulsed Power (ITHPP), a successful high-technology, electrical engineering company specializing in high voltage, high pulsed-power applications, with high-energy density expertise for international governmental agencies. In 2005, Mr. Frescaline decided to promote civilian commercial applications of pulsed power by co-founding I-Pulse.

#### **Philippe François Marie Joseph Boisseau, Director**

Philippe Boisseau spent 20 years holding a broad range of management positions at Total SA, a French multinational. As Head of Argentina and Middle Eastern operations at Total, Mr. Boisseau accumulated vast experience in oil and gas both from operational and international perspectives. As head of the global Gas and Power division, he built his knowledge and experience of the worldwide energy sector. He created the Total Renewables Division, which has grown in importance and is now a key feature of Total's new group strategy. He also served as one of only six members of Total's policy-making Executive Committee. Mr. Boisseau is a member of the advisory board of the Energy Intelligence Group and an advisor to the Carlyle Group. He graduated from the leading French engineering school, Ecole Polytechnique, and also has a Master's degree in particle physics from Ecole Normale Supérieure.

### **Ian David Cockerill, Director**

Ian commenced work with Anglo American Corporation (Anglo) in January 1979, where he held various managerial positions mainly in the Gold and Uranium division, later AngloGold Limited. Between 1996 and 1999, Mr. Cockerill was Executive director — Business Development and Executive Officer, African International Operations of AngloGold Limited. Subsequent to his work with Anglo, Mr. Cockerill accepted the position of Managing Director and Chief Operating Officer with Gold Fields Limited in June 1999, a position he held until he was appointed President and Chief Executive Officer in July 2002. In June 2008, Mr. Cockerill joined Anglo American plc as Chief Executive Officer, Anglo Coal, responsible for all global operations. At the end of 2009, Mr. Cockerill left Anglo Coal, and became Executive Chairman of Petmin, a JSE-listed and AIM-listed junior natural resources company. Mr. Cockerill is Chairman of the Leadership for Conservation in Africa, a not-for-profit initiative in partnership with the South African Parks Board, global business leaders and the International Union for Conservation of Nature. Mr. Cockerill is also Chairman of Blackrock World Mining Trust, and a Non-Executive Director at Ivanhoe Mines, Endeavour Mining Corporation and Orica in Australia.

### **John Willis Gibson Jr, Director**

From 2003 to 2004, John Gibson was President and Chief Executive Officer of Halliburton's Energy Services Group, having previously served as President of Halliburton Energy Services since 2002. Mr. Gibson also served as President and Chief Executive Officer of Halliburton's Landmark Graphics Corporation from 2000 to 2002, and earlier as Chief Operating Officer. He formerly served as President and Chief Executive Officer of Tervita, an integrated oilfield services company specializing in waste management, well servicing and environmental services. He is the former President and Chief Executive Officer of Paradigm B.V., a provider of enterprise software solutions to the oil and natural gas industry. He is a Director with Orocobre Limited, an ASX-listed industrial minerals company focused in Argentina. He is a member of the University of Houston Energy Advisory Committee and the Houston Baptist University Board of Trustees.

### **Hirofumi Katase, Director**

Hirofumi Katase currently serves I-Pulse as Executive Vice Chairman, Director General of Industrial Science and Technology, and a member of the Board of Directors. It is also intended that Mr. Katase will be appointed as Chief Executive Officer of I-Pulse's proposed new operating subsidiary in Japan, once that entity has been formed.

He most recently served as Japan's Vice Minister for International Affairs at the Ministry of the Economy, Trade and Industry ("METI") since June 2016. He has held numerous management positions in trade, energy and industrial policy at METI since joining in 1982. During his time at METI, Mr. Katase served in multiple Director General positions, including for the Industrial Science and Technology Policy Bureau, Environment Bureau and Trade Policy Bureau, where he led efforts that contributed to the signing of the Trans-Pacific Partnership, among other international agreements.

He previously was Deputy Secretary-General of the Secretariat of Strategic Headquarters for Space Policy at the Cabinet Office, where he helped establish the Office of National Space Policy – the headquarters responsible for Japan's development and maintenance of space policy and infrastructure.

He also was Director of the Oil and Natural Gas division at METI, where he led Japan's upstream hydrocarbon policy for four years.

Also at METI, he was Director of the Aerospace and Defense Industry division where he worked on launching the Mitsubishi Regional Jet (MRJ) program and cultivated international partnerships for the development of aircraft and aircraft engines.

Mr. Katase earned a Bachelor's degree in law from the University of Tokyo and a Master's degree in applied economics from the University of Michigan.

### **Arjun Khullar, Director**

Arjun Khullar is Deputy Head of Integrated Strategies Group at GIC Private Limited. Before joining GIC in 2011, he was a Managing Director at JPMorgan. During his 16 years at JPMorgan, he focused on investment banking and equity capital markets in Europe and Asia. Prior to JPMorgan, Mr. Khullar worked at HSBC for five years in Asia. Mr. Khullar has more than 25 years of experience in the financial

markets. He received a Master's Degree from London Business School and is also a Chartered Accountant.

**Peter Graham Meredith, Director**

Mr. Meredith is the former Deputy Chairman and Chief Financial Officer of Ivanhoe Mines (now Turquoise Hill Resources), overseeing the company's business development and corporate relations activities. Until September 2012, Mr. Meredith was also Chairman of SouthGobi Resources Ltd., an Ivanhoe Mines majority-owned coal company focused on exploration and development of metallurgical and thermal coal deposits in Mongolia's South Gobi Region. Mr. Meredith is currently a director of Ivanhoe Mines (formerly Ivanplats), Entrée Gold Inc., Great Canadian Gaming Corporation and Peregrine Diamonds Ltd., and he is the Chairman of Cordoba Minerals. Prior to joining Ivanhoe, Mr. Meredith spent 31 years with Deloitte and Touche LLP where he was a partner and director. Mr. Meredith has more than 35 years of experience as a business advisor, specializing in regulatory compliance and corporate governance. He is also a member of the Canadian Institute of Chartered Accountants.

**Guy Jaques M. de Selliers de Moranville (Chevalier), Director**

Guy de Selliers has more than 35 years of experience in banking with a primary focus on natural resources and heavy industry sectors. He spent eight years with Lehman Brothers on Wall Street as Senior Vice President, International Investment Banking, advising mining companies. In 1990, Mr. de Selliers was one of the first members responsible for creating the European Bank for Reconstruction and Development ("EBRD"). He is also the former Executive Chairman of the Board of Robert Fleming & Co. Ltd., (Eastern Europe). Mr. de Selliers is currently on the boards of Ageas S.A, Advanced Metal Group and Wessex Grain Ltd.

**Patrick Georges Pierre Sayer, Director**

Patrick Sayer has been the Chairman of Eurazeo SE's Board of Directors since May 2002. Prior to this, he was Associate Manager at Lazard Frères et Cie, Paris, and Managing Director at Lazard Frères & Co., New York. Mr. Sayer is also Vice President of the Supervisory Board of ANF Immobilier, and a Director of Accor, Europcar, Rexel, Banca Leonardo (Italy), Tech Data (USA) and of Kitara Capital (Dubai). He is a former President of the French Association of Investors for Growth ("Association Française des Investisseurs pour la Croissance", or "AFIC"), and a Director of the Paris Museum of Decorative Arts ("Musée des Arts Décoratifs"), and teaches finance at the Paris University of Dauphine. A member of the Lawyers Club ("Club des Juristes"), Mr. Sayer is a judge of commercial cases at the Paris Commercial Court. His private equity experience dates back to the creation of Fonds Partenaires, where he was active from 1989 to 1993. He subsequently helped redefine the investment strategy of Gaz et Eaux which had become Eurazeo. He is a graduate of Ecole Polytechnique (1980), of Ecole des Mines de Paris (1982) and of the French Financial Analyst Center.

**On Yip Patrick Tsang, Director**

Patrick Tsang is a Director and Chief Executive Officer of Chow Tai Fook Enterprises Ltd., a Director of Chow Tai Fook Holdings Limited and Cheng Yu Tung Charitable Foundation Limited. Prior to his current role, Mr. Tsang has more than 20 years of international investment banking experience, and was most recently Managing Director, Head of Asia Fixed Income Capital Markets at Deutsche Bank AG based in Hong Kong. He holds a Bachelor of Arts in Economics from Columbia College of Columbia University, New York.

The directors of H2P are Laurent Frescaline whose biography is set out on page 17 and Anthony Abbenante, whose biography is set out below.

**Anthony Thomas Abbenante, Director**

Anthony Abbenante is a director on the board of H2P. He also the President of Ivanhoe Industries, the founding and majority shareholder of I-Pulse. He heads I-Pulse's business development activities worldwide, in close cooperation with the Chairman, CEO and Board of Directors. He has more than 10 years' experience in global fundraising and M&A transactions. He is a U.S.-trained and licensed attorney. He received his undergraduate degree in Foreign Affairs from the University of Virginia in

Charlottesville, Virginia, and his law degree from the American University Washington College of Law in Washington, D.C.

Campbell Airlie, who is a director of the Company, was nominated to be H2P's representative on the board of the Company pursuant to H2P's rights under the 2016 H2P Subscription Agreement. Mr. Airlie's biography is set out below.

### **Campbell Airlie is the Chief Technology Officer (non-Board) of H2P and a director of Cabot Energy**

Campbell has 36 years' experience as a petroleum engineer with extensive time spent in upstream field development strategy and implementation. His career has included reservoir and production management and technical excellence roles with Schlumberger, BP, Edinburgh Petroleum Services and most recently as founder and Chief Technical Officer of Seven Energy. Campbell has been a Distinguished Lecturer in Asset Management with the Society of Petroleum Engineers and a visiting lecturer in reservoir engineering and production optimisation at Heriot Watt University.

## **5. Responsibility statements and consents**

- 5.1 With the exception of the Conflicted Director, the Directors of the Company, whose names appear on page 5 of this document, and the Company accept responsibility, collectively and individually, for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (having taken all reasonable care to ensure such is the case) the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.
- 5.2 The Conflicted Director accepts responsibility for the information contained in this Circular save for the Recommendation in paragraph 16 of Part I. To the best of the knowledge and belief of the Conflicted Director (who has taken all reasonable care to ensure that such is the case), the information contained in this Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 5.3 The Directors of H2P and the Responsible Directors of I-Pulse accept responsibility for the information relating to H2P contained in this Circular. The Responsible Directors of I-Pulse accept responsibility for the information relating to I-Pulse contained in this Circular. To the best of the knowledge and belief of such directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Circular for which such directors are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 5.4 SP Angel Corporate Finance LLP, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, has given and has not withdrawn its written consent to the issue of this Circular with the references to its name in the form and context in which they appear.
- 5.5 McDaniel have given and not withdrawn its written consent to the inclusion of its report in the Circular with the references to its name in the form and context in which they appear.

## **6. Intentions of H2P**

H2P has confirmed to the Company that it is not proposing, following any increase in its percentage interests in Ordinary Shares or voting rights as a result of the Proposals, to seek any change in the general nature of the Company's business.

H2P has also confirmed that it has no intention to make any changes regarding the future of the Company's business, its strategic plans, the locations of the Company's places of business and the continued employment of its employees and management (and those of its subsidiaries) including any material change in the conditions of employment (including with regard to employer contributions to the Company's defined contribution pension plan) as a result of any increase in its percentage interest in Ordinary Shares or voting rights pursuant to the proposals nor will there be any redeployment of the fixed assets of the Company as a result of such an increase. H2P has also confirmed that it has no intentions to dispose of, or otherwise change the use of, any of the fixed assets of the Group or make any changes in regard to the maintenance of any existing trading facilities for the relevant securities.

H2P intends that, following any increase in its percentage interests in Ordinary Shares or voting rights as a result of the Proposals, the Ordinary Shares of the Company will remain admitted to trading on AIM and that, whilst it will not be restricted from doing so, it has no intention of making an offer for the Company.

## 7. Interests and dealings in relevant securities

### 7.1 Definitions:

For the purpose of this paragraph:

- (a) “**acting in concert**” has the meaning attributed to it in the Takeover Code;
- (b) “**arrangement**” includes any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing;
- (c) “**connected person**” has the meaning attributed to it in section 252 of the Companies Act 2006;
- (d) “**control**” means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether the holding or aggregate holding gives *de facto* control;
- (e) “**dealing**” or “**dealt**” includes the following:
  - (i) the acquisition or disposal of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of voting rights attached to relevant securities, or of general control of relevant securities;
  - (ii) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a trade option contract) in respect of any relevant securities;
  - (iii) subscribing or agreeing to subscribe for relevant securities;
  - (iv) the exercise or conversion of any relevant securities carrying conversion or subscription rights (whether in respect of new or existing securities);
  - (v) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to relevant securities;
  - (vi) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and
  - (vii) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;
- (f) “**derivative**” includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security;
- (g) “**disclosure date**” means 18 December 2017, being the latest practicable date prior to the posting of this Circular;
- (h) “**disclosure period**” means the period commencing 12 months prior to the date of the posting of this Circular and ending on the disclosure date;
- (i) being “**interested**” in relevant securities includes where a person:
  - (i) owns relevant securities;

- (ii) has a right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or has general control of them;
  - (iii) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire relevant securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
  - (iv) is party to any derivative whose value is determined by reference to their price and which results, or may result, in his having a long position in them;
- (j) “**relevant securities**” includes:
- (i) shares and any other securities carrying voting rights;
  - (ii) equity share capital (or derivatives referenced thereto);
  - (iii) securities carrying conversion or subscription rights (including traded options);and
- (k) “**short position**” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, agreement to sell or any delivery obligation or right to require any other person to purchase or take delivery.

## 7.2 Dealings in relevant securities

- (a) The dealings by H2P in Ordinary Shares during the disclosure period were as follows:

<i>Description of dealing</i>	<i>No. of Ordinary Shares</i>	<i>Price per Ordinary Share</i>	<i>Date of transaction</i>
Acquisition of new Ordinary Shares in a placing for cash	81,760,000	3.5p	19 December 2016
Acquisition of new Ordinary Shares in a placing for cash	12,630,000	3.5p	11 January 2017

- (b) As at 18 December 2017 (being the latest practicable date prior to the posting of this Circular), the interests of the Directors (including the interests of a person connected with any Director which would, if the connected person were a Director be required to be disclosed in ordinary shares), are set out below:

<i>Director</i>	<i>Interest in Existing Share Capital</i>		<i>Interest in Enlarged Share Capital<sup>1</sup></i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of Existing Ordinary Shares</i>	<i>Number</i>	<i>%</i>
J D Murphy	2,403,698	0.76	2,403,698	0.36
K R Bush	800,379	0.25	800,379	0.12
N T Morgan	888,237	0.28	888,237	0.13
P J Lafferty	571,269	0.18	571,269	0.09
I M Lanaghan	427,032	0.14	427,032	0.06
C Airlie	—	—	—	—

1 Assuming no take-up of rights by Directors under the Open Offer.

- (c) Save for the dealings outlined below, no dealings in ordinary shares by Directors have taken place in the disclosure period, being the 12 months ended 18 December 2017 (being the latest practicable date prior to the posting of this Circular):

11 January 2017 Open Offer:

	<i>Number of Ordinary Shares held before the Open Offer</i>	<i>Percentage of Existing Ordinary Shares</i>	<i>Number of shares acquired under the Open Offer</i>	<i>Number of Ordinary Shares held after the Open Offer</i>	<i>Percentage of Ordinary Shares held after the Open Offer</i>
Keith Bush	450,000	0.17	140,735	590,735	0.19
Nick Morgan	448,000	0.16	272,522	720,522	0.23
Iain Lanaghan	217,000	0.08	210,032	427,032	0.14
Jon Murphy	1,425,000	0.96	978,498	2,403,698	0.76
Paul Lafferty	428,469	0.16	142,800	571,269	0.18

17 August 2017, exercise of nil-cost options:

	<i>Number of Ordinary Shares held before exercise of Option</i>	<i>No. of Ordinary Shares acquired through exercise of Options</i>	<i>Number of Ordinary Shares held after the exercise of Option</i>	<i>Percentage of issued Ordinary Shares</i>
Keith Bush	590,735	209,644	800,379	0.25
Nick Morgan	720,522	167,715	888,237	0.28

- 7.3 Save as disclosed in this Circular, as at the disclosure date, neither H2P, nor any person acting in concert with H2P, had any interest in or a right to subscribe for, or had any short position in relation to, any relevant securities of the Company, nor had any such person dealt in any relevant securities of the Company during the disclosure period.
- 7.4 Save as disclosed in this Circular, as at the disclosure date, neither H2P nor anyone acting in concert with H2P had borrowed or lent any relevant securities of the Company (save for any borrowed shares which have either been on-lent or sold) or dealt in relevant securities of the Company during the disclosure period nor owns or is interested in any relevant securities of the Company (whether by interests, rights to subscribe or short positions).
- 7.5 Save as disclosed in this Circular, at the disclosure date:
- none of the Directors (including any members of their respective immediate families, related trusts or connected persons) had any interest in or a right to subscribe for, or has any short positions in relation to any relevant securities of the Company;
  - no person acting in concert with the Company had any interest in, or right to subscribe for, or had any short position in relation to any relevant securities of the Company;
  - none of the Directors (including any members of their respective immediate families, related trusts or connected persons) nor any person acting in concert with the Company nor the Company had borrowed or lent any relevant securities of the Company, save for any borrowed shares which have either been on-lent or sold;
  - there is no agreement, arrangement or understanding (including any compensation arrangement) that exists between H2P and any of the Directors, recent directors of the Company, Shareholders or recent Shareholders, or any person interested or recently interested in Ordinary Shares, having any connection with or dependence upon the Proposals;

- (e) Neither the Company nor any of the Directors (including any members of their respective immediate families, related trusts or connected persons) had an interest in or a right to subscribe for, or had any short position in relation to any ordinary shares in H2P or I-Pulse nor had they deal in any ordinary shares in H2P or I-Pulse during the disclosure period; and
- (f) there is no arrangement for the transfer of any securities in the Company acquired by H2P under the proposed transactions.

## **8. Material contracts**

Save as disclosed in paragraph 5 of Part V of this document, there have been no material contracts (other than contracts entered into in the ordinary course of business) entered into by the Company in the period of two years prior to the date of this Circular.

## **9. Directors' service contracts**

- 9.1 The Directors' current service agreements and letters of appointment are summarised below. Otherwise than as set out below, there are no other service contracts or letters of appointment between the Directors and the Company or any of its subsidiaries and no service contracts or letters of appointment have been entered into or amended during the period of six months prior to the date of this Circular.
- 9.2 Keith Bush entered into a service agreement with the Company on 31 January 2012, under the terms of which he is employed as Chief Executive Officer. Mr Bush currently has a contracted salary of £245,004 per annum. However, under an agreement dated 30 March 2017 Mr Bush has agreed to be paid annual salary of £200,004. Mr Bush is entitled to a pension allowance of three per cent. of his basic contracted salary and private medical insurance and death in service insurance cover. Mr Bush is eligible to receive a discretionary bonus and participate in the Company's long term incentive plan, dependent on certain performance criteria. The service contract is terminable on six months' notice from either party, unless there is a change of control of the Company and Mr Bush is removed from office at which point the notice period will be extended to 12 months. There are restrictive covenants binding Mr Bush for a period of 12 months from termination of the service agreement.
- 9.3 Nick Morgan entered into a service agreement with the Company on 31 October 2012, under the terms of which he is employed as Finance Director for a contracted salary of £225,000 per annum. However, under an agreement dated 30 March 2017 Mr Morgan has agreed to be paid annual salary of £190,008. Mr Morgan is entitled to a pension allowance of three per cent. of his basic contracted salary and private medical insurance and death in service insurance cover. Mr Morgan is eligible to receive a discretionary bonus and participate in the Company's long term incentive plan, dependent on certain performance criteria. The service contract is terminable on six months' notice from either party, unless there is a change of control of the Company and Mr Morgan is removed from office at which point the notice period will be extended to 12 months. There are restrictive covenants binding Mr Morgan for a period of 12 months from termination of the service agreement.
- 9.4 Paul Lafferty has entered into a service agreement with the Company on 9 June 2014 and a letter of assignment dated 16 June 2017 which together set out the terms on which he is employed as the President of Cabot Canada. It is anticipated that Mr Lafferty's assignment as President of Cabot Canada will continue until approximately June 2019 at which point Mr Lafferty will revert to his role as Chief Operating Officer of the Company. Mr Lafferty is contractually entitled to a salary of £189,000 per annum under his service agreement, however under an agreement dated 30 March 2017 Mr Lafferty has agreed to be paid annual salary of £180,000 and for the balance of his salary to be deferred and settled by the grant to him of nil cost options. Mr Lafferty is entitled to allowances for living costs and expenses incurred by him in the performance of his duties, in particular, accommodation costs and utility bills, the provision of a company car, relocation costs for Mr Lafferty's assignment to Canada and repatriation to the United Kingdom and travel costs for trips to the United Kingdom. Mr Lafferty is eligible to receive a discretionary bonus and participate in the Company's long term incentive plan, dependent on certain performance criteria. Mr Lafferty is entitled to a pension allowance of three per cent. of his basic contracted salary. Mr Lafferty is entitled to private medical, dental and critical illness insurance cover. The service contract is terminable on three months' notice from either party. There are

restrictive covenants binding Mr Lafferty for a period of 12 months from termination of the service agreement.

- 9.5 Jonathan Murphy entered into an appointment letter with the Company on 25 September 2013 for his services as the non-executive Chairman of the Company. The appointment letter is terminable on three months' written notice by either party and Mr Murphy is entitled to receive a fee of £55,000 per annum in respect of his appointment. Mr Murphy is also entitled to receive further fees from the Company where he acts as a member of any committee of the Board.
- 9.6 Iain Lanaghan entered into an appointment letter with the Company on 12 February 2014 for his services as a non-executive director of the Company. The appointment letter is terminable on three months' written notice by either party and Mr Lanaghan is entitled to receive a fee of £35,000 per annum in respect of his appointment. Mr Lanaghan is also entitled to receive further fees from the Company where he acts as a member of any committee of the Board.
- 9.7 Campbell Airlie entered into an appointment letter with the Company on 16 December 2016 for his services as a non-executive director of the Company. The appointment letter is terminable immediately on written notice from H2P or Mr Airlie. The Company may also terminate Mr Airlie's appointment for cause with immediate effect. Mr Airlie is not entitled to receive a fee in respect of his appointment.

## 10. Middle market quotation

The following table sets out the closing middle market quotations for an Ordinary Share in Cabot for the first business day of each of the six months immediately preceding the date of this Circular and for 18 December 2017 (being the latest practicable date prior to the publication of this Circular):

<i>Date</i>	<i>Price per Ordinary Share (pence)</i>
03 July 2017	3.5
01 August 2017	4.0
01 September 2017	4.125
02 October 2017	4.375
01 November 2017	4.875
01 December 2017	5.5
18 December 2017	5.125

Source: **Bloomberg**

## 11. Information incorporated by reference

Your attention is drawn to the following documents (or parts thereof) that are incorporated by reference into this Circular:

- (a) the published Annual Report and Accounts for the last two financial years ended 31 December 2016 and 31 December 2015 (including significant accounting policies together with any points from the notes to accounts which are of major relevance to an appreciation of the figures);
- (b) the published Interim Report and Accounts for the six months ended 30 June 2017;
- (c) McDaniel & Associates Consultants' independent reserve report dated 6 November 2017; and
- (d) the Articles.

Any Shareholder, person with information rights or other person to whom this Circular is sent may request a copy of each of the documents set out above in hard copy form. Hard copies will only be sent where valid requests are received from such persons. Requests for hard copies are to be submitted to the Company Secretary at the Company's registered office, Chester House, Unit 3.01 Kennington Park, 1-3 Brixton Road, London, SW9 6DE (telephone number +44 (0) 20 7469 2900). All valid requests will be dealt with as soon as possible and hard copies mailed by no later than two business days following such request.

The documents incorporated by reference into this Circular have been incorporated in compliance with Rule 24.15 of the Takeover Code are available from the Company's website [www.cabot-energy.com](http://www.cabot-energy.com). Except as set forth above, no other portion of these documents is incorporated by reference into this Circular.

## **12. Documents on display**

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of the Company, Chester House, Unit 3.01 Kennington Park, 1-3 Brixton Road, London, SW9 6DE (telephone number +44 (0) 20 7469 2900) from the date of this document until one month following the date of the General Meeting.

- i. The irrevocable undertakings, details of which are given in paragraph 15, Part I of this document;
- ii. Consent letter from SP Angel in relation to the issue of this Circular referred to in paragraph 8, Part V of this Circular;
- iii. Letter from McDaniel & Associates addressed to SP Angel and the Company being a consent in relation to the inclusion of the Reserves Report in this Circular;
- iv. The McDaniel & Associates Reserves Report;
- v. The subscription agreement dated 19 December 2017 between H2P and the Company, details of which are set out in paragraph 5 Part V of this Circular;
- vi. The placing agreement dated 19 December 2017 between the Company and SP Angel, details of which are set out in paragraph 5 Part V of this Circular;
- vii. The relationship agreement dated 19 December 2017 between the Company, H2P and SP Angel, details of which are set out in paragraph 5 Part V of this Circular;
- viii. The acquisition agreement dated 19 December 2017 between H2P and the Company, details of which are set out in paragraph 5 Part V of this Circular;
- ix. The memorandum and articles of association of the Company;

These documents will also be available from the Company website [www.cabot-energy.com](http://www.cabot-energy.com)

## PART III

### QUESTIONS AND ANSWERS ABOUT THE OPEN OFFER

The questions and answers set out in this Part III are intended to be in general terms only and, as such, you should read Part IV 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 III deals with general questions relating to the Placing, 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 IV 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 IV 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 39,478,629 Open Offer Shares at a price of 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 8 Existing Ordinary Shares held by Qualifying Shareholders on the Record Date. If your entitlement to Open Offer Shares is not a whole number, you will not be entitled to apply for an Open Offer Share in respect of any fraction of an Existing Ordinary Share and your entitlement will be rounded down to the nearest whole number. The resulting fractions of New Ordinary Shares will be aggregated and made available to Qualifying Shareholders under the Excess Application Facility.

Open Offer Shares are being offered to Qualifying Shareholders in the Open Offer at the Issue Price, which represents a discount of 2.5 per cent. to the closing mid-market price of an Existing Ordinary Share of 5.125 pence on 18 December 2017 (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 Non-CREST Holders 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 19 December 2017 (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 at 6.00 p.m. on 15 December 2017 (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 16 January 2018. 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 25 January 2018.

#### **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 8 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 8.

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 £0.05, which is the price in pounds of each Open Offer Share (giving you an amount of £25 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 16 January 2018, 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 IV 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 25 January 2018.

#### **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 £0.05, 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 16 January 2018, 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 25 January 2018.

#### **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 Placing and 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 IV 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 Non-CREST Holders, 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 15 December 2017 and who have converted them to certificated form;
- Shareholders who bought Existing Ordinary Shares before 15 December 2017 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 15 December 2017; 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 19 December 2017.

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 6:00 p.m. on 15 December 2017, 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 £0.05 (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 £100.04 you should divide £100.04 by £0.05, which comes to 2,000.8. You should round that down to 2,000 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, 2,000) 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 (2,000) by £0.05 and then fill in that amount rounded down to the nearest whole penny (in this example being £100.00), 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 Non-CREST Holders 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 £0.05 (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 £0.05. You should round that down to the nearest whole number (in this example, 1,000), to give you the number of shares you want to take up. Write that number (in this example, 1,000) 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, 1,000) by £0.05 and then fill in that amount rounded down to the nearest whole penny (in this example, being £50.00) 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 16 January 2018. 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 25 January 2018.

**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 6:00 p.m. on 15 December 2017 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 19 December 2017.

**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 IV 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 11 January 2018 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 IV 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 IV 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 Non-CREST Holders should refer to paragraph 5.1(a) of Part IV of this Circular and Qualifying CREST Shareholders should refer to paragraph 5.1(b) of Part IV 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 IV

### TERMS AND CONDITIONS OF THE OPEN OFFER

#### 1. Introduction

- 1.1 The Company proposes to raise up to £1,973,931 by way of an Open Offer of up to 39,478,629 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 19 December 2017, 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 Non-CREST Holders, the Application Form contains the formal terms and conditions of the Open Offer. Your attention is drawn to paragraph 4 of this Part IV 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 8 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 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.

- 2.3 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 IV.
- 2.4 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 IV and also to the CREST Manual for further information on the CREST procedures referred to below.
- 2.5 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 Non-CREST Holders 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.
- 2.6 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 18 January 2018.
- 2.7 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.
- 2.8 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 20 December 2017.
- 2.9 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 18 January 2018 (or such later time and/or date as the Company may determine, not being later than 8:00 a.m. on 18 February 2018). 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 IV.

- 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 Non-CREST Holders 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 19 December 2017. Application Forms may be split up to 3:00 p.m. on 12 January 2018. 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 16 January 2018. A reply paid envelope is enclosed for use by Qualifying Non-CREST Holders 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 Non-CREST Holders 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 18 January 2018 or such later time and date as the Company may determine (being no later than 8:00 a.m. on 18 February 2018), 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 IV.
  - (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 Non-CREST Holders 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 IV 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 IV.
  - (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 11 January 2018, 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 Non-CREST Holders 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 GB00BF41DS29;
- (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 CABBASIC;
  - (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 16 January 2018; 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 16 January 2018.
- (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 18 January 2018 or such later time and date as the Company may determine (being no later than on 8:00 a.m. on 18 February 2018), 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 GB00BF41DT36;
  - (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 CABXS;
  - (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 16 January 2018; 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 16 January 2018.
- (C) In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:
- (1) a contact name and telephone number (in the free format shared note field); and
  - (2) a priority of at least 80.
- (D) In the event that the Open Offer does not become unconditional by 8:00 a.m. on 18 January 2018 or such later time and date as the Company may, in its absolute discretion, elect (being no later than 8:00 a.m. on 18 February 2018), 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 16 January 2018.
- (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 11 January 2018, 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 10 January 2018, 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 16 January 2018.
- (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 16 January 2018 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 16 January 2018. 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 IV;
- (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 IV;
- (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 ((EU) 2015 /849) 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 16 January 2018, 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 SP Angel 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 IV 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 SP Angel 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 Non-CREST Holders 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 Non-CREST Holders***
  - (A) Any person completing and returning an Application Form or requesting registration of the Open Offer Shares comprised therein represents and warrants to the Company and the Receiving Agent that, except where proof has been provided to

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

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

(ii) *Qualifying CREST Holders*

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this Part IV 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 17 January 2018. Application will be made to London Stock Exchange 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 18 January 2018.
- 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 16 January 2018 (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 18 January 2018, 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 18 January 2018). 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 Non-CREST Holders 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 25 January 2018. 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 IV, 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 SP Angel 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 V

### ADDITIONAL INFORMATION

#### 1. Share Capital & Nil-Cost Options

The issued share capital of the Company as at the date of this Circular and as it is expected to be Following Second Admission (assuming completion of the Placing and the Subscription, the issue of Consideration Shares and that the Open Offer is fully subscribed) is set out below:

<i>Before First Admission</i>	<i>After Second Admission</i>
315,829,037 Existing Ordinary Shares	666,303,747 New Ordinary Shares

As at the date of this Circular there are in issue 18,594,097 Nil-Cost Options to subscribe for Ordinary Shares.

Pursuant to the rules of CEIP, the Nil-cost Options will vest and are capable of exercise following completion of the Proposals once H2P owns more than 50 per cent. of the Ordinary Shares of the Company. Once vested, the Nil-cost Options may be exercised at any time until such time as they lapse from 31 January 2026 to 30 April 2027 depending on the terms under which each award was originally agreed.

The Company's existing Value Creation Plan will lapse following the completion of the Proposals. The Company's Remuneration Committee intend to consider the terms of a new long term incentive scheme for senior management given that the CEIP and the Company's existing Value Creation Plan will lapse following the completion of the Proposals.

#### 2. Directors' Interests

The interests of the directors and the interests of connected persons of a director within the meaning of section 346 of the Act which would, if the connected person were a director, as construed by the AIM Rules (the existence of which is known to or could with reasonable diligence be ascertained by that Director) as at the date of this document and as expected to be immediately following Second Admission are as follows:

<i>Director</i>	<i>Before First Admission</i>		<i>After Second Admission<sup>(2)</sup></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	2,403,698	0.76	2,704,160	0.41
K R Bush	800,379	0.25	900,426	0.14
N T Morgan	888,237	0.28	999,266	0.15
P J Lafferty	571,269	0.18	642,677	0.10
I M Lanaghan	427,032	0.14	480,411	0.07
C Airlie	—	—	—	—

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

In addition to the interests of the directors set out above, the following Nil-cost Options have been granted to directors pursuant to the CEIP and are in force at the date of this document:

<i>Name</i>	<i>Number of Ordinary Shares under option</i>	<i>Vesting Date</i>
J D Murphy	460,932	First Admission
K R Bush	6,234,776	First Admission
N T Morgan	5,099,538	First Admission
P J Lafferty	3,422,555	First Admission
I M Lanaghan	230,579	First Admission

### 3. Major Shareholders

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

<i>Shareholder</i>	<i>Percentage of Existing Issued Share Capital</i>	<i>Percentage of Enlarged Issued Share Capital after Second Admission<sup>1</sup></i>	<i>Percentage of the Enlarged Issued Share capital after Admission<sup>2</sup></i>
High Power Petroleum LLC	29.89	56.53	60.09
Cavendish Asset Management	19.03	9.02	9.59
City Financial Investment Company Limited	11.48	8.44	8.97

1 Assuming that the Open Offer is fully subscribed.

2 Assuming that there is no take-up of the Open Offer and no Open Offer Shares are issued.

### 4. Financial Information

The annual report and audited accounts for the Group for the financial year ending 31 December 2016 and 31 December 2015, together with the interim report and unaudited interim accounts for the six month period ending 30 June 2017, are available on the Company's website at [www.cabot-energy.com](http://www.cabot-energy.com)

### 5. Material Contracts

Save as set out below, the Company has not entered into any material contracts (other than contracts entered into in the ordinary course of business) in the period of two years prior to the date of this Circular:

#### 2016 Subscription Agreements

##### **2016 Alignment Energy Subscription Agreement and 2016 City Financial Subscription Agreement**

Pursuant to the 2016 Alignment Energy Subscription Agreement and the 2016 City Financial Subscription Agreement, Alignment Energy and City Financial both conditionally agreed to subscribe for 22,571,517 Ordinary Shares (Alignment Energy subscribed for 6,857,150 Ordinary and City Financial subscribed for 15,714,367 Ordinary Shares), with such subscriptions made at the 3.5 pence per Ordinary Share. 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.

##### **2016 Cavendish Asset Management Subscription Agreement**

Pursuant to the 2016 Cavendish Asset Management Subscription Agreement, Cavendish Asset Management conditionally agreed to subscribe for 27,685,500 Ordinary Shares at 3.5 pence per Ordinary Share. 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.

### **2016 H2P Subscription Agreement**

Pursuant to the 2016 H2P Subscription Agreement, H2P conditionally agreed to subscribe for 94,390,000 Ordinary Shares at 3.5 pence per Ordinary Share. The 2016 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. H2P has 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 25 per cent. of the legal and beneficial interest in the Australian Asset, subject to receiving the applicable consents required for the transfer and completion of the 2016 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 one of the work programme.

H2P has the option to acquire a further 25 per cent. legal and beneficial interest in the Australian Asset (subject to receiving the applicable consents required for the transfer) before the commencement of year two 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 two 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 (or its assignees) will enter into a further transfer instrument.

Ouro Preto Australia 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 per cent. of the participating interests.

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

Pursuant to the 2016 Canadian SPA, Cabot Energy Inc agreed to assign to H2P 25 per cent. of the legal and beneficial interest in the Canadian Asset that were as at the effective date of the 2016 Canadian SPA owned by Cabot Canada, subject to receiving the applicable consents required for the transfer and completion of the 2016 H2P Subscription Agreement.

The consideration payable by H2P pursuant to the 2016 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 2016 Canadian SPA contains a commitment that the Cash Consideration will be invested in the Canadian Assets.

H2P had the option to:

acquire a further 25 per cent. of the legal and beneficial interest in the Canadian Assets that were held by Cabot Canada until 31 December 2017 by paying US\$4,000,000; and

acquire 25 per cent. of the NuVista assets if Cabot Canada acquires the assets set out in the letter of intent, dated 24 October 2016.

Cabot Canada and H2P have entered into the 2016 Canadian JOAs to define their respective rights and obligations concerning the operations and activities under the Canadian Assets. Cabot Canada remained the operator of the Canadian Assets and the Canadian Association of Petroleum Landmen 2007 Operating Procedure forms part of the 2016 Canadian JOAs.

The Canadian Transfer instrument has been entered into to effect the transfer, pursuant to the 2016 Canadian SPA.

### ***Italian Disposal Agreements***

Pursuant to the Italian SPA, Northern agreed to assign to H2P a 10 per cent. 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 2016 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 per cent. 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 (or its assignees) 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 per cent. of the participating interests. Northern and H2P (or its assignees) will enter into further joint operating agreements in respect of the Italian Exploration Permit Applications if awarded.

### **Acquisition Agreements**

#### ***Rockhopper Civita SPA***

Pursuant to the Rockhopper Civita SPA, Northern agreed to acquire the entire issued share capital of RH Civita (the "Transfer Shares") from RH Mediterranean.

In consideration of Northern acquiring the Transfer Shares, RH Mediterranean agreed to pay to Northern, the sum of US\$1,637,500 at Completion. The Rockhopper Civita SPA has an economic effective date of 1 January 2017.

The Rockhopper Civita SPA is conditional, amongst other things, the completion of certain assets being transferred to RH Civita. The conditions to the Rockhopper Civita SPA must be satisfied or waived on or before 7 June 2018 (or such other date as is agreed) or the Rockhopper Civita SPA will terminate.

Pending satisfaction or waiver of the conditions, RH Mediterranean has agreed to procure that RH Civita continues to run its business in the ordinary course with Northern's consent required for certain customary matters that are outside of the ordinary course of business.

RH Mediterranean has given warranties to Northern regarding their title to the share capital of RH Civita and its ability to effectively transfer it to Northern as well as warranties and indemnities in relation to the business and affairs of RH Civita. RH Mediterranean's liability for a claim under the Rockhopper Civita SPA is capped at €1,000,000.

### ***NuVista SPA***

Pursuant to the NuVista SPA, Cabot Canada agreed to purchase from NuVista the NuVista Assets, subject a number of conditions including there being no material adverse change to the NuVista Assets which were satisfied or waived before 6 March 2017.

The consideration payable by Cabot Canada pursuant to the NuVista SPA was CAD\$1.00. NuVista shall assume the responsibility for Cabot Canada's costs associated with the remediation costs associated with the NuVista Rainbow 2-23-109-5 well.

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

### ***H2P Subscription Agreement***

On 19 December 2017, the Company and H2P entered into a Subscription Agreement whereby H2P conditionally agreed to subscribe for 178,500,000 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.

### ***Acquisition Agreement***

On 19 December 2017, the Company and H2P entered into an Acquisition Agreement pursuant to which the Company has conditionally agreed to acquire the entire issued share capital of H2P UK from H2P. In consideration for the acquisition of H2P UK, the Company will allot and issue to H2P the Consideration Shares at the Issue Price and pay in cash US\$1,750,000 in twelve monthly instalments. The acquisition will be undertaken on a cash free debt free basis.

The agreement contains customary warranties from H2P in favour of the Company in addition to specific indemnities to cover the risk of unknown liabilities incurred by H2P UK or any of its subsidiary companies. The Company will have an ability to set off amounts for breach of warranties against the deferred consideration.

### ***Placing Agreement***

On 19 December 2017, the Company and SP Angel entered into the Placing Agreement pursuant to which, conditional upon, *inter alia*, Admission taking place on or before 8 January 2018 (or such later date as the Company and SP Angel may agree, being not later than 22 January 2018), SP Angel has agreed to use its reasonable endeavours to procure Placees for the Placing Shares at the Issue Price. The Placing Agreement contains indemnities and warranties from the Company in favour of SP Angel together with provisions which enable SP Angel to terminate the Placing Agreement in certain circumstances prior to Admission including circumstances where any of the warranties are found to be untrue or inaccurate in any material respect. The Company has agreed to pay SP Angel a commission in respect of the Placing and a fee in respect of corporate finance advisory services provided in respect of the Proposals.

### ***Relationship Agreement***

On 19 December 2017, the Company, SP Angel and H2P entered into a Relationship Agreement to regulate aspects of the continuing relationship between the Company and H2P so as to ensure that the Company is capable at all times of carrying on its business independently of H2P and that future transactions between the Company and H2P are on arm's length terms and on a normal commercial basis. The Relationship Agreement will terminate at any time when the voting rights attaching to H2P's aggregate shareholding represents less than 30 per cent. of all voting rights attributable to the issued share capital of the Company or in the event that only Independent Directors (as defined in the agreement) are on the Board (although if the Relationship Agreement terminates in the latter circumstances, the rights granted to H2P which are summarised below will remain in effect). In the event that any time thereafter the voting rights attaching to H2P's shareholding again represents 30 per cent. or more of all voting rights or a director is appointed to the Board who is not independent of H2P, the parties shall enter into a new agreement.

Pursuant to the Relationship Agreement, H2P has agreed, amongst other things, that: (i) certain material transactions, agreements and arrangements between the Group on the one hand and H2P and/or its associates on the other will be made on an arm's length basis and on normal commercial

terms and shall be approved solely by directors independent of H2P; (ii) there are and remain at all times a majority of directors of the Company which are independent of H2P; and (iii) save in certain circumstances, neither H2P nor any of its associates shall seek to procure or vote on any resolution to cancel the Company's admission to trading on AIM without the prior approval of the directors of the Company who are independent of H2P.

The Company has also granted H2P the right under the Relationship Agreement to nominate two persons to be appointed as directors of the Company. In addition, the Company has agreed not to allot or issue any new voting shares (so as to dilute the percentage of the voting rights in the Company in which H2P is interested) without first offering H2P the opportunity to subscribe for further voting shares so as to maintain the percentage of the voting rights in which H2P is interested.

## **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 £239,000 (excluding VAT).

## **8. Consents**

SP Angel 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.

McDaniel 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. No material change to asset valuation**

McDaniel have confirmed that there has been no material change in the valuation of the asset between the date of the valuation report and the date of this circular.

## **10. No material change in the financial or trading position**

Save as disclosed in this document, there has been no significant change in the financial or trading position of Cabot Energy since 30 June 2017, the date to which unaudited financial information has been published.

## **11. 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.cabot-energy.com](http://www.cabot-energy.com)) free of charge in accordance with the requirements of Rule 26 of the AIM Rules.

## PART VI

### SUMMARY OF RESERVE REPORT DATED 06 NOVEMBER 2017

06 November, 2017

**Cabot Energy Inc.**

900, 600 – 6th Avenue SW

Calgary, Alberta

T2P 0S5

Attention: Mr. Paul Lafferty, Chief Operating Officer

Reference: **Cabot Energy Inc. and High Power Petroleum LLC  
Evaluation of Oil and Gas Reserves  
Forecast Prices and Costs**

Dear Sir:

Pursuant to your request, we have prepared an evaluation of the proved and probable crude oil, natural gas and natural gas products reserves and the net present values of these reserves for the petroleum and natural gas interests of Cabot Energy Inc. and High Power Petroleum LLC, hereinafter referred to as the "Company", as of September 30, 2017. The reserves estimates and future net revenue forecasts have been prepared and presented in accordance with the Canadian standards set out in the Canadian Oil and Gas Evaluation Handbook (COGEH) and National Instrument 51-101 (NI 51-101).

The future net revenues and net present values presented in this report were calculated using forecast prices and costs based on our opinion of the future crude oil, natural gas and natural gas product prices at October 1, 2017 and were presented in Canadian dollars. Most of the future net revenues and net present value estimates in this report are presented before income taxes although future net revenues and net present value estimates were presented after income tax in selected tables in this summary report at the corporate level. The future net revenues presented in this report may not necessarily represent the fair market value of the reserves estimates.

The properties evaluated in this report were indicated to include essentially all of the Company's conventional petroleum and natural gas interests in Canada. The Company's principal crude oil properties are located in the Rainbow 9-25 Battery area and the Rainbow 13-36 Battery area in the Province of Alberta. The principal natural gas property is located in the Rainbow 13-36 Battery area in the Province of Alberta.

The Company's share of remaining reserves and net present values are presented on a total Company basis in the summary section of this report. The location of the Company's properties and a summary of the forecast production, net revenue and reserves distributions are presented graphically in the summary section. In addition, the NI 51-101 summary section contains Company data in F1 format. Tables summarizing the reserves, production and revenues for the various reserves classes are presented in Appendices 1 to 10. A summary of the Company's interests and burdens in each property is presented in Appendix 11. These Appendices are found in the full report which is available on Cabot Energy's website. Discussions of the assumptions and methodology employed to prepare the reserves estimates and future revenue forecasts are also contained in the "Evaluation Methodology" section.

Detailed reserves estimates, future net revenue forecasts and other supporting data for each of the properties that were reviewed in detail were provided in the Detailed Property Report. Property discussions and a detailed description of the economic factors employed to derive the future net revenue forecasts were also included therein.

In preparing this report, we relied upon factual information including ownership, technical well data, production, prices, revenues, operating costs, capital costs, contracts, and other relevant data from public sources as well as non-public data supplied by the Company. The extent and character of all factual information supplied by the Company were relied upon by us in preparing this report and has been accepted as represented without independent verification. We have relied upon representations made by the Company as to the completeness and accuracy of the data provided and that no material

changes in the performance of the properties has occurred nor is expected to occur, from that which was projected in this report, between the date that the data was obtained for this evaluation and the date of this report, and that no new data has come to light that may result in a material change to the evaluation of the reserves presented in this report.

The reserves estimates presented in this report were prepared on the basis of an overall evaluation of the reserves of the Company. Individual property reserves estimates may not reflect the same confidence level as required by the reserves definitions for the overall group of properties. Consequently, McDaniel & Associates reserves the right to re-assess the reserves estimates and future net revenues for any individual property or group of properties if considered in isolation.

This report was prepared by McDaniel & Associates Consultants Ltd. for the exclusive use of Cabot Energy Inc. and is not to be reproduced, distributed or made available, in whole or in part, to any person, company or organization other than Cabot Energy Inc. without the knowledge and consent of McDaniel & Associates Consultants Ltd.

We reserve the right to revise any estimates provided herein if any relevant data existing prior to preparation of this report was not made available, if any data between the effective date of the evaluation and the date of this report were to vary significantly from that forecast, or if any data provided was found to be erroneous.

Sincerely,

**McDANIEL & ASSOCIATES CONSULTANTS LTD.**

**APEGA PERMIT NUMBER: P3145**

**Evaluation of Oil and Gas Reserves**  
**Based on Forecast Prices and Costs**  
**As of September 30, 2017**  
**Evaluation Methodology**

**INTRODUCTION**

Estimates of the proved and probable crude oil, natural gas and natural gas products reserves and the associated net present values before and after income taxes attributable to the properties of the Company have been presented in this report as of September 30, 2017. Reserves estimates were prepared for six properties in which the Company was indicated to have an interest in Western Canada based on detailed studies of the reservoir and performance characteristics as well as historical revenues and costs.

The basic information employed in the preparation of this report was obtained from the Company's files, public sources and from our own non-confidential files. A field inspection of the properties was not conducted in view of the generally accepted reliability of the data sources for Western Canadian properties. Detailed reserves estimates, future net revenue forecasts and other supporting data for each of the properties that were reviewed in detail were provided in the Detailed Property Report. Property discussions and a detailed description of the economic factors employed to derive the future net revenue forecasts were also included therein.

The effective date of this report is September 30, 2017. The reserves estimates presented herein were based on the operating and economic conditions and development status as of that date except for changes planned for the immediate future or in the process of implementation. The reserves estimates and future net revenue forecasts have been prepared and presented in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (COGEH) and National Instrument 51-101 (NI 51-101). A brief review of the methodology employed in arriving at the reserves and net present value estimates is presented in this section.

**RESERVES ESTIMATES**

**Crude Oil**

The crude oil reserves estimates presented in this report were based on a review of the volumetric data and performance characteristics of the individual wells and reservoirs in question. Volumetric estimates of the original oil in-place were based on individual well petrophysical interpretations, geological studies of pool configurations, and in some cases on published estimates. In those cases where indicative oil production decline and/or increasing gas-oil and oil cut trends were evident, the remaining reserves were determined by extrapolating these trends to economic limiting conditions. Where definitive production information was not yet available, the reserves estimates were usually volumetrically determined using recovery factors based on analogy with similar wells or reservoirs or on estimates of recovery efficiencies. The cumulative production figures were taken from published sources or from records of the Company and estimated for those recent periods where such data were not available.

**Natural Gas and Products**

The natural gas reserves estimates for non-associated gas and gas cap pools were based on a study of the volumetric data and performance characteristics of the individual wells and reservoirs in question.

Volumetric estimates of the initial gas in-place were based on individual well petrophysical interpretations, geological studies of the pools and areas, and in some cases on published estimates. Material balance estimates of the initial gas in-place were employed where sufficient information was available for a reliable estimate. The reserves recoverable from the currently producing properties were estimated from studies of production performance characteristics and/or reservoir pressure histories. In those cases where indicative gas production decline and/or increasing oil-gas ratio and water-gas ratio trends were evident, the remaining reserves were determined by extrapolating these trends to economic limiting conditions. In cases of competitive drainage in multi-well pools the reserves were based on an analysis of the relevant factors relating to the future pool depletion by existing and possible

future wells. The recovery factors for the nonproducing properties were estimated from a consideration of test rates, reservoir pressures and by analogy with similar wells or reservoirs.

Natural gas reserves estimates for solution gas production from producing crude oil properties were based on an analysis of producing gas-oil ratios and existing sales gas recoveries. Solution gas reserves were assigned to non-producing oil properties where there was a likelihood of those reserves being recovered and sold from existing facilities or facilities that are expected to be available in the near future.

The natural gas products reserves estimates for the producing properties were based on historical and anticipated future recoveries of these products from the natural gas reserves. The natural gas products recoveries from the non-producing natural gas reserves were estimated from gas analyses, well test information and from analogy with similar reservoirs. Natural gas products reserves were only assigned to non-producing properties in those cases where there was a likelihood that the gas production would be processed through existing facilities capable of extracting these products or where such a facility will be available in the near future.

## RESERVES DEFINITIONS

The crude oil, natural gas and natural gas products reserves estimates presented in this report have been based on the definitions and guidelines prepared by the Standing Committee on Reserves Definitions of the CIM (Petroleum Society) as presented in the COGE Handbook. A summary of those definitions is presented below.

### Reserves Categories

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on:

- analysis of drilling, geological, geophysical and engineering data;
- the use of established technology; and
- specified economic conditions, which are generally accepted as being reasonable, and shall be disclosed.

Reserves are classified according to the degree of certainty associated with the estimates

- **Proved reserves** are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.
- **Probable reserves** are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved + probable reserves.
- **Possible reserves** are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved + probable + possible reserves.

Other criteria that must also be met for the categorization of reserves are provided in the COGE Handbook.

### Development and Production Status

Each of the reserves categories (proved, probable and possible) may be divided into developed and undeveloped categories:

- **Developed reserves** are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (for example, when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.

- **Developed producing reserves** are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.
- **Developed non-producing reserves** are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.
- **Undeveloped reserves** are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.

In multi-well pools it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to subdivide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.

### **Levels of Certainty for Reported Reserves**

The qualitative certainty levels referred to in the definitions above are applicable to individual reserves entities (which refers to the lowest-level at which reserves calculations are performed) and to reported reserves (which refers to the highest-level sum of individual entity estimates for which reserves estimates are presented). Reported reserves should target the following levels of certainty under a specific set of economic conditions:

- at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated proved reserves;
- at least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved + probable reserves; and
- at least a 10 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved + probable + possible reserves.

Additional clarification of certainty levels associated with reserves estimates and the effect of aggregation is provided in the COGE Handbook.

### **NET PRESENT VALUE ESTIMATES**

The net present values of the crude oil, natural gas and natural gas products reserves were obtained by employing future production and revenue analyses. The future crude oil production was generally predicated on the anticipated performance characteristics of the individual wells and reservoirs in question. The future natural gas production was also predicated on the anticipated performance characteristics of the individual wells and reservoirs in question with an allowance for any gas sales contract or gas processing facility restrictions. In those areas where shut-in natural gas reserves exist, the commencement of production was based on the proximity to a pipeline connection and the relevant factors relating to the future marketing of the reserves. The future production of gas-cap reserves was assumed to occur near the end of the oil producing life. Solution gas production was based on the forecast of the oil producing rates and current and forecast sales gas-oil ratios. The natural gas products production forecasts were based on the anticipated recoveries of these products from the produced natural gas.

The Company's share of future crude oil revenue was derived by employing the Company's share of production and the forecast reference crude oil price less the historical quality and transportation price differential for each respective field. The forecast natural gas prices with an adjustment for the heating value of the gas were employed to calculate the Company's share of future natural gas revenues. The forecast reference natural gas products prices with adjustments to reflect historical price differentials realized by the Company in each respective property were employed to calculate the Company's share of future natural gas products revenues. Royalties and mineral taxes payable to the Crown were

estimated based on the methods in effect as of September 30, 2017. Freehold and overriding royalties payable to others were estimated based on the indicated applicable rates. In those cases where a proportionate share of the natural gas gathering and processing charges were indicated to be payable by the Crown or royalties owned by others, these charges have been deducted in determining the net royalties payable.

In all cases, estimates of the applicable capital expenditures and operating costs with an allowance for inflation were deducted in arriving at the Company's share of future net revenues. An allowance for future well abandonment costs and well site reclamation was made for all of the Company's working interest wells assigned reserves. No allowance was made for the abandonment and reclamation of any facilities. The net present values were then obtained by employing 5, 10, 15 and 20 percent nominal annual discount rates compounded monthly.

The Company's share of remaining reserves and net present values are presented on a total Company basis in the summary section of this report. In addition, the NI 51-101 summary section contains Company data in F1 format.

Most of the future net revenues and net present values estimated in this report are presented before income taxes. Future net revenues and net present values are presented after income tax in selected tables at the corporate level. The estimates of future income taxes were based on our understanding of current Canadian Oil and Gas tax calculations; however, income tax experts should be consulted before relying on any of the income tax estimates presented in this report.

The future net revenue forecasts and net present value estimates for the probable reserves were calculated by subtracting the total proved forecasts from the proved + probable forecasts.

Summaries of the Company's share of remaining reserves together with forecast future revenues, royalties, taxes, operating and capital costs, abandonments and reclamations, future net revenue, income taxes and net present values are presented in detailed tabulations for each reserves category in Appendices 1 to 10.

Prices: McD Oct 1, 2017  
 Eff. Date: Sep 30, 2017  
 Currency: CAD

## Cabot Energy and High Power Petroleum

### Total Company Reserves and Net Present Value Forecast Prices and Costs as of September 30, 2017

Table A

#### Total Company

	PDP	PNP	PUD	TP	PADP	PANP	PAUD	TPA	PPDP	PPNP	PPUD	TPP
<b>Light and Medium Oil (Mbbbl)</b>												
Working Interest Volume	1,175.1	383.3	337.5	1,895.9	313.2	329.8	68.5	711.5	1,488.4	713.1	406.0	2,607.4
Royalty Interest Volume	—	—	—	—	—	—	—	—	—	—	—	—
Net Volume	1,038.6	340.3	282.0	1,660.9	268.0	288.3	55.1	611.5	1,306.6	628.7	337.1	2,272.4
<b>Natural Gas (MMcf)</b>												
Working Interest Volume	81.5	69.2	—	150.7	22.4	1,427.9	—	1,450.4	104.0	1,497.1	—	1,601.1
Royalty Interest Volume	—	—	—	—	—	—	—	—	—	—	—	—
Net Volume	72.5	61.6	—	134.1	19.8	1,346.1	—	1,366.0	92.3	1,407.8	—	1,500.1
<b>Natural Gas Liquids (Mbbbl)</b>												
Working Interest Volume	0.0	—	—	0.0	0.0	—	—	0.0	0.0	—	—	0.0
Royalty Interest Volume	—	—	—	—	—	—	—	—	—	—	—	—
Net Volume	0.0	—	—	0.0	0.0	—	—	0.0	0.0	—	—	0.0
<b>Total (MBOE)<sup>(1)</sup></b>												
Working Interest Volume	1,188.7	394.8	337.5	1,921.0	317.0	567.8	68.5	953.3	1,505.7	962.6	406.0	2,874.3
Royalty Interest Volume	—	—	—	—	—	—	—	—	—	—	—	—
Net Volume	1,050.7	350.6	282.0	1,683.3	271.3	512.7	55.1	839.2	1,322.0	863.3	337.1	2,522.4
<b>Net Present Value Before Tax (M\$)<sup>(3)</sup></b>												
0.0%	26,249.1	8,710.5	11,918.6	46,878.1	9,917.7	10,272.7	3,103.2	23,293.6	36,166.8	18,983.2	15,021.8	70,171.7
5.0%	22,945.6	7,354.9	9,981.4	40,282.0	6,899.8	6,867.6	2,269.7	16,037.1	29,845.4	14,222.5	12,251.2	56,319.1
10.0%	20,210.6	6,211.9	8,527.2	34,949.8	5,026.4	4,843.0	1,755.2	11,624.6	25,237.1	11,054.9	10,282.4	46,574.4
15.0%	18,005.1	5,308.5	7,423.0	30,736.6	3,816.0	3,588.5	1,422.7	8,827.1	21,821.1	8,896.9	8,845.7	39,563.7
20.0%	16,224.9	4,601.2	6,565.4	27,391.5	2,999.6	2,763.8	1,195.2	6,958.6	19,224.5	7,365.0	7,760.6	34,350.2
<b>\$/BOE Before Tax<sup>(2)(3)</sup></b>												
0.0%	22.08	22.06	35.31	24.40	31.29	18.09	45.31	24.44	24.02	19.72	37.00	24.41
5.0%	19.30	18.63	29.57	20.97	21.77	12.09	33.14	16.82	19.82	14.78	30.18	19.59
10.0%	17.00	15.74	25.27	18.19	15.86	8.53	25.63	12.19	16.76	11.48	25.33	16.20
15.0%	15.15	13.45	21.99	16.00	12.04	6.32	20.77	9.26	14.49	9.24	21.79	13.76
20.0%	13.65	11.65	19.45	14.26	9.46	4.87	17.45	7.30	12.77	7.65	19.12	11.95
<b>Net Present Value After Tax (M\$)<sup>(3)</sup></b>												
0.0%	26,249.1	8,267.8	8,705.5	43,222.3	9,548.4	5,335.6	2,160.3	17,044.2	35,797.4	13,603.4	10,865.7	60,266.6
5.0%	22,945.6	7,087.1	7,670.0	37,702.7	6,695.9	3,673.6	1,459.2	11,828.7	29,641.6	10,760.6	9,129.2	49,531.4
10.0%	20,210.6	6,045.8	6,828.1	33,084.6	4,910.7	2,676.6	1,035.4	8,622.8	25,121.3	8,722.5	7,863.5	41,707.3
15.0%	18,005.1	5,203.2	6,150.1	29,358.4	3,748.6	2,065.3	777.7	6,591.6	21,753.7	7,268.5	6,927.8	35,949.9
20.0%	16,224.9	4,533.0	5,595.7	26,353.6	2,959.4	1,662.4	616.6	5,238.3	19,184.3	6,195.3	6,212.3	31,591.9

(1) Barrels of Oil Equivalent based on 6:1 for Natural Gas, 1:1 for Ethane, 1:1 for Propane, 1:1 for Butanes. BOE's may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

(2) NPV/BOE based on Company Share BOE reserves.

(3) The above percentages are nominal discount rates. The discount rate is the rate of return used in a discounted cash flow analysis to determine the present value of future cash flows.

## **Glossary of Technical Terms**

*Acronym*    *Definition*

PDP	Proved Developed Producing
PNP	Proved Developed, Non-producing
PUD	Proved Undeveloped
TP	Total Proved
PAPD	Probable developed producing
PANP	Probable non-producing
PAUD	Probable undeveloped
TPA	Total probable
PPDP	Proved plus Probable Developed Producing
PPNP	Proved plus Probable Developed, Non-Producing
PPUD	Proved plus Probable Undeveloped
TPP	Total Proved plus Probable

## PART VII

### DEFINITIONS

<b>“2016 Alignment Energy Subscription Agreement”</b>	the conditional subscription agreement dated 29 November 2016 between the Company and Alignment Energy
<b>“2016 Canadian JOA”</b>	the joint operating agreements dated 19 December 2016 between Cabot Canada and H2P Canada
<b>“2016 Canadian SPA”</b>	a sale and purchase agreement dated 29 November 2016 between (i) Cabot Canada (as seller) and (ii) H2P (as buyer) to purchase 25 per cent. interest of the Canadian Assets
<b>“2016 Canadian Transfer Agreement”</b>	a transfer instrument dated 19 December 2016 between (i) Cabot Canada (as transferor) and (ii) H2P (as transferee) relating to the transfer in 25 per cent. of the legal and beneficial interests in the Canadian Assets
<b>“2016 Cavendish Asset Management Subscription Agreement”</b>	the conditional subscription agreement dated 29 November 2016 between the Company and Cavendish Asset Management
<b>“2016 City Financial Subscription Agreement”</b>	the conditional subscription agreement dated 29 November 2016 between the Company and City Financial
<b>“2016 H2P Subscription Agreement”</b>	the conditional subscription agreement dated 30 November 2016 between the Company and H2P
<b>“Acquisition”</b>	the acquisition by the Company of H2P UK (the company which indirectly owns the interests in the Rainbow Assets and Virgo Assets) pursuant to the Acquisition Agreement
<b>“Acquisition Agreement”</b>	the agreement dated 19 December 2017 between the Company and H2P setting out the terms of the Acquisition, further details of which are set out in paragraph 5 of Part V of this Circular
<b>“Admission”</b>	First Admission and/or Second Admission, as the context requires
<b>“AIM”</b>	AIM, 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>“Announcement”</b>	the announcement of the Proposals made via the Regulatory Information Service on 19 December 2017
<b>“Application Form”</b>	the application form accompanying this Circular to be used by Qualifying Non-CREST Holders 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:  <ol style="list-style-type: none"> <li>(1) the Australian SPA;</li> <li>(2) the Australian JOA; and</li> <li>(3) the Australian Transfer Instrument</li> </ol>
<b>“Australian JOA”</b>	a joint operating agreement dated 30 November 2016 between (i) Ouro Preto Australia and (ii) H2P
<b>“Australian SPA”</b>	a sale and purchase agreement dated 30 November 2016 between (i) Ouro Preto Australia (as seller) and (ii) H2P (as buyer) to purchase 25 per cent. interest of the legal and beneficial interest in the Australian Asset
<b>“Australian Transfer Agreement”</b>	a transfer instrument dated 30 November 2016 between (i) Ouro Preto Australia (as transferor) and (ii) H2P (as transferee) relating to the transfer of 25 per cent. of the legal and beneficial interest in the Australian Asset
<b>“Board”</b>	the board of directors of the Company
<b>“Business Day(s)”</b>	any day on which banks in London are open for business (excluding Saturdays, Sundays and public holidays)
<b>“Cabot Canada”</b>	Cabot Energy Inc formerly known as Ouro Preto Resources Inc.
<b>“Canadian Assets”</b>	the Rainbow Assets and the Virgo Assets
<b>“Canadian Disposal Agreements”</b>	the following conditional agreements:  <ol style="list-style-type: none"> <li>(1) the 2016 Canadian SPA;</li> <li>(2) the 2016 Canadian JOAs; and</li> <li>(3) the 2016 Canadian Transfer Agreement</li> </ol>
<b>“Cavendish Asset Management”</b>	Cavendish Asset Management Limited
<b>“CEIP”</b>	means the Cabot Energy Incentive Plan originally called the Northern Petroleum Incentive Plan as adopted on 18 April 2015
<b>“Circular”</b>	this Circular
<b>“City Financial”</b>	City Financial Investment Company Limited
<b>“Companies Act”</b>	the Companies Act 2006, as amended
<b>“Company” or “Cabot Energy”</b>	Cabot Energy Plc, a Company incorporated in England and Wales with company number 02933545 whose registered office Registered Office is Chester House, Unit 3.01 Kennington Park, 1-3 Brixton Road, London, SW9 6DE, United Kingdom
<b>“Conflicted Director”</b>	Mr Campbell Airlie
<b>“Consideration Shares”</b>	103,796,081 New Ordinary Shares to be issued to H2P as consideration for the Acquisition
<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>“Directors”</b>	the directors of the Company at the date of this Circular, as set out on page 6 of this Circular
<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 Placing Shares, the Subscription Shares, the Consideration 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)” or “Existing Issued Share Capital”</b>	the 315,829,037 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 Placing Shares, the Subscription Shares and the Consideration Shares to trading on AIM becoming effective in accordance with the AIM Rules
<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>“Fundraising”</b>	together the Subscription, the Placing and the Open Offer

<b>“General Meeting”</b>	the general meeting of the Company to be held at 11.00 a.m. on 5 January 2018, 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 Canada”</b>	High Power Petroleum Canada Limited, a wholly-owned subsidiary of H2P UK
<b>“H2P Option”</b>	the option granted by the Company in December 2016, entitling H2P Canada to increase its interests in the Rainbow Assets and the Virgo Assets to an amount that would be equal to a 50 per cent. share of Cabot Canada’s interest in the Rainbow Assets and Virgo Assets for US\$4 million up until 31 December 2017 (subsequently extended to 31 January 2018)
<b>“H2P UK”</b>	High Power Petroleum (NOP) UK Limited, a wholly-owned subsidiary of H2P
<b>“Independent Directors”</b>	the Directors excluding Campbell Airlie
<b>“Independent Shareholders”</b>	the Shareholders other than H2P and City Financial
<b>“I-Pulse”</b>	I-Pulse, Inc., the holding company of H2P
<b>“Issue Price”</b>	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: <ul style="list-style-type: none"> <li>(1) the Italian SPA;</li> <li>(2) the Italian JOA; and</li> <li>(3) the Italian Transfer Instrument</li> </ul>
<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 Exploration Permits”</b>	Italian Exploration Permits F.R39.NP and F.R40.NP both found in Southern Adriatic Sea issued to Northern
<b>“Italian JOA”</b>	a joint operating agreement to be entered into 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) dated 30 November 2016 to purchase 10 per cent. interest of the Italian Assets
<b>“Italian Transfer Agreement”</b>	a transfer instrument to be entered into between (i) Northern (as transferor) and (ii) H2P (as transferee) relating to the transfer of 10 per cent. of the legal and beneficial interests in 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, Terrorist Financing and transfer of Funds (information on the payer) Regulations 2017 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 350,474,710 new Ordinary Shares to be issued pursuant to the Placing, the Acquisition, the Subscription and the Open Offer
<b>“Nil-Cost Option Shares”</b>	Ordinary Shares to be awarded pursuant to the exercise of the Nil-Cost Options
<b>“Nil-Cost Options”</b>	options to acquire Ordinary Shares where, at the discretion of the Board, the option holder does not have to pay an exercise price in order to exercise the option
<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>“NuVista”</b>	NuVista Energy Limited
<b>“NuVista Assets”</b>	all licences, wells and facilities relating to the White Map Area
<b>“NuVista SPA”</b>	a sale and purchase agreement dated 30 January 2017 between (i) NuVista (as seller) and (ii) Cabot Canada (as buyer) to purchase the NuVista Assets
<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 IV 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 8 Existing Ordinary Shares held on the Record Date pursuant to the Open Offer
<b>“Open Offer Share(s)”</b>	up to 39,478,629 New Ordinary Shares to be offered to Qualifying Shareholders pursuant to the Open Offer
<b>“Ordinary Share(s)”</b>	the ordinary shares of 1 pence each in the capital of the Company
<b>“Ouro Preto Australia”</b>	Ouro Preto Resources Pty Limited
<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>“Panel”</b>	the UK Panel on Takeovers and Mergers
<b>“Placees”</b>	those persons who have conditionally agreed to subscribe for Placing Shares under the Placing
<b>“Placing”</b>	the conditional placing by SP Angel on behalf of the Company of the Placing Shares at the Placing Price pursuant to the Placing Agreement

<b>“Placing Agreement”</b>	the conditional placing agreement between the Company and SP Angel dated on or about the publication of this Circular.
<b>“Placing Shares”</b>	28,700,000 New Ordinary Shares to be issued in the capital of the Company pursuant to the Placing
<b>“Proposals”</b>	the Acquisition, the Placing, the Subscription, the Open Offer, Whitewash Resolution, the Waiver and the additional authorities set out in the Resolutions
<b>“Proven Reserves”</b>	the estimated quantities of crude oil, natural gas, and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions
<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 Non-CREST Holders”</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 Non-CREST Holders and Qualifying CREST Holders (other than certain Overseas Shareholders)
<b>“Rainbow Assets”</b>	all of the petroleum and natural gas rights, tangibles and miscellaneous interests in the Rainbow area of northwest Alberta, Canada in which Cabot Canada and H2P Canada own an interest
<b>“Receiving Agent”</b>	Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA, United Kingdom
<b>“Record Date”</b>	6:00 p.m. in London on 15 December 2017
<b>“Registrar”</b>	Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA, United Kingdom
<b>“Regulation S”</b>	Regulation S under the Securities Act
<b>“Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended from time to time
<b>“Regulatory Information Service”</b>	as such term is defined in the AIM Rules
<b>“Relationship Agreement”</b>	The relationship agreement dated 19 December 2017 between H2P (1), SP Angel (2) and the Company (3)
<b>“Resolutions”</b>	the resolutions to be proposed at the General Meeting which are set out in the Notice
<b>“Responsible Directors of I-Pulse”</b>	Laurent Frescaline and Robert Friedland
<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>“RH Civita”</b>	Rockhopper Civita Limited
<b>“RH Civita SPA”</b>	a share transfer agreement between (i) Northern (as transferee) and (ii) Rockhopper Mediterranean Limited (as Transferor) dated 7 June 2017 to acquire the entire issued share capital of Rockhopper Civita
<b>“RH Mediterranean”</b>	Rockhopper Mediterranean Limited

<b>“Second Admission”</b>	the admission of the Open Offer Shares to trading on AIM becoming effective in accordance with the AIM Rules
<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>“SP Angel”</b>	SP Angel Corporate Finance LLP, the Company’s nominated adviser and broker, a company incorporated in England and Wales with registered number OC317049 , whose registered office is at Prince Frederick House, 35-39 Maddox Street, London W1S 2PP
<b>“stock account”</b>	an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited
<b>“Subscription”</b>	the conditional subscription of the Subscription Shares by H2P pursuant to the Subscription Agreement
<b>“Subscription Agreement”</b>	the conditional subscription agreement dated on or about the date of this Circular between the Company and H2P
<b>“Subscription Shares”</b>	178,500,000 New Ordinary Shares to be issued in the capital of the Company pursuant to the Subscription
<b>“Takeover Code”</b>	the UK City Code on Takeovers and Mergers (as amended from time to time)
<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>	all of the petroleum and natural gas rights, tangibles and miscellaneous interests in the Virgo area of northwest Alberta, Canada in which Cabot Canada and H2P own an interest
<b>“Waiver”</b>	the waiver which has been granted by the Panel, conditional upon the approval by the Independent Shareholders of the Whitewash Resolution on a poll, of the obligation to make a mandatory offer for the entire issued and to be issued share capital of the Company not already held by H2P which might otherwise be imposed on H2P under Rule 9 of the Takeover Code, as a result of the issue of the Consideration Shares and the Subscription Shares to H2P
<b>“White Map Area”</b>	three quarter sections in the Rainbow area of north west Alberta identified by the following descriptions using the Alberta Township Survey: Township 111 Range 06 W6M SW7; Township 111 Range 06 W6M NW6; Township 111 Range 06 W6M NE6
<b>“Whitewash Resolution”</b>	Resolution 1 set out in the Notice, which relates to the Waiver
<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.

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

## Cabot Energy Plc

(Registered in England and Wales with company number 02933545)

### NOTICE OF GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a General Meeting of Cabot Energy plc (the "**Company**") will be held on Friday, 5 January 2018 at 11.00 a.m. at Fieldfisher's offices, 9th Floor, Riverbank House, 2 Swan Lane, London EC4R 3TT, United Kingdom. The business of the meeting will be to consider and, if thought appropriate, to pass the following resolutions (the "**Resolutions**") which in the case of Resolutions 1 and 2 will be proposed as ordinary resolutions and Resolution 3 will be proposed as a special Resolution, Resolution 1 is to be taken on a poll of Independent Shareholders (as defined in the circular dated 19 December 2017 ("**Circular**") of which this Notice of General Meeting forms part).

### ORDINARY RESOLUTIONS

1. THAT, conditional on the passing of resolutions 2 and 3 below, approval is granted for the waiver by the Panel on Takeovers and Mergers of any requirement which might otherwise arise under Rule 9 of The City Code on Takeovers and Mergers for High Power Petroleum LLC ("**H2P**") to make a general offer for all of the issued shares of the Company as a result of any increase in the percentage of shares in the Company carrying voting rights in which H2P is or becomes interested as a result of H2P subscribing for Subscription Shares and/or receiving Consideration Shares, as is more fully described in the Circular. For the purposes of this resolution, capitalised terms shall have the meaning ascribed to them in the Circular.
2. THAT the directors of the Company are generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the "**Act**") in substitution for all previous authorisations to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company ("**Rights**"):
  - (a) up to an aggregate nominal amount of £287,000 in connection with the placing of the Company's ordinary shares of 1 penny each ("**Ordinary Shares**") by SP Angel Corporate Finance LLP, as agent of the Company, to certain institutional and other investors at a price of 5 pence (the "**Issue Price**") per share (the "**Placing**");
  - (b) up to an aggregate nominal amount of £1,785,000 in connection with the subscription by H2P of Ordinary Shares at the Issue Price (the "**Subscription**");
  - (c) up to an aggregate nominal amount of £394,786.29 in connection with an open offer made to the Company's shareholders to subscribe for new Ordinary Shares at the Issue Price, on the terms and conditions set out or referred to in Part IV of this Circular and, where relevant, the accompanying application form (the "**Open Offer**");
  - (d) up to an aggregate nominal amount of £1,037,960.81 in connection with the issue of Ordinary Shares to H2P pursuant to the acquisition by the Company of the issued share capital of High Power Petroleum (NOP) UK Limited pursuant to an acquisition agreement dated on or about the date of the Circular (the "**Acquisition**"); and
  - (e) otherwise than in connection with the Placing, the Subscription, the Open Offer and the Acquisition up to an aggregate nominal amount of £2,221,012.49,

and this authorisation shall, unless previously revoked by resolution of the Company, expire 15 months after the date of the passing of this resolution or, if earlier, at the conclusion of the next annual general meeting of the Company and that the Company may, at any time before such expiry, make offers or enter into agreements which would or might require shares to be allotted or Rights to be granted after such expiry and the directors may allot shares or grant Rights in pursuance of any such offer or agreement as if this authorisation had not expired.

### SPECIAL RESOLUTION

3. THAT the directors of the Company are empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the

authorisation conferred by Resolution 2 above as if section 561 of the Act did not apply to the allotment, provided that this power is limited to:

- (a) the allotment of equity securities in connection with an offer of, or invitation to apply for, equity securities made (i) to holders of Ordinary Shares in proportion (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them on the record date for such offer and (ii) to holders of other equity securities as may be required by the rights attached to those securities or, if the directors consider it desirable, as may be permitted by such rights, but subject in each case to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange;
- (b) the allotment (otherwise than pursuant to paragraph (a) above) of further equity securities:
  - (i) up to an aggregate nominal amount of £287,000 in connection with the Placing;
  - (ii) up to an aggregate nominal amount of £1,785,000 in connection with the Subscription;
  - (iii) up to an aggregate nominal amount of £394,786.29 in connection with the Open Offer;
  - (iv) up to an aggregate nominal amount of £1,037,960.81 in connection with the Acquisition; and
  - (v) otherwise than in connection with the Placing, the Subscription, the Open Offer and the Acquisition, up to an aggregate nominal amount of £666,303.75,

and this power shall, unless previously revoked by resolution of the Company, expire 15 months after the passing of this resolution or, if earlier, at the conclusion of the next annual general meeting of the Company, and that the Company may, at any time before the expiry of this power, make offers or enter into agreements which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement as if this power 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  
United Kingdom

## **Notes to the Notice of General Meeting:**

### ***Entitlement to attend and vote***

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), the Company specifies that only shareholders entered on the register of members of the Company at 6.00 p.m. on 3 January 2018 (or in the event that this meeting is adjourned, on the register of members at 6.00 p.m. 2 days (excluding any part of a day that is not a working day) prior to the time for holding the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares of the Company registered in their name at that time. Changes to the register after the relevant time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

### ***Appointment of proxies***

2. A shareholder is entitled to appoint one or more proxies to exercise all or any of his or her rights to attend and to speak and vote at the meeting. A proxy need not be a shareholder of the Company. A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder.
3. The appointment of a proxy will not preclude a shareholder from attending in person at the meeting and voting if he or she wishes to do so.

### ***Appointment of proxy using the accompanying proxy form***

4. A proxy form is enclosed. To appoint more than one proxy, please photocopy the form. Please state each proxy's name and the number of shares in relation to which each proxy is appointed (which, in aggregate, should not exceed the number of shares held by you) in the boxes indicated on the form. Please also indicate if the proxy form is one of multiple forms being returned. All proxy forms must be signed and should be returned together in the same envelope. In the case of joint shareholders, the signature of any one of them will suffice, but the names of all joint holders should be stated.
5. To be valid, a duly completed proxy form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be delivered by hand or sent by post to the offices of the Company's registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA, so as to be received not less than 48 hours (excluding non-business days) before the time fixed for the holding of the meeting or any adjournment of the meeting (as the case may be).

### ***Appointment of proxy through CREST***

6. CREST members who wish to appoint a proxy or proxies for the meeting, including any adjournments of the meeting, through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)). 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.
7. In order for a proxy appointment 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 ("Euroclear") 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 is 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 Neville Registrars Limited (ID 7RA11) no later than 48 hours (excluding non-business days) before the time fixed for the holding of the meeting or any adjournment of the meeting (as the case may be). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Neville Registrars is able to retrieve the message by 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.
8. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular message. 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 or her 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 providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
9. The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

### ***Changing proxy instructions***

10. 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.

### ***Termination of proxy appointments***

11. 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.

**Joint shareholders**

12. In the case of joint shareholders, the vote of the senior who tenders a vote, whether in person (including by corporate representative) or by proxy, shall be accepted to the exclusion of the votes of the other joint shareholders. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members.

**Corporate representatives**

13. 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.

**Issued shares and total voting rights**

14. As at the date of this notice of general meeting, the Company's issued share capital comprised 315,829,037 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 general meeting is 315,829,037.

**Communication**

15. Shareholders who have general queries about the meeting should use the following means of communication (no other methods of communication will be accepted):
  - (a) calling Neville Registrars Limited's shareholder helpline on 0121 585 1131 or from overseas on +44 (0)121 585 1131 (charged at the applicable international rates). Lines are open from 9.00 a.m. to 5.00 p.m. on business days (i.e. Monday to Friday but excluding public holidays); or
  - (c) in writing to the Company by email to [info@cabot-energy.com](mailto:info@cabot-energy.com).
16. You may not use any electronic address provided in this notice of general meeting or in any related documents (including the accompanying proxy form) to communicate with the Company for any purposes other than those expressly stated.