

INFORMATION MEMORANDUM

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, or the contents of this document, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent adviser duly authorised under the Financial Services and Markets Act 2000 (“FSMA”) who specialises in advising on the acquisition of shares and other securities. The whole of the text of this document should be read. Investment in the Company is speculative and involves a high degree of risk.

This document has been drawn up in accordance with the NEX Exchange Growth Market Rules for Companies and is being issued in connection with the proposed admission to trading on the NEX Exchange Growth Market Rules of the Bonds. This document does not constitute a prospectus for the purposes of FSMA and the Prospectus Rules and has not been approved by or filed with the Financial Conduct Authority. This document does not constitute, and the Company is not making an offer to the public within the meaning of sections 85 and 102B of FSMA.

The Directors, whose names appear on page 6 of this document, and the Company accept responsibility, both individually and collectively, for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. To the extent information has been sourced from a third party, this information has been accurately reproduced and, as far as the Directors and the Company are aware, no facts have been omitted which may render the reproduced information inaccurate or misleading. **Any information found to be incorrect or superseded due to a change in the Company’s business operations will be announced to the NEX Exchange Growth Market.** In connection with this document, no person is authorised to give any information or make any representation other than as contained in this document.

The NEX Exchange Growth Market, which is operated by NEX Exchange Limited (“NEX Exchange”), a recognised investment exchange, 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.

The NEX Exchange Growth Market is not classified as a Regulated Market under EU financial services law and NEX Exchange Growth Market securities are not admitted to the Official List of the United Kingdom Listing Authority. Investment in an unlisted company is speculative and involves a higher degree of risk than an investment in a listed company. The value of investments can go down as well as up and investors may not get back the full amount originally invested. An investment should only be considered by those persons who are prepared to sustain a loss on their investment. A prospective investor should be aware of the risks of investing in NEX Exchange Growth Market securities and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

An application has been made for the Bonds to be admitted to trading on the NEX Exchange Growth Market. It is expected admission will take place on or around 29 June 2017. Any individual wishing to buy or sell securities which are traded on the NEX Exchange Growth Market must trade through a stockbroker regulated by the Financial Conduct Authority as the market’s facilities are not available directly to the public.

The Company is required by NEX Exchange to appoint an NEX Exchange Corporate Adviser to apply on its behalf for Admission to the NEX Exchange Growth Market and must retain an NEX Exchange Corporate Adviser at all times. The responsibilities and duties of the NEX Exchange Corporate Adviser are set out in the NEX Exchange Corporate Adviser Handbook and the NEX Exchange Corporate Adviser is required to make a declaration to NEX Exchange in the form prescribed by Appendix B therein.

This document has not been examined or approved by NEX Exchange or the Financial Conduct Authority. A copy of this document has not been approved by and filed with the Financial Conduct Authority.

Angus Energy Plc



(Incorporated in England and Wales under the Companies Act 2006 with registration number 09616076)

Admission to NEX Exchange Growth Market

Issue of up to £3,500,000 sterling denominated
secured 8.5% Bonds due 2022

NEX Exchange Growth Market Corporate Adviser

ALFRED HENRY CORPORATE FINANCE LIMITED

(Authorised and Regulated by the Financial Conduct Authority)

THE WHOLE OF THIS DOCUMENT SHOULD BE READ AND YOUR ATTENTION IS DRAWN TO THE RISK FACTORS SET OUT IN PART II OF THIS DOCUMENT. ALL STATEMENTS REGARDING THE COMPANY’S BUSINESS, FINANCIAL POSITION AND PROSPECTS SHOULD BE VIEWED IN LIGHT OF SUCH RISK FACTORS. PROSPECTIVE INVESTORS SHOULD CONSIDER CAREFULLY WHETHER AN INVESTMENT IN THE COMPANY IS SUITABLE FOR THEM IN THE LIGHT OF THEIR PERSONAL CIRCUMSTANCES AND THE FINANCIAL RESOURCES AVAILABLE TO THEM.

This document does not constitute an offer to sell or the solicitation of an offer to buy shares or other securities in any jurisdiction in which such offer or solicitation is unlawful. The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any such distribution could result in a violation of the law of such jurisdictions.

This document is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see Part III: Documents Incorporated by Reference). This document should be read and construed on the basis that such documents are incorporated in and form part of this document.

This document is not being distributed to persons outside the UK. However, any recipient of this document in jurisdictions outside the UK should inform themselves about and observe any applicable legal requirements. The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer to sell or an invitation to purchase securities in the Company in any jurisdiction.

Alfred Henry Corporate Finance Limited, which is authorised and regulated by the Financial Conduct Authority and is a member of the NEX Exchange Growth Market, is acting as the Company's NEX Exchange Corporate Adviser in respect of the Admission. Alfred Henry Corporate Finance Limited is not acting for any other person and will not be responsible to any other person for providing the protections afforded to its customers, or for advising any other person in connection with the arrangements described in this document. The responsibilities of Alfred Henry Corporate Finance Limited, as Corporate Adviser, are owed solely to the Company. No warranty, express or implied, is made by Alfred Henry Corporate Finance Limited as to any of the contents of this document.

Neither the Company nor the Directors is providing prospective investors with any representations or warranties or any legal, financial, business, tax or other advice. Prospective investors should consult with their own advisers as needed to assist them in making their investment decision and to advise them whether they are legally permitted to purchase the Bonds.

No person has been authorised to give any information or to make any representation about the Company and about matters the subject of this document other than those contained in this document. If any such information or representation is made or given then it must not be relied upon as having been so authorised. The delivery of this document shall not imply that no change has occurred in the Company's affairs since the date of issue of this document or that the information in this document is correct as at any time after the date of this document, save as shall be required to be updated by law or regulation.

Copies of this document will be available free of charge during normal business hours on any day (except Saturdays, Sundays and public holidays) at the offices of the Company, and at Fladgate LLP at 16 Great Queen Street, London WC2B 5DG from the date of Admission until the date which is one month from the date of Admission. Additionally, an electronic version of this document will be available on the Company's website at www.angusenergy.co.uk.

IMPORTANT INFORMATION

Investment in the Company carries risk. There can be no assurance that the Company's strategy will be achieved and investment results may vary substantially over time. Investment in the Company is not intended to be a complete investment programme for any investor. The price of the Bonds can go down as well as up and investors may not realise the value of their initial investment. Prospective investors should carefully consider whether an investment in the Bonds is suitable for them in light of their circumstances and financial resources and should be able and willing to withstand the loss of their entire investment (see further under Part II: Risk Factors of this document).

Potential investors contemplating an investment in the Bonds should recognise that their market value can fluctuate and may not always reflect their underlying value. Returns achieved are reliant upon the performance of the Company. No assurance is given, express or implied, that Bondholders will receive back the amount of their investment in the Bonds.

If you are in any doubt about the contents of this document you should consult your stockbroker or your financial or other professional adviser.

Investment in the Company is suitable only for investors who have taken appropriate professional advice, who understand and are capable of assuming the risks of an investment in the Company and who have sufficient resources to bear any losses which may result therefrom.

Potential investors should not treat the contents of this document as advice relating to legal, taxation, investment or any other matters. Potential investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, or other disposal of the Bonds; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the Bonds that they might encounter; and (c) the income and other tax consequences that may apply in their own countries as a result of the purchase, holding, transfer or other disposal of the Bonds. Potential investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

This document should be read in its entirety before making any investment in the Company.

The contents of the Company's website, including any websites accessible from hyperlinks on the Company's website, do not form part of this document.

FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this document, including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations or statements relating to expectations in relation to dividends or any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "plans", "will", "may", "anticipates", "would", "could" or similar expressions or the negative thereof, are forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance, achievements of or dividends paid by, the Company to be materially different from future results, performance or achievements, or dividend payments expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. These forward looking statements speak only as of the date of this document.

Notice to Overseas Persons

The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Extraction of information from the Competent Person's Report

This document contains cross-references to information contained in the Competent Person's Report incorporated by reference in this document. The Company confirms that the information which has been extracted from the Competent Person's Report has been accurately reproduced and that so far as the Company is aware and is able to ascertain from the Competent Person's Report, no facts have been omitted which would render the extracts inaccurate or misleading. The Competent Person has reviewed the information contained in this document which relates to information contained in the Competent Person's Report and has confirmed in writing to the Company, and Alfred Henry, that the information presented is accurate, balanced and complete and not inconsistent with the Competent Person's Report.

Figures and currency

Various figures and percentages in tables in this document, including financial information, have been rounded and accordingly may not total. As a result of this rounding, the totals of data presented in this document may vary slightly from actual arithmetical totals of such data.

In the document, references to "Pounds sterling", "sterling", "GBP", "£", "pence", and "p" are to the lawful currency of the United Kingdom, and references to "\$", "US\$", "US dollars", "USD" or "dollars", are to the lawful currency of the USA.

Third party information

Where third party information has been used in this document, the source of such information has been identified. The Company takes responsibility for compiling and extracting, but has not independently verified, market data provided by third parties or industry or general publications and takes no further responsibility for such data.

References to times

All times referred to in this document are, unless otherwise stated, references to London time.

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DIRECTORS, SECRETARY AND ADVISERS

Directors	Jonathan Eldred Wilhelmus Tidswell-Pretorius (Executive Chairman) Paul Abram Vonk (Managing Director) Robert (“Rob”) James Shepherd (Non-Executive Director) Christian (“Chris”) de Goey (Non-Executive Director) Cameron Roy Marchand Buchanan (Non-Executive Director)
Company Secretary	Carlos Dos Santos Fernandes
Registered office	Building 3 Chiswick Park, 566 Chiswick High Street London W4 5YA
Company’s website	www.angusenergy.co.uk
NEX Exchange Corporate Adviser	Alfred Henry Corporate Finance Limited Finsgate 5-7 Cranwood Street London EC1V 9EE
Legal Advisers to the Company	Fladgate LLP 16 Great Queen Street London WC2B 5DG
Auditors to the Company and Reporting Accountants	Crowe Clark Whitehill LLP St. Bride’s House 10 Salisbury Square London EC4Y 8EH
Registrars	Share Registrars Limited The Courtyard 17 West Street Farnham Surrey GU9 7DR
Trustee	Woodside Corporate Services Limited 4 th Floor 50 Mark Lane London EC3R 7QR
Competent Person	Xodus Group Ltd Cheapside House 138 Cheapside London EC2V 6BJ

EXCHANGE RATE

The following illustrative exchange rate is used throughout this document to assist the understanding of this document:

- £1.00 = US\$1.24

All amounts in this document expressed in the above currency have, unless otherwise stated, been calculated using the above exchange rate.

Source: Bloomberg Markets,
as at 13 February 2017

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	24 May 2017
Admission and commencement of dealings in the Bonds	29 June 2017

The above times are estimates and may be altered at the election of the Company or Alfred Henry without notice.

Please refer to paragraph 16 of Part I for further detail on the expected date of Admission.

COMPANY DETAILS ON THE NEX EXCHANGE GROWTH MARKET

ISIN	GB00BZCCX320
Symbol	ANGB

DEFINITIONS

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

“Angus” or “the Company”	Angus Energy plc, incorporated in England and Wales on 1 June 2015 with registered number 09616076
“Act”	the Companies Act 2006, as amended
“Admission”	admission of the Bonds to trading on the NEX Exchange Growth Market and such admission becoming effective in accordance with the NEX Exchange Growth Market Rules
“Admission Share Capital”	214,980,287 Ordinary Shares comprising the 150,000,000 Ordinary Shares in issue immediately prior to AIM Admission together with the Placing Shares, the Conversion Shares, the Brockham Shares and the Fee Shares, being the issued ordinary share capital of the Company immediately following the AIM Admission
“AHL”	Angus Energy Holdings UK Limited, a company incorporated in Scotland with registered number SC366110, being a wholly owned subsidiary of the Company
“AHL Group”	AHL, AWB1, AWB2 and AWB3
“AHL Group Financial Information”	the audited historical financial information of the AHL Group for the three years ended 30 September 2015 and the six-month period ended 31 March 2016, as set out in Part IV(D) of the AIM Admission Document
“AIM”	the AIM market operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange governing admission to, and the operation of, AIM as in force as at the date of this document or, where the context so requires, as amended or modified after the date of this document
“AIM Admission”	admission of the Admission Share Capital to trading on AIM and such admission becoming effective in accordance with the AIM Rules
“AIM Admission Document”	the admission document in relation to AIM Admission published by the Company on 7 November 2016
“Alba”	Alba Mineral Resources plc, a company incorporated in England and Wales with registered number 5285814 and whose ordinary shares are admitted to trading on AIM
“Alfred Henry”	Alfred Henry Corporate Finance Limited, of Finsgate, 5-7 Cranwood Street, London EC1V 9EE, being the Company’s NEX Exchange Corporate Adviser under the NEX Exchange Growth Market Rules
“Angus Group” or “Group”	Angus, AHL, AWB1, AWB2 and AWB3
“Angus Licence Partners”	the respective partners, alongside Angus, in the Brockham Licence and the Lidsey Licence

“Appointee”	has the meaning given to that term in the terms and conditions of the Bonds set out in Part IV (Terms and Conditions of the Bonds) of this document
“Articles” or “Articles of Association”	the articles of association of the Company from time to time
“Audited Accounts”	accountant’s report and audited financial statements of the Company for the year ended 30 September 2016
“AWB1”	Angus Energy Weald Basin No. 1 Limited, a company incorporated in Scotland with registered number SC427386, being a wholly owned subsidiary of AHL
“AWB2”	Angus Energy Weald Basin No. 2 Limited, a company incorporated in England and Wales with registered number 06975039, being a wholly owned subsidiary of the Company
“AWB3”	Angus Energy Weald Basin No. 3 Limited, a company incorporated in Scotland with company number SC055329, being a wholly owned subsidiary of AWB2
“Beaumont Fee Shares”	the 250,000 Ordinary Shares issued to Beaumont Cornish Limited on AIM Admission as referred to in paragraph 18 of Part I of the AIM Admission Document
“Bonds”	the sterling denominated secured 8.5% bonds due 2022 issued by the Company on the terms of the Trust Deed
“Bondholders”	the persons who are registered as the holders of Bonds from time to time
“Bribery Act”	the Bribery Act 2010
“Brockham Agreement”	the agreement dated 15 November 2015 between the Company, AHL, AWB3 and BCL, Brockham Energy LLP and Meredith Brodie (as landlord of the Brockham land), further details of which are set out in paragraph 13.4 of Part VI of this document
“Brockham Capital Limited” or “BCL”	Brockham Capital Limited, a company incorporated in England and Wales with company number 02196647, being a party to the Brockham Agreement
“Brockham Energy LLP” or “BE LLP”	a limited liability partnership registered in England and Wales with registered number OC381502, being a party to the Brockham Agreement
Brockham Licence” or “PL235”	Production Licence PL235 granted by the Secretary of State to the original signatories thereto, dated 28 October 1983, further details of which are set out in Part V of this document
“Brockham Shares”	the 1,666,667 Ordinary Shares issued and allotted to Brockham Capital Limited on AIM Admission pursuant to the Brockham Agreement
“Brockham Warrants”	warrants to subscribe for 833,333 Ordinary Shares issued to Brockham Capital Limited, details of which are set out in

	paragraph 13.4 of Part VI of this document
“Broker Warrants”	warrants to subscribe for 2,916,667 Ordinary Shares issued to Optiva, details of which are set out in paragraph 13.1 of Part VII of the AIM Admission Document
“City Code”	the City Code on Takeovers and Mergers, published by the Panel
“Company Financial Information”	the audited historical financial information of the Company for the period from incorporation on 1 June 2015 to 31 March 2016, as set out in Part IV(B) of the AIM Admission Document
“Competent Person” or “Xodus”	Xodus Group Limited, the independent technical consultant appointed under the NEX Exchange Growth Market Rules for mineral companies
“Conversion Shares”	the 4,480,287 Ordinary Shares issued on AIM Admission to Energists pursuant to the Convertible Loan Deed
“Convertible Loan Deed”	the \$200,000 convertible loan deed between AHL and Energists, as amended, further details of which are set out in paragraph 13.16 of Part VI of this document
“CPR” or “Competent Person’s Report”	the competent person report set out in Part III of the AIM Admission Document (as revised as set out in this document, where relevant)
“CREST”	the computerised settlement system to facilitate the transfer of title in securities and the holding of securities in uncertificated form which is operated by Euroclear
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended from time to time)
“Current Share Capital”	the 234,162,105 Ordinary Shares in issue as at 15 February 2017 being the latest practicable date prior to the date of this document
“DECC”	the Department of Energy and Climate Change
“Directors” or “Board”	the directors of the Company as at the date of this document, being Jonathan Tidswell-Pretorius, Paul Vonk, Rob Shepherd, Chris de Goey and Cameron Buchanan
“Doriemus”	Doriemus plc, a company incorporated in England and Wales with registered number 03877125 and whose ordinary shares are admitted to trading on the NEX Exchange Growth Market
“EA”	the Environment Agency
“EMI Options”	the options to subscribe for Ordinary Shares under the EMI Share Option Scheme, details of which are set out in paragraphs 8.2 and 14 of Part VI of this document
“EMI Share Option Scheme”	the Enterprise Management Incentive share option scheme established by the Company, a summary of which is set out in paragraph 14 of Part VI of this document

“Energists”	Energists Holdings, LLC, a company registered in the State of Texas, US
“Euroclear”	Euroclear UK & Ireland Limited
“Europa”	Europa Oil and Gas Limited, a company incorporated in England and Wales with registered number 3093716
“Existing Shareholders”	the shareholders as at the date of AIM Admission being Jonathan Tidswell-Pretorius, Paul Vonk, Knowe, David Davies, Stuart Kilnan, UKOG, JDA and Michael Lakin
“Fee Shares”	the Beaumont Fee Shares and the Waldorf Fee Shares
“FCA”	the Financial Conduct Authority
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“Gigasoft”	Gigasoft Holdings plc, of 2 nd Floor Cambridge House, Cambridge Road, Essex, CM20 2EQ
“HHDL”	Horse Hill Developments Ltd, a company incorporated in England and Wales with company number 08808553
“Holmwood Licence”	PEDL143 granted by the Secretary of State on 3 May 2005
“Horse Hill Licences”	PEDL137 granted by the Secretary of State on or around 1 October 2004 and PEDL246 granted by the Secretary of State on or around 1 July 2008
“HMRC”	HM Revenue & Customs
“IFRS”	International Financial Reporting Standards as adopted by the European Union
“NEX Exchange”	NEX Exchange Limited, of 2 Broadgate, London, EC2M 7UR
“NEX Exchange Growth Market”	the NEX Exchange primary market segment operated by NEX Exchange for dealings in unlisted securities admitted to trading in accordance with the NEX Exchange Growth Market – Rules for Issuers
“NEX Exchange Growth Market Rules” or “The Rules”	the NEX Exchange Growth Market Rules published by the NEX Exchange governing admission to, and the operation of, the NEX Exchange Growth Market as in force as at the date of this document or, where the context so requires, as amended or modified after the date of this document
“Isle of Wight Licence”	PEDL331 granted by the Secretary of State on 20 July 2016
“JDA”	JDA Consulting Limited, a company registered in the British Virgin Islands with company registration number 144746
“Joint Operating Agreement”	an agreement relating to the conduct of operations on, and the rights and obligations of, the parties in respect of a Licence further details of which are set out in paragraph 3 of Part V

(Regulatory Environment) of this document.

“JVCo”	Angus Energy North America Limited, a company incorporated in England and Wales with registered number 10355604
“Knowe”	Knowe Properties Limited, a company incorporated in Scotland with registered number SC048970
“Lidsey Licence” or “PL241”	Production Licence PL241 granted by the Secretary of State for Energy to the original signatories thereto, dated 2 December 1983, further details of which are set out in Part V of this document
“Licence”	Production Licence or PEDL as the context admits
“LSE” or “London Stock Exchange”	The London Stock Exchange plc
“Model Clauses”	the model clauses for production licences in landward areas set out in Schedule 4 to the Petroleum (Production) Regulations 1982, which are incorporated into the terms of the Brockham Licence and the Lidsey Licence
“Official List”	the Official List of the UK Listing Authority
“OGA”	the Oil and Gas Authority, an independent government company established by the UK Government in its current form on 1 October 2016
“Optiva”	Optiva Securities Limited, of 2 Mill Street, London W1S 2AT, being the Company’s broker
“Ordinary Shares”	ordinary shares of 0.2 pence each in the capital of the Company
“Panel”	the Panel on Takeovers and Mergers, which administers the City Code
“Paying Agent”	has the meaning given to that term in the terms and conditions of the Bonds set out in Part IV (Terms and Conditions of the Bonds) of this document
“PEDL”	a United Kingdom onshore petroleum exploration and development licence issued by the Secretary of State for Trade and Industry or a successor thereto (including the Secretary of State for Energy and Climate Change), under the relevant Petroleum Act and related regulations
“Petroleum Act”	the Petroleum (Production) Act, 1934 or the Petroleum Act 1998, as appropriate
“Placing”	the placing by Optiva on behalf of the Company of the Placing Shares at the Placing Price, pursuant to the Placing Agreement, which completed at AIM Admission
“Placing Agreement”	the agreement dated 7 November 2016 and made between (1) the Company (2) the Directors (3) Optiva and (4) Beaumont Cornish, a summary of the principal terms of which is set out

	in paragraph 13.2 of Part VI of the AIM Admission Document
“Placing Price”	6 pence per Placing Share
“Placing Shares”	58,333,333 Ordinary Shares issued and allotted by the Company at AIM Admission pursuant to the Placing
“Production Licence” or “PL”	a United Kingdom onshore production licence issued by the Minister of Power, the Secretary of State for Energy or a successor thereto, under the relevant Petroleum Act and related regulations
“Pro Forma Financial Information”	the unaudited pro forma statement of net assets of the Angus Group as at 31 March 2016, as set out in Part V(A) of the AIM Admission Document
“Prospectus Rules”	the Prospectus Rules brought into effect on 1 July 2005 pursuant to Commission Regulation (EC) No. 809/2004
“Redemption Date”	the redemption date of the Bonds being 30 June 2022
“Regency”	Regency Mines plc, a company incorporated in England and Wales with registered number 05227458, whose ordinary shares are admitted to trading on AIM
“Registrar”	has the meaning given to that term in the terms and conditions of the Bonds set out in Part IV (Terms and Conditions of the Bonds) of this document
“Secondary Placing”	the private placing by the Company of 18,181,818 Ordinary Shares through Optiva, further details of which are set out in paragraph 4.3 of Part VI (Additional Information) of this document
“Security Deed”	the security deed to be made between AWB3 (1) and the Trustee (2) pursuant to which the Bonds will be secured, further details of which are set out in paragraph 13.21 of Part VI of this document
“Shareholders”	the persons who are registered as the holders of Ordinary Shares from time to time
“Share Charge”	the share charge to be made between AWB2 (1) and the Trustee (2) pursuant to which the Bonds will be secured, further details of which are set out in paragraph 13.21 of Part VI of this document
“subsidiary”	as defined in the Act
“Terrain”	Terrain Energy Limited, a company incorporated in England and Wales with registered number 7004014
“Terrain Agreement”	the agreement made between AWB3 (1) and Terrain (2) dated 16 December 2016, a summary of which is set out in paragraph 13.7.6 of Part VI of this document
“Trust Deed”	the trust deed to be made between the Company (1) and

the Trustee (2) pursuant to which the Bonds will be constituted, further details of which are set out in paragraph 13.20 of Part VI of this document

“Trustee”	Woodside Corporate Services Limited of 4th Floor 50 Mark Lane, London, EC3R 7QR
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority”	the UK Listing Authority, being the FCA acting in its capacity as the competent authority for the purposes of FSMA
“UKOG”	UK Oil & Gas Investments plc, a company incorporated in England and Wales with registered number 05299925, whose ordinary shares are admitted to trading on AIM
“Unapproved Options”	the options to subscribe for Ordinary Shares under the Unapproved Share Option Scheme, details of which are set out in paragraphs 8.2 and 14 of Part VI of this document
“Unapproved Share Option Scheme”	the share option scheme established by the Company, a summary of which is set out in paragraph 14 of Part VI of this document
“US” or “United States”	the United States of America, each State thereof (including the District of Columbia), its territories, possessions and all areas subject to its jurisdiction
“US Securities Act”	the United States Securities Act of 1933 as amended
“Waldorf Fee Shares”	the 250,000 Ordinary Shares issued to Waldorf & Statler Ltd on AIM Admission as referred to in paragraph 18 of Part I of the AIM Admission Document
“Warrants”	together, the Brockham Warrants and the Broker Warrants

GLOSSARY OF TECHNICAL TERMS

1P	Taken to be equivalent to Proved Reserves; denotes low estimate scenario of Reserves
2D	Two dimensional seismic data covering length and depth of a given geological surface
2P	Taken to be equivalent to the sum of Proved plus Probable Reserves; denotes best estimate scenario of Reserves
3P	Taken to be equivalent to the sum of Proved plus Probable plus Possible Reserves; denotes high estimate scenario of Reserves
AAPG	American Association of Petroleum Geologists
API	American Petroleum Institute gravity
AVO	Amplitude versus offset or amplitude variation with offset is often used as a direct hydrocarbon indicator
bbbl	US barrel
Best Estimate	An estimate representing the best technical assessment of projected volumes. Often associated with a central, P50 or mean value
boepd	US barrels of oil equivalent per day
bopd	Barrel of oil per day
Brent	Brent Crude Benchmark
BS&W	Base Solids and Water
CF-1	Collendean Farm-1 well
Contingent Resources	Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorised in accordance with the level of certainty associated with the estimates and may be subclassified based on project maturity and/or characterised by their economic status.
COS	Exploration or geological chance of success. The probability, typically expressed as a percentage that a given outcome will occur
CPI	Computer-processed interpretation
D	Day
discount rate	The interest rate used to discount future cash flows into a value of a reference date
expectation	The mean of a probability distribution

Ft

Foot/feet

° F / ° C	Degrees Fahrenheit / Centigrade
FDP	Field Development Programme
FVF	Formation Volume Factor
FWL	Free water level
GDT	Gas Down To
GIIP	Gas Initially In Place
GR	Gamma ray
GOR	Gas Oil Ratio
GRV	Gross Rock Volume
GWC	Gas-water contact
H	Thickness
High Estimate	An estimate representing the high technical assessment of projected volumes. Often associated with a high or P ₁₀ value
HCIIP	Hydrocarbons Initially in Place
HH-1	Horse Hill-1 well
K	Permeability
k _a	Air permeability
Kh	Permeability-thickness
km ²	Square kilometres
Kw	Water Permeability
Lead	A feature identified on seismic data that has the potential to become a prospect. Usually a Lead is associated with poorer quality or limited 2D seismic data.
LKG	Lowest Known Gas
Low Estimate	An estimate representing the low technical assessment of projected volumes. Often associated with a low or P ₉₀ value.
m	Metres
MD	Measured depth
Mean	Arithmetic average of a series of values
MM or mm	Million
MDRKB	Measured Depth Rotary Kelly Bushing
MDBRT	Measured depth Below Rotary Table
MDT	Modular Dynamic Tester
Mean	The arithmetic average of a set of values
MM	Million
MMbo	Millions of barrels of oil

MMboe	Millions of barrels of oil equivalent
MMstb	Millions of barrels of stock tank oil
MSL	Mean Seal Level
N/G	Net to Gross
NPV	Net Present Value (of a series of cash flows)
OBM	Oil based mud
ODT	Oil down to
OWC	Oil water contact
P10/high estimate	There should be at least a 10 per cent. probability that the quantities actually recovered will equal or exceed the high estimate.
P50/best estimate	There should be at least a 50 per cent. probability that the quantities actually recovered will equal or exceed the best estimate
P90/low estimate	There should be at least a 90 per cent. probability that the quantities actually recovered will equal or exceed the low estimate
Pres	Reservoir pressure
PEDL	Petroleum Exploration and Development Licence
PL	Production Licence
Possible Reserves	has the meaning given to that term in the PRMS
PRMS	Resources Management System (2007 and 2011) prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers
Probable Reserves	has the meaning given to that term in the PRMS
Producing	Related to development projects (e.g. wells and platforms): Active facilities, currently involved in the extraction (production) of hydrocarbons from discovered reservoirs.
Prospect	A project associated with a potential accumulation that is sufficiently well defined to represent viable drilling target or COS greater than 10 per cent.
Prospective Resources	Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of discovery and a chance of development. Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be subclassified based on project maturity.
Proved Reserves	has the meaning given to the that term in the PRMS
PVT	Pressure Volume Temperature: Measurement of the variation in petroleum properties as the stated parameters are varied.

Reserves	Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorised in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterised by development and production status.
Seismic	Use of sound waves generated by controlled explosions to ascertain the nature of the subsurface geological structures. 2D records a cross section through the subsurface while 3D provides a three dimensional image of the subsurface.
Standard Rules	the standard rules made by the EA pursuant to the Environmental Permitting (England and Wales) Regulation 2010 (as amended)
stb	Stock tank barrel, a measure of the volume of treated oil stored in stock tanks
scf/d	Standard cubic feet (measured at 60 degrees F and 14.7 psia) per day
SPE	Society of Petroleum Engineers
STOIP	Stock tank oil initially in-place

EXECUTIVE SUMMARY

A summary of the Bonds is set out below:

Denomination:	The nominal amount of each Bond is £1.00
Minimum Investment:	The minimum investment is £1.00
Income:	8.5% interest per annum, payable quarterly on each of 31 March, 30 June, 30 September and 31 December pro rata from the date of the investment to the next interest date, and distributed within 15 working days of each subsequent interest date until the end of the five year term of the Bonds. The first Interest Payment Date will be 30 June 2017.
Security:	<p>Pursuant to the terms of the Security Deed, security will be granted by AWB3 to the Trustee to be held on trust for the Bondholders in the following form; first ranking mortgage over any properties owned by AWB3, first fixed charge over any other assets owned by AWB3, an assignment by way of security over the benefit of contracts and insurance policies to which AWB3 is a party and a floating charge over assets not otherwise mortgaged, charged or assigned.</p> <p>In accordance with UK oil and gas industry standard practice (and as required by the Joint Operating Agreements in place in relation to both Brockham and Lidsey) the security granted under the Security Deed will be granted on the basis that it is expressed to be subordinated to the rights of the participants under those Joint Operating Agreements (and any future Joint Operating Agreements entered into by AWB3). The intention of such subordination provisions is to give priority to any claims made against AWB3 by the parties to Joint Operating Agreements (in respect of any breaches by AWB3 of a Joint Operating Agreement) over those of the Trustee, Paying Agent and Bondholders (in respect of any breach by the Company in relation to the Bonds) in circumstances where AWB3 is in default under a Joint Operating Agreement contemporaneously with the Company being in default in relation to the Bonds. Ordinarily such claims in respect of the Joint Operating Agreements, being unsecured claims, would rank behind the fixed charge element of the security in the Security Deed and, other than in respect of the statutory "prescribed part" required to be set aside for unsecured creditors, also rank behind the floating charge element of the security in the Security Deed in terms of priority. The Company considers that the risk of AWB3, as operator of both the Brockham Licence and Lidsey Licence, being in contemporaneous default, is remote, as it would be in a position to manage the operations at Lidsey and Brockham including its cash requirements. Further it is unclear whether on the insolvency of AWB3, the contractual subordination provisions in the Joint Operating Agreements would be enforceable in accordance with their terms so as to be capable of disrupting the statutory order of priority.</p> <p>Further details in relation to the statutory order of priority and the intention, and potential effects, of the subordination arrangements are set out in the risk factor entitled "Enforcement of security" in Part II (Risk Factors) of this document.</p> <p>In addition to the Security Deed and pursuant to the Share Charge, security will be also granted by AWB2 to the Trustee to be held on trust for the Bondholders in the following form: a fixed charge over the entire issued share capital of AWB3 and all dividends or other distributions paid or payable in respect of such share capital from the date of the Share Charge. The security granted under the Share Charge is <u>not granted</u> on the basis that it is expressed to be subordinated to any rights of participants under any Joint Operating Agreements.</p>
Total principal amount of the Bonds:	£3,500,000
Maturity Date:	30 June 2022

Ranking:	All the Bonds shall rank <i>pari passu</i> , equally and rateably, without discrimination or preference alongside all Bondholders
Events of default:	On the occurrence of an event of default specified in in the terms and conditions of the Bonds (condition 12.1) the Trustee may, or upon the request in writing of the holders of at least 75% of the Bonds or if so directed by an extraordinary resolution of the Bondholders shall, require the Bonds to be redeemed immediately at their principal amount together with accrued interest
Withholding Taxes:	Income is paid net of basic rate tax for UK individuals and gross for pension schemes and overseas investors
Transferable:	The Bonds shall be freely transferrable through CREST and are not transferable in certificated form
Listed/unlisted:	An application has been made to admit the Bond to trading on the NEX Exchange Growth Market in accordance with the NEX Exchange Growth Market Rules
Meetings of Bondholders:	The Company or Trustee may, at any time, convene a meeting of the Bondholders and the Trustee must do so if so required by the holders of at least 10% of the Bonds
Event on death:	On the death of a Bondholder the relevant Bonds will form part of the deceased's estate

**INFORMATION CONTAINED IN THIS EXECUTIVE SUMMARY MUST BE
CONSIDERED IN CONJUNCTION WITH THE TRUST DEED**

PART I

INFORMATION ON THE COMPANY

1. Introduction

The Angus Group operates a UK onshore focused oil and gas business with interests in two recently producing oil fields in southern England with development and exploration upside. The Directors' objective is to build the Angus Group into one of the leading UK onshore oil and gas production companies.

The business of the Angus Group was founded in 2009 by Jonathan Tidswell-Pretorius, a successful oil and gas drilling engineer, by the acquisition of non-producing licences onshore UK with a strategy of implementing cost efficient production techniques to revive dormant fields and provide cash flow to further grow the business.

In 2012, AHL acquired, through a subsidiary, the entire issued share capital of Key Petroleum (UK) Limited (now renamed Angus Energy Weald Basin No. 2 Limited) which indirectly holds the Group's interests in the Lidsey Licence and Brockham Licence.

On AIM Admission the Company raised £3.5 million, pursuant to the Placing, principally to fund its share of the costs of a phased development programme on the Brockham and Lidsey Licences which is expected to bring production in Lidsey up to an average of 279 bopd (gross) in its first year of production and average production from Brockham Portland reservoir to 93 bopd (gross) in its first year of production, as assessed by independent competent person, Xodus (Source: CPR Section 4, Table 4.5 and Section 5, Table 5.6). The Company sees this as a first step as it seeks further to exploit the opportunities within its existing licence portfolio. In addition to targeting an increase in production from the Portland reservoir in its Brockham Licence the Company will also assess the hydrocarbon potential in the Brockham Kimmeridge layers that were tested successfully in the adjacent Horse Hill Licences in the first quarter of 2016 as well as the Brockham Corallian layers.

2. Overview of interests

Lidsey and Brockham

Angus's subsidiary AWB3 is an OGA approved operator and owns interests in, and is the sole operator of, two recently producing onshore oil fields, both located in the UK Weald Basin in southern England, that the Company believes offer significant upside production potential. These fields were producing until 31 January 2016 when they were shut in due to upgrade work at Brockham, as further detailed below. The Angus Group's interest in each Licence is as follows:

1. 65 per cent.^{1,3} of the Brockham oil field located in Surrey in PL235; and
2. 50 per cent.² of the Lidsey oil field located in West Sussex in PL241.

In the year to 31 December 2015, gross production averaged 35 bopd at Brockham and 25 bopd at Lidsey (net to Angus 21 bopd and 12 bopd respectively). These figures have been negatively impacted by the low up-time rates of the sites which will be remedied as part of the surface upgrade programme.

The CPR incorporated by reference in this document reports on the two fields.

¹ As per the farm-out agreement between ABW3 and Alba, dated 14 September 2016, ABW3 has agreed to assign a 5 per cent. participating interest in the Brockham Licence to Alba on the basis of certain financial commitments from Alba (as set out in paragraph 4.3.4 of Part V of this document). Completion of the farm-out agreement and, therefore, the assignment of the participating interest and the coming into force of Alba's financial commitments, are conditional on the satisfaction of certain conditions precedent, including the approval of the other participants and of the OGA. Under the farm-out agreement Alba has elected to be bound by its financial commitments immediately on the basis that ABW3 holds the 5 per cent. participating interest on trust for Alba pending completion. The 65 per cent. interest figure takes into account this trust arrangement.

- 2 As per the farm-out agreement between AWB3, Doriemus and AHL, dated 21 November 2013, Doriemus has the right to an additional 10 per cent. of production from the first additional Lidsey well, and is responsible for an additional 10 per cent. of the costs in respect thereof, reducing Angus's share of interests from the planned Lidsey well to 40 per cent.
- 3 As per the Terrain Agreement, AWB3 has agreed to acquire half of Terrain's interest in the Brockham Licence, being a 10% interest, in consideration for a £100,000 payment, debt relief and costs carry arrangements which come into force on the date of the Terrain Agreement (details of which are set out in paragraph 13.7.6 of Part VI of this document). Completion of the transfer of the 10% interest is conditional on the satisfaction of certain conditions precedent, including the approval of the other participants and of the OGA. As at 15 February 2017, being the latest practicable date prior to the date of this document, completion has not yet taken place. The 65 per. cent interest figure takes into account the additional 10 per. cent interest notwithstanding completion has not yet occurred.

Disposal of interests in the Horse Hill Licences and resulting interests

On 10 December 2013, HHDL was incorporated as a special purpose vehicle, initially wholly owned by the Angus Group, holding a 65 per cent. interest in the Horse Hill Licences (PEDL 137 and PEDL 246) located in the UK Weald Basin. Since such time, AHL has been a party to certain investment and disposal agreements relating to HHDL, as more particularly described in paragraph 13.9 of Part VI of this document. Pursuant to such agreements, the Angus Group received certain cash payments and consideration shares and warrants over shares in Alba, Regency and UKOG. AHL has progressively disposed of its interests in HHDL and the resulting consideration shares and warrants, such that no member of the Angus Group now holds any interest in HHDL nor in the Horse Hill Licences.

The Company has used some of the cash raised by selling its interest in HHDL to fund the start of the surface upgrade programme at Brockham, expected to amount to a total cost of approximately £189,000 net to Angus (Source: CPR Table 5.5). This work is ongoing and Angus expects it to be completed shortly.

Disposal of interest in Isle of Wight licence and resulting interests

The Angus Group was granted a 5 per cent. interest in the PEDL331 licence, located in the Isle of Wight and covering blocks SZ38a, SZ47, SZ48a, S757 and SZ58a, pursuant to the 14th Onshore Oil and Gas Licensing round on 17 December 2015. The Isle of Wight Licence was formally issued on 20 July 2016.

On 10 August 2016, AHL entered into binding heads of agreement, under which it agreed to dispose of this interest in the Isle of Wight Licence to Doriemus, for £200,000, satisfied by the issue and allotment of 500,000,000 ordinary shares in Doriemus, which AHL has subsequently disposed of in their entirety.

Other interests

On 3 February 2016 AWB3 entered into a farm-out agreement to acquire a 12.5% economic interest in the Holmwood Licence from Europa pursuant to which it will pay 25% of the costs of the Holmwood-1 exploration well up to a gross well cost of £3.2 million. Further details of this agreement are set out in paragraph 13.10 of Part VI (Additional Information) of this document.

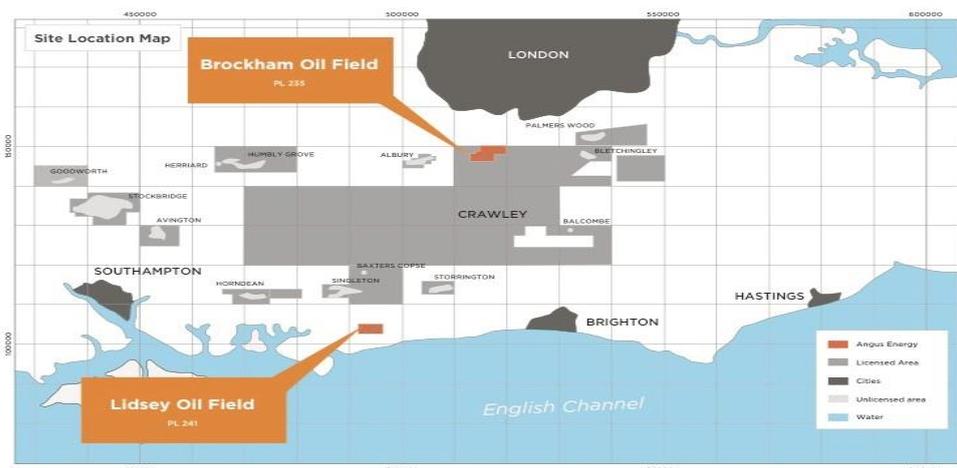
AWB3 will participate in the drilling of the planned Holmwood-1 exploration well, which obtained planning consent during 2015, that will test the Holmwood Prospect's identified Portlandian and Corallian sandstone reservoirs and the same Jurassic section that tested oil from Kimmeridge limestones at Horse Hill.

3. Overview of operations

3.1 Summary

The Angus Group's assets are all located in the Weald Basin in South East England as set out in Figure 1. The Weald Basin is a proven petroleum system with several commercial producing fields and discoveries, mostly on the flanks of the basin. Since the early 1980s, oil field production has been from Goodworth, Horndean, Humbly Grove, Palmers Wood, Singleton, Stockbridge and Storrington, and gas production from the Albury field. The Lidsey and Brockham fields both also produced oil until January 2016 and are currently shut in. (Source: CPR, Section 3.3)

Figure 1: Location map of PL241 and PL235



(Source: CPR Section 2 Figure 2.1)

Xodus, the Competent Person, provided details on the Company’s Brockham Licence and Lidsey Licence, remaining reserves and contingent resources at the Lidsey oil field and remaining reserves and contingent resources at the Brockham oil field and details are summarised in Tables 1, 2 and 3 below.

Table 1: Group Petroleum Licence Interests

Asset, Country	Operator	Group Interest	Status	Licence Expiry	Licence Area (km ²)
Brockham PL235, UK	Angus Group	65% ^{1,3,4,5}	Producing	27/10/2017	8.9
Lidsey PL241, UK	Angus Group	50% ^{2,3}	Producing	01/12/2017	5.3

(Source: CPR Section 2 Table 2.1)

- 1 As per the farm-out agreement between ABW3 and Alba, dated 14 September 2016, ABW3 has agreed to assign a 5 per cent. participating interest in the Brockham Licence to Alba on the basis of certain financial commitments from Alba (as set out in paragraph 4.3.4 of Part V of this document). Completion of the farm-out agreement and, therefore, the assignment of the participating interest and the coming into force of Alba’s financial commitments, are conditional on the satisfaction of certain conditions precedent, including the approval of the other participants and of the OGA. Under the farm-out agreement Alba has elected to be bound by its financial commitments immediately on the basis that ABW3 holds the 5 per cent. participating interest on trust for Alba pending completion. The 65 per cent. interest figure takes into account this trust arrangement.
- 2 As per the farm-out agreement between AWB3, Doriemus and AHL, dated 21 November 2013, Doriemus has the right to an additional 10 per cent. of production from the first additional Lidsey well, and is responsible for an additional 10 per cent. of the costs in respect thereof, reducing Angus’ share of interests from the planned Lidsey well to 40 per cent.
- 3 As per the farm-out agreement between AWB3, BE LLP and AHL dated 3 December 2013 in respect of the Lidsey Licence and 25 April 2014 in respect of the Brockham Licence, BCL’s joint account costs associated with its 10 per cent. interest in both Licences are carried by Angus.
- 4 Under the farm-out agreement between ABW3 and Doriemus, dated 28 January 2014, Doriemus would have been required to fund £100,000 of the new well costs at Brockham; if Doriemus’ participating interest share of joint account costs exceeded £100,000, AWB3 would have been responsible for the additional amount which would otherwise have been due from Doriemus; and if Doriemus’ participating interest share of joint account costs did not exceed £100,000, AWB3’s share of joint account costs would have been reduced by such excess. On 6 October 2016 it was agreed between the parties that Doriemus would fund its participating interest share of such costs (i.e. 10 per cent.) in full and that the provisions of the January 2014 farm-out agreement in this respect would not apply.
- 5 As per the Terrain Agreement, AWB3 has agreed to acquire half of Terrain’s interest in the Brockham Licence, being a 10% interest, in consideration for a £100,000 payment, debt relief and costs carry arrangements which came into force on the date of the Terrain Agreement (details of which are set out in paragraph 13.7.6 of Part VI of this document).

Completion of the transfer of the 10% interest is conditional on the satisfaction of certain conditions precedent, including the approval of the other participants and of the OGA. As at 15 February 2017, being the latest practicable date prior to the date of this document, completion has not yet taken place. The 65 per. cent interest figure takes into account the additional 10 per. cent interest notwithstanding completion has not yet occurred.

Table 2: Gross and Net Reserves (in '000 bbl)

Oil Reserves (‘000 bbl)	Angus Group’s working interest	Gross Volumes			Net to Angus Group		
		1P	2P	3P	1P	2P	3P
Brockham Field (PL235)	65% ^{1,3,4, 5}	69	82	92	45	53	60
Lidsey Field (PL241)	50% ^{2,3}	6	6	6	3	3	3
Total		75	88	98	48	56	63

Source: CPR Section 1 Table 1.2)

1. See footnote 1 to Table 1.
2. See footnote 2 to Table 1.
3. See footnote 3 to Table 1.
4. See footnote 4 to Table 1.
5. See footnote 5 to Table 1.

Table 3: Gross and Net Contingent Resource (in ‘000 bbl)

<i>Oil Contingent Resources</i> (‘000 bbl)	<i>Angus Group’s working interest</i>	<i>Gross Volumes</i>			<i>Net to Angus Group</i>			<i>RF⁶</i>
		<i>1C</i>	<i>2C</i>	<i>3C</i>	<i>1C</i>	<i>2C</i>	<i>3C</i>	
Brockham Oil Field (PL235)	65% ^{1,3,4, 5}	89	237	283	58	154	184	75%
Lidsey Oil Field (PL241)	50% ^{2,3}	296	568	739	118	227	296	75%
Total		385	805	1022	176	381	480	

(Source: CPR Section 1 Table 1.3)

1. See footnote 1 to Table 1.
2. See footnote 2 to Table 1.
3. See footnote 3 to Table 1.
4. See footnote 4 to Table 1.
5. See footnote 5 to Table 1.
6. Risk Factor for Contingent Resources means the estimated chance, or probability, that the volumes will be commercially extracted.

3.2 The Brockham oil field – PL235

The Angus Group has an effective 55 per cent. interest in the Brockham Licence which was originally granted on 28 October 1983 and is located in the Weald Basin in Surrey, southern England, which contains the Brockham oil field. The Angus Group acquired its interest and operatorship in PL235 on 6 July 2012 through the acquisition of the entire issued share capital of Key Petroleum (UK) Limited (since renamed AWB2). Figure 1 contains a location map of the PL235 Licence. AWB3, a subsidiary of the Angus Group, is the operator of the Brockham Licence.

The Brockham oil field contains a small recently producing reservoir in a footwall fault-block

structure in Upper Jurassic Portland Sandstones sealed by Purbeck Anhydrites and shales. It was discovered by BP through well Brockham-X1 in 1987. Since then three further wells and several side-tracks have been drilled on the field, with mixed success. The field was producing at approximately 35 bopd through well Brockham-X2Z, which is believed to be completed in a section overlaying the reservoir itself. The well was shut in and production suspended on 31 January 2016 to allow for surface upgrades at Brockham to take place with the intention of making the production facility compliant with expected future regulatory requirements and to prepare for the recently completed Brockham-X4Z (completed in accordance with the Brockham work programme set out in Part 1 of the AIM Admission Document) which passes through not only the Portland but also the Kimmeridge and Corallian formations. The Company is currently interpreting the well log data obtained from Brockham and will base its next steps in relation to Brockham-X4Z on the results of its interpretation. The Group expects incremental production to result from the access to the Portland reservoir (Source: CPR Section 5.1).

Since acquiring the field in July 2012, the Group has focused its attention on re-establishing production and acquiring a comprehensive understanding of the subsurface: additional 2D seismic was acquired, processed and interpreted, the existing wells were logged and a fault finding programme was implemented. A single well was re-perforated and has been the field's producing well and a new ten year lease from 14 August 2013 was entered into with the landowner, securing the long term production capacity of the facility.

The facilities at the Brockham oil field are a self-contained well site production facility that has been fully operational (Source: CPR Section 5.6) and are permitted by the relevant authorities.

Historically the Company has agreed certain arrangements with the landlord of the Brockham land, Meredith Brodie, and certain of her related parties (being BCL and BE LLP) whereby for a 10 per cent. carried interest in the Brockham Licence and the Lidsey Licence in favour of BCL and an annual cash payment of £140,000 to be paid to BCL, ABW3 was granted a lease over the Brockham land and certain other rights, such as the right to inject off-site water at Brockham. Further, the Group will be obliged to make additional payments in the event that the Group's production reaches certain levels. Further details of these arrangements are set out in paragraphs 13.4 and 13.6 of Part VI of this document.

The Directors are currently negotiating a new oil off-take contract with various off-takers. These discussions are ongoing and the Directors believe that a contract with a new off-taker will be completed before the end of Q2 2017. Historically, Brockham's 28° API oil has been blended with the Lidsey 40° API oil and traded at a slight discount to the Brent oil price.

The current effective interests in the Brockham Licence are (subject to completion of the Alba transfer and the transfer provided for in the Terrain Agreement):

Angus Group (AWB3) (Operator)	65%
Terrain	10%
Doriemus	10%
BCL	10%
Alba	5%

BCL's interest is carried by the Angus Group, meaning that the Angus Group is responsible for BCL's proportion of any required contributions.

Pursuant to an agreement entered into on 23 October 2015, the Angus Group granted Alba an option to farm in to 5 per cent. of the Brockham Licence on a "two for one promote" basis, whereby, in order to earn its 5 per cent. interest, Alba was required to fund 10 per cent. of the cost of a new well, from spudding to first oil. On 9 August 2016, Alba notified Angus of its intention to exercise such option, subject to certain agreed variations to Alba's financial commitments, further details of which are set out in paragraph 4.3.4 of Part VI of this document. The above interests in the Brockham Licence assume completion of the Alba farm-out pursuant to the farm-out agreement signed by AWB3 and Alba on 14 September 2016, which as at 15 February 2017 (being the latest practicable date prior to the publication of this document), remains conditional on the satisfaction

of certain conditions precedent, including obtaining the consent of the OGA and all participants. As referred to in footnote 1 to Table 1 above, Alba's obligations in respect of the financing of operations at the Brockham Licence are currently in force pending formal completion of the farm-out, on the basis that AWB3 holds the 5 per cent. interest on trust for Alba.

Pursuant to the Terrain Agreement, the Angus Group agreed to purchase half of Terrain's interest in the Brockham Licence (being a 10% interest in the Brockham Licence) for a consideration including an immediate payment of £100,000, debt relief and bearing certain of Terrain's share of costs in relation to the Brockham Licence, further details of which are set out in paragraph 13.7.6 of Part VI of this document. The above interests in the Brockham Licence assume completion of the transfer of the 10% interest from Terrain to the Angus Group, which as at 15 February 2017 (being the latest practicable date prior to the publication of this document), remains conditional on the satisfaction of certain conditions precedent, including obtaining the consent of the OGA and all participants.

Work Programme

The work in respect of Brockham-X4Z, set out in paragraph 3.2 of Part I of the AIM Admission Document, was completed during the course of January 2016. As a result of that work the Group has obtained well log data in relation to each of the Portland, Kimmeridge and Corallian formations and is currently interpreting that data in order to assess the production potential of those formations. If the Group decides to complete the well in the Portland formation the campaign is expected to increase oil production from the Portland reservoir by an average of approximately 93 bopd (gross) in the first year before the onset of natural decline. (Source: CPR Section 5 Table 5.6). If the interpretation of the well log data indicates good potential in the Kimmeridge or Corallian formations the Group may decide to commence production from these reservoirs.

PEDL 137, the adjacent licence to Brockham, which contains the Horse Hill-1 well (HH-1) provides a good analogue for the Brockham subsurface and the successful HH-1 well test results, as announced by UKOG in Q1 2016, are very encouraging for the Kimmeridge potential at Brockham. The test results from HH-1 and subsequent subsurface studies are also discussed in the CPR (see CPR Section 2.2).

The original Brockham-X1 well, drilled by BP in 1987, confirms the presence of three Kimmeridge Limestone layers at Brockham; two of these limestone layers were successfully tested at the Horse Hill-1 well and proved the presence of moveable hydrocarbons in these layers.

At the time of the AIM Admission, the gross cost of Brockham-X4Z was estimated at approximately £1.142 million (which represented a net cost to Angus of £0.914 million). (Source: CPR Section 5 Table 5.5). As at 15 February 2017 (being the last practicable date prior to the date of this document) total expenditure had amounted to £1,134,526, (representing a net cost to Angus of £907,621).

The gross cost of the surface upgrade work carried out at Brockham amounted to £309,522 (compared to the £314,932 estimate provided for in the CPR).

Licence Renewal

The Brockham Licence is due to expire on 27 October 2017 but the OGA have confirmed that it intends to renew licences whenever possible, provided that all necessary consents and permits are in place and that production continues to be economically viable. Accordingly, the Directors believe that the Company will be able to renew this Licence on expiry.

3.3 The Lidsey oil field – PL241

The Angus Group has a 50 per cent. interest in the Lidsey Licence which was originally granted on 2 December 1983 and is located in the Weald Basin, onshore England, which contains the Lidsey oil field. The Group acquired its interest and operatorship in PL241 on 6 July 2012 through the acquisition of the entire issued share capital of Key Petroleum (UK) Limited (since renamed

AWB2). Figure 1 contains a location map of the PL241 Licence. A subsidiary of the Angus Group (AWB3) is the operator of the Lidsey Licence.

The Lidsey field was discovered in 1987 by the Lidsey-X1 well which remains the only well on the field. Oil was encountered in the Middle Jurassic Great Oolite Limestones. The field has been on production intermittently. On 6 July 2012 Angus, acquired its share in Lidsey and assumed operatorship. Last year the field produced at a rate of around 25 bopd before the well was shut-in on 31 January 2016. Angus intends to drill a new long horizontal production well, Lidsey-2, in the higher section of the Massive Oolite reservoir. (Source: CPR Section 4.1)

Since acquiring what was then a non-producing asset in July 2012, the Angus Group has implemented an upgrade programme and enabled production, upgraded the topside facilities, including environmental upgrades such as ground water monitoring wells, re-perforated Lidsey-1 and cleaned out the well, acquired new 2D seismic, re-processed and interpreted the subsurface and arranged a new 10-year lease as from 22 January 2013 with the landowner to enable continued long-term production at the facility.

The Lidsey surface facility currently comprises a single production well tied-in to two main separators operating alternately. Production relies on a beam pump that raises the produced fluid to the surface and pumps into the operating separator. (Source: CPR Section 4.7)

The Lidsey oil field's surface facilities are operational with onsite oil storage of approximately 1,600 barrels (Source: CPR Section 4.7) and are permitted by the relevant authorities.

The current interests in the Lidsey Licence are as follows:

Angus Group (AWB3) (Operator)	50%
Terrain	20%
Doriemus	20%
BCL	10%

BCL's interest is carried by the Angus Group, meaning that the Angus Group is responsible for BCL's proportion of any required contributions.

The Angus Group and Doriemus hold 50 per cent. and 20 per cent. interests respectively in the Lidsey Licence but, as per the farm-out agreement dated 21 November 2013, Doriemus has the right to an additional 10 per cent. of production from the first additional Lidsey well and an obligation to pay an additional 10 per cent. of the cost of that first additional well.

Along with Brockham, Lidsey is currently suspended whilst the upgrades are underway at Brockham; the works at the Brockham site mean that water from the Lidsey field cannot be injected at Brockham.

The Directors are currently negotiating a new oil off-take contract with various off-takers on the basis mentioned above at paragraph 3.2. Historically, Lidsey's 40° API oil has been blended with Brockham's 28° API and traded at a slight discount to the Brent oil price.

Work Programme

Following regulatory approval from the OGA, the Environmental Agency and the Health and Safety Executive's Energy Division as well as agreement with the respective licence partners, the Group plans to drill a new long horizontal production well, Lidsey-2, in the higher section of the Massive Oolite reservoir in H1 2017, that is expected to increase oil production to an average of approximately 279 bopd (gross) in the first year before the onset of natural decline. (Source: CPR Section 4.1 and Table 4.5). Planning permits are in place for the new horizontal well and the Directors are preparing the Environmental Agency application for the new well under the Standard Rules. The Directors therefore believe that the new well, subject to rig availability, can be spudded within a few months after Admission.

The gross cost of the proposed new long horizontal production well on the Lidsey oil field is

estimated at £2.275 million, which is a net cost to Angus of £1.138 million (assuming Doriemus bears 30 per cent. of these costs as required under the farm-in agreement described in paragraph 4.3.1 of Part V of this document). (Source: CPR Section 4.9 and Table 4.4)

Licence Renewal

The Lidsey Licence is scheduled to expire on 1 December 2017 but the OGA have confirmed that it intends to renew licences wherever possible, provided that all necessary consents and permits are in place and that production continues to be economically viable. Accordingly, the Directors believe that the Company will be able to renew this Licence on expiry.

4. CPR Executive Summary

The CPR incorporated by reference in this document contains an Executive Summary substantially in the form reproduced below save that the Executive Summary contained in the CPR does not reflect the Terrain Agreement or the completion of the work programme at Brockham in respect of the Brockham-X4Z sidetrack and surface upgrades. The Executive Summary reproduced below has been amended to reflect these matters.

“Executive Summary

Angus Energy Plc (“Angus”, “the Client”, or “the Company”) has interests in Licences PL 235 and PL 241. There are two producing oil fields on these licences. Angus intends to further develop the producing fields by means of drilling and completing an additional producer in each of Brockham (PL 235) and Lidsey (PL 241).

This report focuses on conventional oil developments in the Oolite Limestones (Lidsey) and Portland Sandstones (Brockham) only and has not included any deeper potential that can be classified as unconventional².

In the last few years the unconventional oil and gas potential in the Weald has received significant attention and various operators have undertaken studies and tested wells to improve their understanding of this potential (most notably Horse Hill Development Limited’s drilling and testing of the Horse Hill-1 (“HH-1”) well). The flow tests of the HH-1 well nearby the Brockham field were carried out in the first quarter of 2016 and indicated the potential of the deeper Kimmeridge Limestones³. UK Oil & Gas Investments PLC on 21 March 2016 announced that the HH-1 well had flow-tested from 16 February 2016, at a total aggregate stable dry oil flow rate of 1688 barrels of oil per day (“bopd”) from two Kimmeridge limestones plus the overlying Portland sandstone. The Kimmeridge reservoirs are classified as unconventional. Nevertheless, the well tests indicated that conventional industry techniques may be sufficient to develop and produce the petroleum. Further well flow tests are planned by the Horse Hill operator. It is Xodus’ view that whilst the flow test results at Horse Hill are a relevant analogue for the Kimmeridge potential in the Brockham field, given the lack of understanding of the subsurface model it is not possible to provide any meaningful figures or chance of success associated with the Kimmeridge potential in Brockham. A recent study by Nutech Energy Alliance Ltd (“Nutech”)⁴ on the deeper sections of the Brockham-1 well has identified oil potential in the Portland, Kimmeridge, Oxford, Oolite and Lias. In the report Nutech provides estimates of the volumes of oil in place per square mile, based on the Brockham-1 well. Xodus has read the Nutech report. Although it presents an interesting comparison with the Horse Hill-1 potential, Xodus’s view is that there is insufficient information available to provide a credible assessment of the petroleum volumes in place and/or recoverable from the deeper reservoirs that is in accordance with the PRMS standards and AIM guidelines.

Technical Review

The licences are situated in the Weald Basin in South Eastern England. The Weald Basin is a proven petroleum system with several commercial producing fields. Major reservoirs discovered to date occur in Middle Jurassic carbonates and Upper Jurassic sandstones.

2 A type of petroleum that is produced from or obtained through techniques other than traditional reservoirs or wells. The primary sources of unconventional oils are heavy oils, oil shale, oil sands and tight sands.

3 See for instance the press announcement “Further Update on Horse Hill-1 Flow Test” dated 9 March 2016 on the UKOG website (<http://www.ukogplc.com/>)

The Lidsey field was discovered in 1987 by the Lidsey-X1 well which encountered oil in the Middle Jurassic Great Oolite Limestones. The reservoir trap is provided by a footwall tilted fault block structure, dip closed to the north and fault sealed to the south and the reservoir top seal is provided by the Oxford Clay. The field has been on production intermittently and is currently shut in. Angus intends to drill a new long horizontal production well, Lidsey-2, in the higher section of the Massive Oolite reservoir.

The Brockham field contains a small producing reservoir in a footwall fault-block structure in Upper Jurassic Portland Sandstones sealed by Purbeck Anhydrites and shales. It was discovered by BP through well Brockham-X1 in 1987. Since then three further wells and several side-tracks have been drilled on the field, with a mixed degree of success. The field is currently shut in. Angus has completed Brockham-X4Z into the higher quality Portland reservoir section (Unit 4.1) and also into the deeper Kimmeridge and Corallian formations.

The gross Stock Tank Oil Initially In Place (“STOIP”) volumes estimated by Xodus for the two reservoirs are as per Table 1.1 below.

Table 1.1: Gross STOIP Volumes (in MMbbl)

Gross STOIP (MMbbl)	Low	Best	High
Brockham Field (PL 235) – Portland formation	1.7	2.8	4.3
Lidsey Field (PL 241)	5.8	9.7	15.1

The gross and net Reserves estimated by Xodus are as per Table 1.2 below. These volumes reflect ongoing production from the existing wells on the two fields. At the prevalent oil prices at the time of writing of this report (Brent crude trading at \$45-\$50 per barrel) and at current operating costs, volumes from these two fields can be commercially produced.

Table 1.2: Gross and Net Reserves (in ‘000 bbl)

Oil Reserves (‘000 bbl)	W.I.	Gross Volumes			Net to Angus		
		1P ⁵	2P	3P	1P	2P	3P
Brockham Field (PL 235)	65% ^{6,7}	69	82	92	45	53	60
Lidsey Field (PL 241)	50%	6	6	6	3	3	3
Total		<u>75</u>	88	98	<u>48</u>	56	<u>63</u>

- 5 1P, 2P and 3P denote the Proved, Proved + Probable and Proved + Probable + Possible Reserves respectively as defined under the PRMS.
- 6 On 9 August 2016, Alba Mineral Resources Plc (“Alba”) exercised an option to acquire a 5 per cent. equity interest in the Brockham licence in return for a 10 per cent. contribution to the Capex cost of the upcoming new development well on the field.
- 7 As per the Terrain Agreement, AWB3 has agreed to acquire half of Terrain’s interest in the Brockham Licence, being a 10% interest, in consideration for a £100,000 payment, debt relief and costs carry arrangements which came into force on the date of the Terrain Agreement (details of which are set out in paragraph 13.7.6 of Part VI of this document). Completion of the transfer of the 10% interest is conditional on the satisfaction of certain conditions precedent, including the approval of the other participants and of the OGA. As at 15 February 2017, being the latest practicable date prior to the date of this document, completion has not yet taken place. The 65 per. cent interest figure takes into account the additional 10 per. cent interest notwithstanding completion has not yet occurred.

The gross and net recoverable volumes from the proposed developments on the fields as estimated by Xodus are provided in Table 1.3 below. They are classified as Contingent Resources. These volumes reflect the notional field development plans that Angus has developed for the two fields and include the drilling of a new horizontal well in each of the fields and field facilities improvements. The new recoverable volumes are contingent upon Angus achieving internal and external authorisation of its development plan and on securing adequate financing. The technical and operational risk is deemed to be relatively small and the reservoir risk is reflected in the P90-P50-P10 production profiles. An overall Commercial Risk Factor is estimated of 75 per cent. for each field to reflect the limited

technical risk and remaining commercial risk.

Table 1.3: Gross and Net Contingent Resources (in '000 bbl)

Oil Contingent Resources (‘000 bbl)	W.I.	Gross Volumes			Net to Angus			RF ⁷
		1C ⁸	2C	3C	1C	2C	3C	
Brockham Field (PL 235)	65%	89	237	283	58	154	184	75
Lidsey Field (PL 241)	40% ⁹	296	568	739	118	227	296	75
Total		<u>385</u>	<u>805</u>	<u>1022</u>	<u>176</u>	<u>381</u>	<u>480</u>	

- 7 “Risk Factor” for Contingent Resources means the estimated chance, or probability, that the volumes will be commercially extracted. (AIM Note for Mining and Oil & Gas Companies – June 2009)
- 8 1C, 2C and 3C denote the low, best and high estimate scenario of Contingent Resources respectively as defined under the PRMS.
- 9 Pursuant to an agreement with Doriemus plc, Angus has 40 per cent. interest (50 per cent. paying interest) in Lidsey-X2.

Economics

An economic analysis was carried out on the Reserves on the Brockham and Lidsey fields. The results are provided in Table 1.4. The Reserves have a small positive Net Present Value (“NPV”).

Table 1.4: Net Present Value of Reserves (in £MM)

Post Tax NPV (10%) (£MM)	Gross NPV			Net to Angus		
	1P	2P	3P	1P	2P	3P
Reserves	0.15	0.19	0.24	0.88	0.11	0.13
Total	<u>0.15</u>	<u>0.19</u>	<u>0.24</u>	<u>0.08</u>	<u>0.11</u>	<u>0.13</u>

For completeness Xodus also determined the NPV for the unrisks Contingent Resources volumes as assessed in this report (Table 1.5).

Table 1.5: Net Present Value of unrisks Contingent Resources (in £MM)

Post Tax NPV (10%) (£MM)	Gross NPV			Net to Angus		
	1C	2C	3C	1C	2C	3C
Contingent Resources	1.3	8.5	10.9	0.0	4.4	6.1
Total	<u>13</u>	<u>8.5</u>	<u>10.9</u>	<u>0.0</u>	<u>4.4</u>	<u>6.1</u>

Conclusions

Xodus has reviewed the available information on the two assets and concludes that Angus has performed a reasonable and robust interpretation of the available data. The production profile ranges presented in this report reflect the status of current understanding of the fields and Angus’s development plans.

Xodus believes that the figures in this report accurately reflect the potential on the two fields, given current knowledge.”

Additionally in order to reflect the Terrain Agreement, and the expenditure in respect of the completion of Brockham-X4Z and the surface upgrades at Brockham, the following information contained in table at paragraph 2.1 of section 2 of the CPR and table 5.5 of section 5 of the CPR should be read as follows:

2.1 Licence Details

Asset, Country	Operator	Angus Interest	Status	Licence Expiry	Licence Area (km ²)
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PL 235, UK	Angus	65%	Producing	27/10/2016	8.9
PL 241, UK	Angus	50%	Producing	01/12/2016	5.3

Table 5.5: Capital Expenditure Summary

Capital expenditure	Units	Total Brockham Field	Net to Angus
Drillex	GBP	1,134,526	907,621
Facilities	GBP	309,522	247,618

5. Company History

The Angus Group was founded in 2009 by Jonathan Tidswell-Pretorius, a successful oil drilling engineer. Jonathan started by acquiring non-producing licences onshore UK with a strategy of implementing cost efficient production techniques to revive dormant fields and provide cash flow to further grow the business.

Since its inception, the Group engineered and consulted on various onshore drilling projects. It drilled Whisby 5 for Blackland Park Exploration Limited as partner and managed and engineered the entire process until completion. The Group (through now dissolved corporations in which it held a minority interest) also participated in the drilling of wells at Kirklington and Eaking Dukes Wood in Nottinghamshire, oversaw drilling and operational activities on the Horse-Hill-1 oil discovery and, as described in paragraph 3 of this Part I, re-established production at both the Lidsey and Brockham oil fields.

The Group's historical activities in relation to the Kirklington and Eaking Dukes Wood sites have resulted in the Group attracting a decommissioning liability following discussions with the OGA (based on the historical 10 per cent. interest held by the now-dissolved former holders of the relevant Licences in which the Group held a 20 per cent. interest). The Directors estimate that the amount of the decommissioning liability for which the Angus Group may be held responsible is unlikely to be material and believe that any future cash payment obligation is unlikely in the short-to-medium term.

The Group has developed a comprehensive in-house system to manage all technical and commercial aspects of its onshore operations. A key operational competency is that AWB3 is recognised as a qualified operator by the OGA, a pre-requisite to be able to drill for oil and operate production facilities in the UK. The Group has also developed a strong in-house technical capability and operations team that oversee daily activities at its two oil fields at Lidsey and Brockham.

Group activities are managed by a capable management team based in London with strong technical and commercial skills that are responsible for overall strategy and business development and also overseeing day-to-day operational, financial reporting and commercial matters.

To minimise operating costs and leverage its business model, the Angus Group management has developed successful technical and commercial relationships with a team of experienced external consultants that can be called upon for major projects involving such as a seismic campaign, subsurface geological and geophysical interpretation, well planning and design, health and safety, and co-ordination with various entities (the OGA/DECC, Environmental Agency, councils, land owners etc.). For example, the AHL Group was instrumental in assisting HHDL acquire a 65 per cent. interest in the Horse Hill Licences from Magellan Petroleum (UK) Limited, including identification and technical evaluation of the opportunity. The AHL Group initially provided the management of, and assisted in obtaining the funding for, the HHDL joint venture at a formative time in its development. The AHL Group then subsequently arranged for specialist technical operations in relation to the exploration well planning and approval and site preparation,

drilling and completion were completed with the services of the network of trusted external consultants that work alongside the Group. This enabled the successful drilling at the Horse Hill-1 well that was drilled on-time and on-budget, and resulted in an oil discovery.

6. The Onshore Oil and Gas Industry in the UK

The onshore oil and gas industry in the UK has been in existence for over 150 years. Before the First World War, the UK obtained almost all of its oil and gas from outside the country. Oil was discovered in Scotland in 1851 followed by gas in England in 1896.

During both World Wars the need for Britain to produce its own oil to help the war effort rather than rely on imports became of real importance to the Government and legislation was introduced to enable companies to explore for hydrocarbons more readily.

In 1973, the Wytch Farm oilfield in Eastern Dorset was opened in an area of outstanding natural beauty and today it is the largest onshore oilfield discovery in the UK.

Following significant offshore North Sea oil and gas discoveries in the 1960s and the rapid growth in offshore production, onshore oil and gas activity also started to accelerate again after the 1979 oil crisis. As prices rose, domestic production in both the onshore and offshore became increasingly important.

Onshore UK today, there are 120 sites with 250 operating wells producing between 20,000 and 25,000 boepd and around 2,000 wells have now been drilled. Approximately 250,000 barrels per day of produced water is disposed of under permits from the relevant authorities.

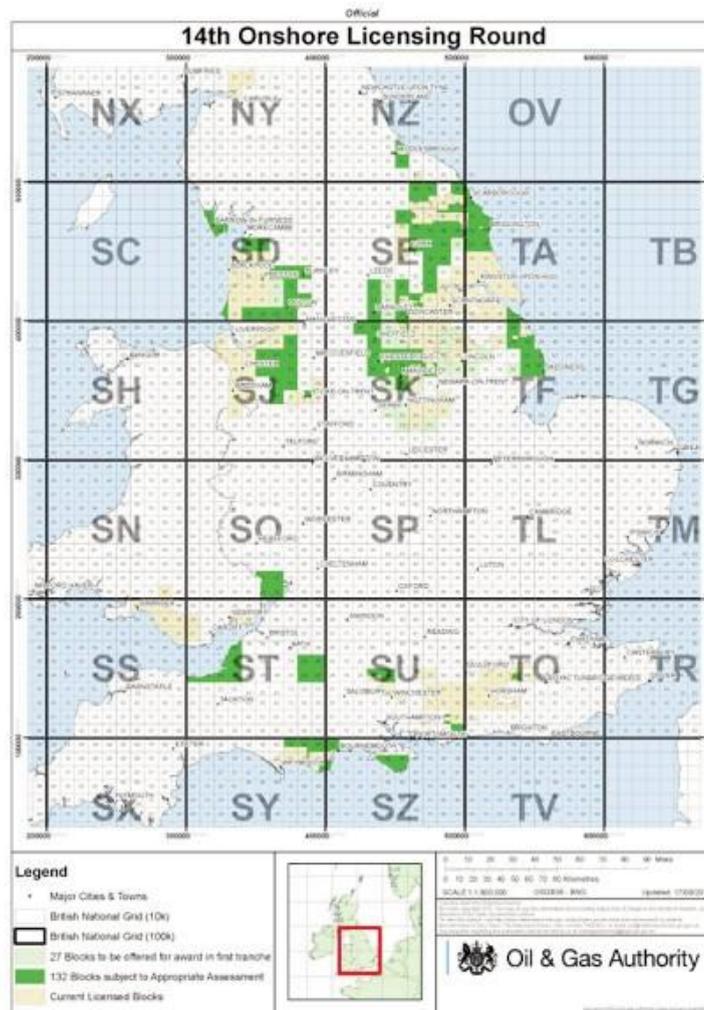
The onshore oil and gas industry is regulated by a number of statutory bodies including the Environment Agency in England, Scottish Environment Protection Agency in Scotland and Natural Resources Wales (NRW) in Wales, the Health and Safety Executive and the OGA. The OGA operates as a government company responsible for the regulation of the UK oil and gas industry. Established in its current form on

1 October 2016, the OGA has taken over certain functions and powers previously held by DECC or the Department for Business, Energy and Industrial Strategy (BEIS), including the power to award licences, consent to licence assignments, approve abandonment programmes, and regulate oil and gas exploration and production including wells and other infrastructure.

A UK Petroleum Exploration and Development Licence (PEDL) allows a company to pursue a range of oil and gas exploration, development and production activities, subject to conditions placed upon them (if any), necessary drilling/development consents and planning permission. The PEDL is the current form of UK onshore oil and gas licence, having replaced the predecessor production licence (PL) for the grant of new licences under the Petroleum Act 1998.

The 14th Landward Licensing Round was launched on 28 July 2014 and closed on 28 October 2014. A total of 95 applications were received from 47 companies covering 295 ordnance survey blocks. On 17 December 2015 it was announced that licences for a total of 159 blocks were formally offered to successful applicants.

Figure 2: British Onshore Oil & Gas Exploration



(Source: <https://www.gov.uk/guidance/oil-and-gas-onshore-exploration-and-production>)

UK onshore exploration and development activity continues, led by a range of companies that are focused on the UK onshore. Similar to the North Sea offshore oil and gas exploration and production sector, there are a range of companies active in the UK onshore sector including:

- quoted companies on the AIM market of the London Stock Exchange such as:
- Igas Energy Plc;
- Egdon Resources Plc;
- Europa Oil & Gas (Holdings) Plc; and
- UKOG;
- quoted companies on the NEX Exchange Growth Market, including Stellar Resources Plc and Doriemus;
- a number of private groups such as INEOS, the Perenco Group and Terrain, a partner in the Company's producing oilfields; and
- a number of larger London quoted E&P companies, international integrated oil companies and UK and international energy utilities.

The fiscal terms associated with UK onshore oil and gas licences are set out in section 6 of the CPR.

7. Overall Strategy

The Directors' objective is to create long term value for shareholders by building the Angus Group into one of the leading UK onshore oil production companies. The Directors' strategy to deliver that is to focus on three areas:

- Increase production and recovery from its existing asset portfolio.
- Grow the asset portfolio through select onshore development and appraisal projects.
- Actively manage costs and risks through operational and management control of the entire process of exploring, appraising and developing its assets.

The Directors plan to focus activity over the next 12 months on its existing properties at Brockham and Lidsey. Both development wells will, if successful, provide a strong financial basis for further growth of the Company, whilst assessing the hydrocarbon potential of the Kimmeridge Limestones at Brockham which could prove transformational. The Company expects that it can bring gross production in Lidsey up to an average of 279 bopd in its first year of production and average gross production from Brockham Portland reservoir to 93 bopd in its first year of production, as assessed by independent competent person, Xodus. The Company believes that it will also be able to bring the previous production at Brockham back to its historic level of gross production of 35 bopd (21 net to Angus) in conjunction with the additional production set out above.

The current oil price also provides the potential for a listed company that is an OGA-qualified operator, has an in-house management team with technical knowledge and operational and commercial skills to identify and acquire new projects.

The Directors continue to review a range of such new projects both onshore UK and internationally in economically and politically stable economies, that fit the Company's investment and operating criteria.

8. Financial Information, Current Trading and Future Prospects

8.1 Financial Information

The AHL Group's year end is 30 September and the AHL Group Financial Information (the three years ended 30 September 2015 and the six months ended 31 March 2016) and the Audited Accounts (for the year ended 30 September 2016) have been incorporated by reference into this document and are available on the Company's website: www.angusenergy.co.uk.

The AHL Group Financial Information reflects the then existing capital structure of AHL as at the three years ending 30 September 2015 and the six months ended 31 March 2016. At this time, AHL was the holding company and had a 95 per cent. interest in AWB1, AWB2 and AWB3. Following a group re-organisation in April 2016, the current group structure, as fully set out in paragraph 3.3 of Part VI of this document, was put in place. As such the AHL Group Financial Information covers the operations of the AHL Group as existed as at 31 March 2016.

The Company Financial Information, the Pro Forma Financial Information and audited financial statements of the Company for the year ended 30 September 2016 (which were published on 30 December 2016) are incorporated by reference into this document.

In addition, the Pro Forma Financial Information is incorporated by reference into this document.

The AHL Group's historic trading is as follows:

£000's	2013	2014	2015	2016
Revenue	915	801	446	73
Gross profit/(loss)	572	526	192	(17)
Profit/(loss) before tax	(78)	1,968	(2,047)	109

Further financial information is set out in the financial information incorporated by reference into this document.

8.2 Current Trading

Following the successful well test results from Horse Hill-1 in early 2016, the Directors decided to sell the Group's remaining 12 per cent. interest in HHDL to UKOG for a total consideration of £1,800,000, being £1,000,000 in cash and 43,886,116 new shares in UKOG. This transaction closed on 15 April 2016 and greatly enhanced the Group's financial position. It allowed the Group to reduce its creditors and other liabilities while focusing on its Brockham and Lidsey work programmes (as set out in Part 1 of each of the AIM Admission Document and this document). The decision to divest its interest in HHI also allowed the Group to exit a non-operated minority interest in HHDL and focus its endeavours on the further development of the Portland and Kimmeridge potential on its adjacent, operated and 55 per cent. owned Brockham oilfield, while simultaneously removing any exposure to current and future cash calls associated with the long term assessment of HH-1 and moving it from exploration to production. In preparation for the surface upgrades at Brockham, the Brockham oil field was shut in on 31 January 2016. This also closed the water injection well requiring the simultaneous shut-in of the Lidsey oil field. The Company held the OCM/TCM and yearly budget meetings for Brockham and Lidsey in May 2016 where the plans to upgrade the sites and execute its proposed drilling plans were unanimously supported by the respective licence partners.

During 2016, the Group sold an option to Alba to acquire a 5 per cent. stake in the Brockham Licence; this option was exercised on 9 August 2016 bringing the Group's effective net interest to 55 per cent.. On 10 August 2016, the Group sold its 5 per cent. interest in PEDL331 in the Isle of Wight to Doriemus for a consideration of £200,000 satisfied by the issue and allotment of 500,000,000 ordinary shares in the share capital of Doriemus. As the Group strategy is to focus on its core assets, as with previous transactions where the Group has received shares as part of a consideration, the Group has subsequently disposed of its entire shareholding in Doriemus.

As at 31 March 2016, the AHL Group had audited cash reserves of £34,865. Following the sale of its remaining 12 per cent. interest in HHDL, cash of £800,000 was received (after deduction of a HHDL cash call) and all the UKOG shares have now been disposed of resulting in £713,462 of additional cash proceeds. During the months until 31 August 2016, the Group spent £75,000 with regards to on-site upgrade work at Brockham. In addition the Company has funded £40,750 of ongoing field costs on behalf of Terrain. A further £113,959 of upgrade expenditure for the Company's account is required to complete the works.

In accordance with the policy set out above, the Group has realised further cash from the sales of its investments in Alba and Regency, via the sale of 2,876,919 shares in Regency and 7,300,000 shares in Alba. Since 31 March 2016, a total of £33,318 has been received. As at 31 August 2016, the Group retained 500,000,000 shares in Doriemus, 7,837,508 shares in Alba and 40,000,000 shares in Regency, with all Alba and Regency shares having subsequently been disposed of.

On 15 December 2016, the Company received the final approvals required from the OGA and the Health and Safety Executive to commence work on BR-X4Z. The Company announced on 18 January 2017 that the site upgrade works to the production bunds had been completed and that well intervention was continuing on site at Brockham.

On 26 January 2017, the Company announced that work to complete, log, case and cement the well at Brockham was successfully completed and that potential reservoirs had been logged. Since 30 September 2016, the Company has incurred £234,522 with respect to the above upgrade works at Brockham.

On 6 February 2017, the Company announced that it had raised gross placing proceeds of £2,000,000 by way of the Secondary Placing and reached agreement with Europa to acquire a 12.5% economic interest in the drill ready Holmwood Licence, located within the Weald Basin-

As part of the agreement to acquire 12.5% of the Holmwood Licence, the Group agreed to pay certain historic costs incurred by Europa since 1 February 2016 (representing £26,563 of net cost to the Group) and 25% of the costs of the Holmwood-1 exploration well up to a gross well cost of £3,200,000 (representing a potential net cost of £800,000 to the Group) along with certain further costs the details of which are set out at paragraph 13.10 of Part VI of this document-

Following expenditure at Brockham and the receipt of the net proceeds from the Secondary Placing, the Group had an unaudited cash balance of £3,731,915 as at 14 February 2017.

8.3 Future Prospects

The Company's future prospects will depend on the success of the overall strategy as set out in paragraph 7 of this Part I.

9. Information on the Directors and Senior Management

9.1 Directors

Jonathan Tidswell-Pretorius (also known as Jonathan Tidswell), Executive Chairman (aged 40)

Jonathan founded AHL in 2009 with a view to bidding in the subsequent Landward Licensing Round. Jonathan started his oilfield career with Halliburton in 1998 in West Africa before moving to the North Sea. He subsequently worked in the USA, Brazil and Norway before joining Wintershall Germany as a drilling engineer working primarily in Libya. He subsequently consulted as a drilling engineer and drilling supervisor for Talisman Energy, Venture Production, Maersk and BG in the North Sea and Norwegian sector.

In 2006, Jonathan started WellMack Limited, an oil service company based in Aberdeen with UK and North African operations both offshore and onshore. The company was successfully sold in early 2009, allowing Jonathan the funding to set up the Angus Group.

Since 2009, Jonathan has built the Angus Group into an OGA qualified operator in the UK. To date the Angus Group has drilled Whisby 5 as the managing partner overseeing and engineering the entire process. It also contributed to the drilling and execution of two additional wells in the east Midlands as a farm in partner before acquiring the Brockham and Lidsey oilfields in 2012.

Under his direction, the Angus Group then acquired a 65 per cent. interest in Horse Hill Licences which it subsequently farmed out to a consortium netting proceeds of approximately £4.15 million in aggregate over a series of transactions. The Group, through HHDL, managed the entire process from planning to environmental and drilling execution at Horse Hill leading to a conventional and unconventional discovery.

Paul Vonk, Managing Director (aged 42)

Paul is an experienced oil and gas professional with strong financial skills, sector knowledge and relevant transaction experience across the entire oil and gas value chain. Before joining the Angus Group, Paul was an oil and gas investment banker at Nomura and RBS (formerly ABN AMRO) where he originated and executed mergers and acquisitions and equity/debt capital markets transactions. He has also worked directly for junior oil and gas companies on farm-outs and capital raisings. Prior to this Paul spent four years at Baker Hughes.

Paul has an MBA from the University of Oxford, Said Business School, and a MSc. in Mining and Petroleum Engineering from Delft University, the Netherlands.

9.2 Non-Executive Directors

Robert (“Rob”) Shepherd, Non-Executive Director (aged 49)

Rob Shepherd is a qualified Mechanical Engineer by background who started his career at Shell before taking a number of financial positions in the oil and gas industry. Following his time at Shell, Rob was, up until 2007, a Vice President for Emerging Markets Oil & Gas at ABN-Amro. Following this he was Finance Director of AIM quoted Dominion Petroleum which was acquired by Ophir Energy in 2012 for approximately \$220 million, a non-executive director of FTSE-250 listed Imperial Energy which was acquired by ONGC in 2008, and up until January 2015 the Chief Executive of the dual-quoted (AIM and ASX) Azonto Petroleum. He is currently a non-executive director and consultant to various private companies in the oil & gas sector and a non-executive director at AIM traded President Energy plc.

Christian (“Chris”) de Goey, Non-Executive Director (aged 47)

Chris was until recently Head of Xodus Group Advisory in London. He has a broad commercial background in the energy industry. Starting his career at Shell, he joined Accenture where he worked on market entry, organisational, marketing, performance management and operational solutions for IOCs and European utilities. He subsequently took on management roles in venture capital and corporate finance focusing on oil and gas and renewable energy. In the last 7 years Chris has led an oil and gas evaluation group at Xodus, assisting banks, private equity and operators with financing due diligence, delivering competent person reports and feasibility studies. Chris has an MSc in Applied Physics from Delft University. He is a member of the Petroleum Exploration Society of Great Britain and the Society of Petroleum Engineers. Chris currently acts as a consultant to Xodus.

Cameron Buchanan, Non-Executive Director (aged 70)

Cameron is a former Member of the Scottish Parliament (“MSP”) who represented the constituency of Lothian from 2013 to 2016. Mr Buchanan, a former vice-chairman of the Scottish Conservative Party, was a textile entrepreneur before becoming an MSP, serving as managing director of woollen merchants Harrisons of Edinburgh, which, at its peak, had a turnover of approximately £4m and 45 staff. He has served on many private company and charity boards and is a former executive director of the British Wool Marketing Board from 2001 to 2009 (a government appointee) and non-executive of the Islay Woollen Mill.

The non-executive directors stated above are considered independent by the Board and as at 15 February 2017 (being the latest practicable date prior to the publication of this document), they do not own any Ordinary Shares.

9.3 Senior management

Carlos Fernandes, Financial Controller (aged 33)

Carlos has over eight years’ commercial experience working in the mining and oil and gas industries. He has held accounting and finance roles at both corporate and project level also covering corporate governance and compliance. His time spent on site during the construction and commissioning phases of projects in Lesotho and Botswana adds to his operational experience and hands on approach.

10. Purpose of the Bonds and Admission

The purpose of the Bonds is to provide the Company with a finance facility whereby the Company is able to raise finance through the future issue of tranches of Bonds.

The Company intends to issue Bonds when a need for finance arises, in order to progress its plans for the development of its licence portfolio, once the well(s) provided for in its work programme in relation to each of Brockham and Lidsey (as described in this Part I) have been drilled using the proceeds of the Placing. Once the well(s) have been drilled, proceeds from the issue of Bonds can be utilised to move forward the cash flows of the Company's production asset(s) in order to accelerate the Company's business plan.

The Terrain Agreement provides an example of the manner in which such Bond credit capacity could be used by the Company. Under the Terrain Agreement, further details of which are set out in paragraph 13.7.6 and 13.3.5 of Part VI of this document, the Company has an option over half of Terrain's interest in the Lidsey Licence (being a 10% interest in the Lidsey Licence). The Company could use the Bond credit capacity of the well at Brockham to part fund the additional share of the costs of the drilling of the new production well at Lidsey, Lidsey-2, which it will be responsible for following its exercise of the option.

Financing the development of its licence portfolio in this manner rather than by the use of cash reserves or the issue of new Ordinary Shares will allow the Company to increase the value of its production reserves and avoid Shareholder dilution.

The Company expects to issue the Bonds in tranches over the course of 2017. Admission will take place on the date on which the Company issues the first tranche of Bonds and this is expected to be on or around 29 June 2017.

Immediately prior to Admission the Company and Trustee shall enter into the Trust Deed and Security Deed, allowing for the first tranche of Bonds to be issued to investors on Admission. As at 15 February 2017 (being the last practicable date prior to the publication of this document) it is not known how many Bonds will be comprised within the first tranche and issued on Admission. The Company will make a regulatory news announcement once the number of Bonds are known.

The terms on which the Bonds may be issued are summarised in the Executive Summary on page 20, and set out in full in Part IV of this document.

11. Relationship agreements

Jonathan Tidswell-Pretorius and Knowe are entitled to exercise control over voting rights in respect of 16.87 per cent. and 19.43 per cent. respectively of the Current Share Capital. Consequently, Jonathan Tidswell-Pretorius and Knowe each have the ability to exercise a controlling influence on the business of the Company and may cause or take actions that are not in, or may conflict with, the best interests of the Group or its Shareholders as a whole. Accordingly, the Company, Beaumont Cornish, Jonathan Tidswell-Pretorius and Knowe entered into relationship agreements on 7 November 2016 which regulate the relationship between the Company and each of Jonathan Tidswell-Pretorius and Knowe, and ensures that the Company is capable of carrying on its business independently. The principal terms of the relationship agreements are summarised in paragraph 13.6 of Part VII of the AIM Admission Document.

12. Options and Warrants

The Directors believe that the recruitment, motivation and recruitment of key employees is vital for the successful growth of the Company. The Directors consider that an important element in achieving these objectives is the ability to incentivise and reward staff (including executive directors) through the grant of options. As a result the Company has established the EMI Share Option Scheme, pursuant to which EMI Options to eligible employees may be granted, and the Unapproved Share Option Scheme, pursuant to which Unapproved Options may be granted to advisers and consultants (including non-executive directors), further details of which are set out in paragraph 14 of Part VI of this document.

The total number of Ordinary Shares that may be committed under the Company's share incentive schemes (including the EMI Share Option Scheme and Unapproved Share Option Scheme) will represent a maximum of 10 per cent. of the Company's issued Ordinary Share Capital from time to time, representing options over 23,416,210 Ordinary Shares as at 15 February 2017 (being the latest practicable date prior to the publication of this document).

As at 15 February 2017 (being the latest practicable date prior to the publication of this document) 21,498,029 options were in issue under the EMI Share Option Scheme and Unapproved Share Option Scheme, exercisable at the Placing Price. These were granted as follows:

Employee/consultant/non-executive director	No. of Unapproved Options	No. of EMI Options	Percentage of share options available based on the Current Share Capital
Jonathan Tidswell-Pretorius	Nil	4,299,606	18.36%
Paul Vonk	Nil	4,299,606	18.36%
Carlos Fernandes	Nil	4,299,606	18.36%
Chris de Goey	1,074,901	Nil	4.6%
Robert Shepherd	1,074,901	Nil	4.6%
Cameron Buchanan	1,074,901	Nil	4.6%
Other employees	Nil	1,289,883	5.51%
Other consultants	4,084,625	Nil	17.44%

No additional grants of EMI Options or Unapproved Options have been made as at the date of this document.

The terms of the EMI Share Option Scheme and Unapproved Share Option Scheme are set out in paragraph 14 of Part VI of this document. The vesting criteria in relation to options granted under either scheme are as follows:

The options vest as to 40 per cent., upon the share price being 25 per cent. above the Placing Price, based on the 30 day VWAP, a further 40 per cent. on the share price being 40 per cent. above the Placing Price based on the 30 day VWAP, and the final 20 per cent. on the share price reaching 50 per cent. above the Placing Price, based on the 30 day VWAP.

This leaves the Company with the ability to grant options over a negligible number of Ordinary Shares until such time as the Company issues additional shares whereby additional headroom under the 10 per cent. limit is created.

Pursuant to its obligations under the Brockham Agreement, on AIM Admission the Company granted the Brockham Warrants to BCL to subscribe for an aggregate of 833,333 Ordinary Shares at the Placing Price. The Brockham Warrants are exercisable for two years from AIM Admission.

Pursuant to its obligations under the Placing Agreement, on AIM Admission the Company granted Optiva the Broker Warrants to subscribe for an aggregate of 2,916,667 Ordinary Shares at the Placing Price. The Broker Warrants are exercisable for three years from AIM Admission. Details of the Broker Warrants exercised as at 15 February 2017 (being the last practicable date prior to the date of this document) are set out at paragraph 4 of Part VI (Additional Information) of this document.

13. Corporate Governance

Please refer to paragraph 19 of Part I of the AIM Admission Document for information on the Company's Corporate Governance policies which remain in place as at the date of this document and which the Board has no intention of altering after Admission.

14. Bribery Act 2010

The government of the United Kingdom has issued guidelines setting out appropriate procedures for all companies to follow to ensure that they are compliant with the Bribery Act. In line with such recommendations the Company has adopted a formal anti-bribery policy which seeks to ensure that the Group operates in an ethical and transparent manner in all business dealings and that the Group has a mechanism for staff to alert management should any issues or incidents occur.

15. The City Code

Please refer to paragraph 22 of Part I of the AIM Admission Document for information on the applicability of the City Code to the Company and the treatment of the Existing Shareholders as acting in concert which remain the same as at 15 February 2017 (being the latest practicable date prior to the publication of this document).

16. Admission

Application has been made to NEX Exchange for the Bonds to be admitted to trading on the NEX Exchange Growth Market. It is expected that Admission will become effective on or around 29 June 2017.

17. Taxation

Your attention is drawn to the information regarding taxation which is set out in paragraph 12 of Part VI of this document. That information is intended only as a general guide to the current tax position under UK taxation law. **If you are in any doubt as to your tax position, you should contact your independent professional adviser.**

18. Further information and risk factors

Your attention is drawn to the further information in this document and particularly to the risk factors set out in Part II of this document. Potential investors should carefully consider the risks described in Part II before making a decision to invest in the Company.

PART II

RISK FACTORS

Any investment in the Company and the Bonds is subject to a number of risks. Prior to subscribing for any Bonds, potential investors should be aware of and carefully consider the factors and risks associated with any investment in the Company, the Company's business and the industry in which it operates (as described below), together with all other information contained in this document before making a decision to invest in the Company. Accordingly, you are strongly recommended to consult an investment adviser authorised under the FSMA, who specialises in advising on the acquisition of shares and other securities before making a decision to invest.

If any of the following risks actually occur, the Company's business, financial condition, results or future operations could be materially affected. In such circumstances, the price of the Company's Bonds could decline and investors could lose all or part of their investment. The information set out below does not constitute an exhaustive summary of the risks affecting the Company and is not set out in any order of priority.

In addition to the other information in this document, the Directors consider the following risk factors are of particular relevance to the Company's activities and to any investment in the Company. It should be noted that this list is not exhaustive and that additional risks and uncertainties not presently known to the Directors or which they currently believe to be immaterial may also have an adverse effect on the Company. Any one or more of these risk factors could have a materially adverse impact on the value of the Company and should be taken into consideration when assessing the Company. The risks are not intended to be presented in any assumed order of priority.

Risks Relating to the Company and its Business Strategy

Future results, including resource recoveries and work programme plans and schedules, will be affected by changes in market conditions, commodity price levels, political or regulatory developments timely completion of exploration and development programme commitments or projects, the outcome of commercial negotiations and technical or operating factors.

Reliance on partners in the Company's oil fields

The Company has an interest of 55 per cent. in the Brockham Field and 60 per cent. in the Lidsey Field. The costs of operating and developing the fields are set out in Part I, paragraphs 3.2 and 3.3 of this document under the heading "work programme". Accordingly, the Company is reliant on the Angus Licence Partners for a portion of the operating and development funding to implement the Company's strategy. Whilst the Company expects the field partners to fund their share of the costs, any failure or delay in doing so could have a material effect on the Company's ability to implement its stated strategy and consequentially on its financial position and performance.

Operating history

The Angus Group has been operating as a privately held group since 2009 and acquired its interests in the Brockham Licence and the Lidsey Licence in 2012. Limited appraisal and development work has been carried out in respect of such Licences since the acquisition. It is therefore difficult for prospective investors accurately to evaluate the Company's business and future prospects. There can be no assurance that losses will not occur in the short term or that the Company will be profitable in the future. Success will depend on the outcome of the planned exploration and development programme and the Directors' ability to take advantage of further opportunities which may arise.

Internal systems and controls

The Group faces risks frequently encountered by developing companies such as under-capitalisation, cash shortages and limited resources. In particular, its future growth and prospects will depend on its ability to manage growth and to continue to maintain, expand and improve operational, financial and management information systems on a timely basis, whilst at the same time maintaining effective cost

controls. Any damage to, failure of or inability to maintain, expand and upgrade effective operational, financial and management information systems and internal controls in line with the Group's growth could have a material adverse effect on the Group's business, financial condition and results of operations.

Attraction and retention of key employees

The Company's success will depend on its current and future executive management team. If any key person resigns, there is a risk that no suitable replacement with the requisite skills, contacts and experience will be found to replace such person. The senior executive personnel currently have equity interests in the Company. Notwithstanding this, if key personnel were to leave the Company, it could have a material adverse effect on the Company's business, financial condition and operating results.

Retention of key business relationships

The Group will rely significantly on strategic relationships with other entities on good relationships with regulatory and governmental departments and upon third parties to provide essential contracting services. There can be no assurance that its existing relationships will continue to be maintained or that new ones will be successfully formed and the Group could be adversely affected by changes to such relationships or difficulties in forming new ones. Any circumstance which causes the early termination or non-renewal of one or more of these key business alliances or contracts or the failure successfully to form new ones, could adversely impact the Group, its business, operating results and prospects.

The major Shareholders have the ability to control some of the actions taken by the Shareholders

Jonathan Tidswell-Pretorius, a Director, and Knowe own or control in aggregate up to 85,000,000 Ordinary Shares representing, in aggregate, approximately 36.3 per cent. of the Current Share Capital. As a result of these interests, such parties have the ability to exert significant influence on some of the actions taken by the Shareholders going forward. Such parties have sufficient voting power to, among other things, delay, deter or prevent a change in control of the Company that may otherwise be beneficial to the Shareholders and may also discourage acquisition bids for the Company and limit the amount certain investors may be willing to pay for the Ordinary Shares. Jonathan Tidswell and Knowe have both entered into a relationship agreement with the Company to ensure the Group is capable of carrying on business independently from such persons, and that transactions and relationships with such persons are at arm's length and on normal commercial terms.

There are potential conflicts of interest to which the Directors, Field Partners and major Shareholders of the Company, will be subject to in connection with the operations of the Group

There are potential conflicts of interest to which the Directors and major Shareholders of the Company will be subject to in connection with the operations of the Group. Some of the Directors and major Shareholders are or may become engaged in other oil and gas interests on their own behalf and on behalf of other companies, and situations may arise where the directors and officers will be in direct competition with the Company. Conflicts, if any, will be subject to the procedures and remedies under the Articles and the Act. The Directors may not devote their time on a full-time basis to the affairs of the Company. Certain Directors own collectively, directly and indirectly, a significant part of the issued share capital of the Company, and will, therefore, have the possibility to influence the decision-making of the Company.

Risks relating to Taxation

This document is prepared in accordance with current legislation, rules and practice. Such interpretation may not be correct and it is always possible that legislation, rules and practice may change. Any such changes, and in particular, any changes to the basis of taxation, tax relief, rates of tax or an investor's tax position may affect the availability of tax reliefs and deferrals and may also affect the return made by the Company or by the investors from the Company as the case may be. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Political conditions and government regulations

Although political conditions in the UK are generally stable, changes may occur in its political, fiscal and legal systems, which might adversely affect the ownership or operation of the Company's interests including, inter alia, changes in exchange rates, exchange control regulations, expropriation of oil and gas rights, changes in government and in legislative, fiscal and regulatory regimes. The Company's

strategy has been formulated in the light of the current regulatory environment and likely future changes.

Although the Directors believe that the Group's activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules, laws and regulations will not be enacted or that existing or future rules and regulations will not be applied in a manner which could serve to limit or curtail exploration production or development of the Group's business or have an otherwise negative impact on its activities. Amendments to existing rules, laws and regulations governing the Group's operations and activities, or increases in or more stringent enforcement, implementation or interpretation thereof, could have a material adverse impact on the Group's business, results of operations and financial condition and its industry in general in terms of additional compliance costs.

Project development risks

There can be no assurance that the Group will be able to manage effectively the expansion of its operations or that the Group's current personnel, systems, procedures and controls will be adequate to support the Group's operations. This includes among other things, the Group managing the acquisition of required land tenure, infrastructure development and other related issues. Any failure of the Board to manage effectively the Group's growth and development could have a material adverse effect on the Group's business, financial condition and results of operations. There is no certainty that all, or indeed, any of the elements of the Group's current strategy will develop as anticipated and that the Group will be profitable.

Environmental, health and safety and other regulatory standards

The projects in which the Group invests and its existing and potential production and exploration activities are subject to various laws and regulations relating to the protection of the environment (including regular environmental impact assessments and the obtaining of appropriate permits or approvals by relevant environmental authorities) and are also required to comply with applicable health and safety and other regulatory standards. Environmental legislation in particular can comprise numerous regulations which might conflict with one another and which cannot be consistently interpreted. Such regulations typically cover a wide variety of matters including without limitation prevention of waste pollution and protection of the environment, labour regulations and worker safety. The Group may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. As a result, although the Group intends to operate in accordance with the highest standards of environmental practice and comply in all material respects, full compliance with applicable environmental laws and regulations may not always be ensured.

Any failure to comply with relevant environmental, health and safety and other regulatory standards may subject the Group to extensive liability, fines and/or penalties and have an adverse effect on the business and operations financial results or financial position of the Group. Furthermore, the future introduction or enactment of new laws, guidelines and regulations could serve to limit or curtail the growth and development of the Group's business or have an otherwise negative impact on its operations. Any changes to, and increases in, current regulation or legal requirements, with the enforcement thereof, may have a material adverse effect upon the Group in terms of additional compliance costs.

Currency risks

The Group intend to recommence sales of oil; oil is priced in US dollars whilst the bulk of its costs are in GBP and therefore the Group's financial position and performance will be affected by fluctuations in the US dollar, sterling exchange rate along with fluctuations in the oil price.

In addition the Group may make investments in currencies other than Sterling and the Group does not currently intend to hedge against exchange rate fluctuations. Accordingly, the value of such investments may be adversely affected by changes in currency exchange rates notwithstanding the performance of the investments themselves, which may have a material adverse effect on the business, financial condition, results of operations and prospects of the Group.

Insurance coverage and uninsured risks

The Group insures its operations in accordance with industry practice and plans to insure the risks it considers appropriate for the Group's needs and circumstances. However, the Group may elect not to have insurance for certain risks, due to the high premium costs associated with insuring those risks or for various other reasons, including an assessment that the risks are remote.

No assurance can be given that the Group will be able to obtain insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any claims arising. The Group may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past activities for which it was not responsible. In the event that insurance coverage is not available or the Group's insurance is insufficient to fully cover any losses, claims and/or liabilities incurred, the Group's business and operations, financial results or financial position may be disrupted and adversely affected.

The payment by the Group's insurers of any insurance claims may result in increases in the premiums payable by the Group for its insurance cover and adversely affect the Group's financial performance. In the future, some or all of the Group's insurance coverage may become unavailable or prohibitively expensive.

Fluctuations of revenues, expenses and operating results

Future revenues, expenses and operating results of the Group could vary significantly from period to period as a result of a variety of factors, some of which are outside its control. These factors include general economic conditions, adverse movements in interest rates, conditions specific to the oil and gas services market, seasonal trends in revenues, capital expenditure and other costs and the introduction of new products or services to the market. In response to a changing competitive environment, the Group may elect from time to time to make certain pricing, service or marketing decisions or investments that could have a material adverse effect on the Group's revenues, results of operations and financial conditions and prospects.

Third-Party Credit Risk

The Group is and may in the future be exposed to third-party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its petroleum and production and other parties. Significant changes in the oil and natural gas industry, including fluctuations in commodity prices and economic conditions, environmental regulations, government policy, royalty rates and other geopolitical factors, could adversely affect the Group's ability to realise the full value of its accounts receivable.

Typically, oil and gas operations are funded pro rata to the participants' interests in the licences or concessions, accordingly to budgets and work programmes drawn up by the operator and approved by the requisite majority of the participants, subject to variations as agreed between the participants (which, in the case of the Angus Group and in relation to the Brockham and Lidsey Licences, are varied as referred to in paragraph 4.3 of Part V of this document). Any failure of a participant to pay its share of operational costs in whole or in part may increase the costs for the other participants and/or lead to delays or changes to proposed operations, which may have a material and adverse effect on the Group's business, financial condition, results of operations or prospects.

Offtake agreement

Historically the Group sold all the oil produced at the Lidsey and Brockham oil fields to the BP operated Hamble terminal on the East bank of Southampton Water, Hampshire. This facility was acquired by Perenco in 2011 through its acquisition of Wytch Farm. Perenco has stopped third party take-off at the Hamble terminal earlier in 2016. The Directors are currently negotiating a new oil off-take contract with various off-takers. As at 15 February 2017 (being the latest practicable date prior to the publication of this document), these discussions are ongoing, and the Directors believe a contract with a new off-taker will be completed before the end of Q2 2017. Historically the Brockham's 28° API has been blended with the Lidsey 40° API oil and sold at a 4 per cent. discount to the Brent oil price. Based on the anticipated production rates in the CPR the contribution of high quality Lidsey oil is expected to be larger than has historically been the case and the Directors therefore expect the new off-take contract to be broadly in line with the Brent oil price (Lidsey source: CPR Table 4.6: Brockham source: CPR Table 5.7). The costs relating to transporting the oil will vary based on the final off-take destination.

Contractual documentation

The Angus Group does not have in its possession executed counterparts of certain of the contractual documents relating to the acquisition and disposal of interests in, and the operations of, its oil and gas

assets (including the Licences), the terms of which are referred to in paragraphs 2, 3 and 4 of Part I and 13.3 and 13.7 of Part VI of this document. The descriptions of the contracts contained in this 3 document accurately reflect the documentation held by the Company and which the Company believes represents the final form of the definitive executed agreements between the respective counterparties. The operations of the Group's assets and dealings with the counterparties to the respective agreements have been conducted in accordance with the terms of such documentation held by the Angus Group, which, save as varied as referred to in paragraph 4.3 of Part V of this document, follow standard industry terms and provide for usual pro rata costs of and entitlements in the Licences for the participants therein, and terms of appointment of the operator. The interests of the Angus Group in the Licences referred to in this document, as shown on the DECC Licence Data website, are also in accordance with the contractual documentation held by the Angus Group (subject to formal completion of the farm-out of a 5 per cent. interest in the Brockham Licence to Alba).

Therefore, whilst the Directors are confident that the position and terms of the interests in its oil and gas are as described in Part V of this document and that there would be a very small chance of legal challenge, should any counterparty dispute the terms of the agreements and assert that different terms and conditions had been agreed with the Angus Group, the Angus Group may require legal process to be followed to establish that the documentation it holds is definitive in governing the contractual relationship. Any finding that terms are materially different from the terms of the material contracts as described in this document may have a material adverse effect on the Angus Group's business, financial condition, results of operations and prospects.

Decommissioning and abandonment

As a party to certain Licences, members of the Group have undertaken obligations to restore production areas to standards acceptable to the OGA and the environmental regulator at the end of the production fields' commercial lives. The Group will be liable for its share of any decommission work. Any obligation to decommission a production facility may involve a substantial expenditure. These decommissioning costs are necessarily incurred at a time when the related production facilities are no longer generating revenue and no provisioning has been made in the Group's accounts for such future decommissioning costs. It is intended that the decommissioning costs, when they arise, will be borne by the Group out of production revenue. There can, however, be no assurance that the production revenue will be sufficient to meet these decommissioning costs as and when they arise, and if the Group has to apply other or additional financial resources to meet these costs instead, it could have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and prospects.

Upon cessation of any operations on a licence area, the Group is likely to be responsible for costs associated with abandoning infrastructure and restoring the operational sites by taking reasonable and necessary steps in accordance with generally accepted environmental practices in the international petroleum industry. The Group's environmental permits may specify commitments to the relevant government authority for specific rehabilitation activities on a site.

Angus Energy Eakring Development Limited and Angus Energy Kirklington Development Limited

The above companies were dissolved on 12 September 2014 and 2 January 2015, respectively, having previously held small interests in licences PEDL 203 and PEDL 118. AHL held a 20 per cent. interest in each company at the time of their dissolutions.

AHL has agreed with DECC and the OGA that it will be responsible for the decommissioning liabilities (plugging and abandonment of two wells) of the above companies.

It is believed that the fields are currently producing and therefore the decommissioning liabilities are expected to only materialise in the medium to long term. Directors estimate that the overall costs of decommissioning both fields will be approximately £250,000. Of this, the Group would be responsible for 2 per cent., approximately £5,000, in accordance with its shareholdings in the two companies and the relevant companies' interests in the fields pursuant to the terms of the relevant joint operating agreements.

Prior to the time of the dissolution of the companies, the Company considers that the partners in these fields undertook work on a sole risk basis, although they did attempt to recover the costs for this from the partners to these licences (including approximately £110,000 from both of the above companies). The

Directors consider that neither these companies nor any member of the Angus Group has any liability in this respect.

Licensing, planning permission and other consents

The development of the Group's current and future assets may be dependent on the receipt of planning permission from the appropriate local authorities as well as other necessary consents such as environmental permits, leases and regulatory consents. Obtaining the necessary consents and approvals may be costly, and they may not be granted or may be withdrawn or made subject to limitations. The failure to gain such permissions, or gain such permissions on terms or at a cost acceptable to the Group, may limit the Group in its ability to develop and extract value from its assets and could have a material adverse effect on the Group's business, results of operations, financial conditions and prospects. Onshore oil and gas operations in the UK have recently been subject to extensive planning and environmental approval procedures, the outcome of which has been uncertain. Unforeseen circumstances or circumstances beyond the control of the Group may lead to commitments given to licensing authorities not being discharged on time.

In particular, the Group's activities are dependent upon the grant and maintenance of appropriate permissions from, amongst others, the OGA. As operator of the Licences, the Angus Group is responsible for adhering to the work programme in the form approved by the OGA. Failure to do so may result in the rescinding of permission by the OGA, which could result in the Group suffering significant damage through loss of the opportunity to identify and extract hydrocarbons.

The expiry dates of the Licences in which the Group is interested are set out in Table 1 of Part I of this document. The Licences are not automatically renewed. Although the Company believes that the Licences will be renewed or extended following expiry, provided oil and gas operations are continuing at the licence areas and operations have complied with all applicable regulatory requirements, there can be no assurance that such Licences will be renewed or extended.

Furthermore, as referred to in paragraph 5 of Part V of this document, the Group is currently applying, or anticipates that it will apply in the short term, for certain consents and approvals from, amongst others, the Environment Agency, the Health and Safety Executive, and, ultimately, the OGA in respect of the Group's proposed drilling operations at the Brockham and Lidsey fields as referred to in Part I of this document. In the medium term, the Directors understand that the Environment Agency will be undertaking a re-permitting exercise of existing onshore oil and gas operations and facilities to ensure that operations and facilities covered by historic environmental permits comply with current environmental regulations. The precise details of this re-permitting exercise are not currently known.

The Company will apply for environmental re-permitting in due course. The Environment Agency has confirmed that it will not normally take enforcement action against operators of pre-existing facilities (such as the Angus Group, in relation to operations at Brockham and Lidsey), for the period prior to the determination of such applications, for not having the necessary environmental permits under the new environmental regulations (and accordingly that during such re-permitting process operations may continue under existing environmental permits), provided the following requirements are complied with:

- a duly made application for any required variation or permit under the re-permitting exercise is made by the date specified by the Environment Agency, and thereafter progressed without any undue delay by the applicant;
- the activities on the site are operated in such a way that they pose no risk of pollution of the environment or harm to health;
 - all existing permit conditions are complied with unless otherwise agreed in writing by the Environment Agency; and
 - hydraulic fracturing is not taking place.

Accordingly, the Company currently expects that the Group would continue to operate during any environmental re-permitting exercise. In any event, the Group will not be required to apply for environmental re-permitting in respect of operations at Brockham and Lidsey prior to 30 April 2017.

Further, should the Group wish to conduct additional drilling operations following the activities referred to in Part I of this document, the Group will need to obtain new planning permissions, EA and Health and

Safety Executive and OGA approvals, following the preparation of detailed field development proposals as approved by the Group's licence partners.

The failure to gain such permissions or approvals, or gain such permissions or approvals on terms or at a cost acceptable to the Group, may limit the Group in its ability to develop and extract value from its assets and could have a material adverse effect on the Group's business, results of operations, financial conditions and prospects.

Lease relating to the land on which the Brockham field is located

The lease relating to the land on which the Brockham field is located does not include any security of tenure provisions and excludes the Landlord and Tenant Act 1954. Therefore, at the end of the term of this lease, which is expected to be in August 2023, a new lease will need to be negotiated between the parties to enable Angus to continue to operate the Brockham field.

Discretion in the Use of Proceeds

When Bonds are issued the Directors will have broad discretion concerning the use of the proceeds, as well as the timing of their expenditure. As a result, investors will be relying on the judgment of the Directors for the application of the proceeds. The Board may use the proceeds in ways that investors may not consider desirable. The results and the effectiveness of the application of the proceeds are uncertain. If the proceeds are not applied effectively, the results of the Group's operations may suffer.

Risks Associated with the Oil and Gas Industry

Payment obligations

Under the Licences and certain other contractual agreements to which the Group is or may in the future become a party, the Group is or may become subject to payment and other obligations. In particular, the Licence holders are required to expend the funds necessary to meet the minimum work commitments attaching to permits and licences. Failure to meet these work commitments will render the Licence liable to be cancelled. Further, if any contractual obligations are not complied with when due, in addition to any other remedies which may be available to other parties, this could result in dilution or forfeiture of interests held by the Group.

Litigation

While the Group currently has no material outstanding litigation or dispute, there can be no guarantee that the current or future actions of the Group will not result in litigation since there have been a number of cases where the rights and privileges of natural resource companies have been the subject of litigation. The petroleum industry, as with all industries, may be subject to legal claims including personal injury claims, both with and without merit, from time to time. The Directors cannot preclude that such litigation may be brought against the Group in the future. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material adverse effect on the Group's financial position, results or operations. The Group's business may be materially adversely affected if the Group and/or its employees or agents are found not to have met the appropriate standard of care or not exercised their discretion or authority in a prudent or appropriate manner in accordance with accepted standards.

Ability to exploit successful discoveries

It may not always be possible for the Group to participate in the exploitation of all successful discoveries made in areas in which the Group has an interest. Such exploitation may involve the need to obtain licences or consents from the relevant authorities, which may require conditions to be satisfied and/or the exercise of discretion by such authorities. It may, or may not, be possible for such conditions to be satisfied. Furthermore, the decision to proceed to further exploitation may require the participation of other companies whose interest and objectives may not be the same as those of the Group. Such further work may also require the Group to meet, or commit to, financing obligations, which it may not have anticipated or may not be able to commit to, due to lack of funds, or inability to raise funds.

Market risk

The continued marketing of the Group's oil will be dependent on market fluctuations and the availability of processing and refining facilities and transportation infrastructure, including access to roads, train lines and any other relevant options at economic tariff rates, over which the Group may have limited or no control. Transport links (including roads and pipelines) may be inadequately maintained and subject to capacity constraints and economic tariff rates may be increased with little or no notice and without taking into account producer concerns.

Producers of oil negotiate sales contracts directly with oil purchasers, with the result that the market determines the price of oil. The price depends in part on oil quality, prices of competing fuels, distance to market, the value of refined products and the supply/demand balance.

The marketability and prices of oil that may be discovered or acquired by the Group will be affected by numerous factors beyond its control.

Technological developments

The Group may not be able to keep pace with technological developments in its industry. The oil industry is characterised by rapid and significant technological advancements and introductions of new products and services using new technologies. As others use or develop new technologies, the Group may be placed at a competitive disadvantage, and competitive pressures may force the Group to implement those new technologies at substantial cost. In addition, other oil companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before the Group can. The Group may not be able to respond to these competitive pressures and implement new technologies on a timely basis or at an acceptable cost. If one or more of the technologies the Group uses now or in the future were to become obsolete or if the Group is unable to use the most advanced commercially available technology, the Group's business, financial condition and results of operations could be materially and adversely affected.

Competition

A number of other oil companies may seek to establish themselves in areas in which the Group operates and may be allowed to bid for exploration and production licences and other services, thereby providing competition to the Group. Larger companies in particular may have access to greater resources than the Group, which may give them a competitive advantage. In addition, actual or potential competitors may be strengthened through the acquisition of additional assets and interests.

Increase in drilling and production costs and the availability of drilling equipment

The oil industry historically has experienced periods of rapid cost increases. Increases in the cost of exploration, production and development would affect the Group's ability to invest in prospects and to purchase or hire equipment, supplies and services. In addition, the availability of drilling rigs and other equipment and services is affected by the level and location of drilling activity around the world. The reduced availability of equipment and services may delay its ability to exploit reserves and adversely affect the Group's operations and profitability. Such pressures are likely to increase the actual cost of services, extend the time to secure such services and add costs for damages due to any accidents sustained from the overuse of equipment and inexperienced personnel. Delays in drilling and other exploration activities, the possibility of poor services coupled with potential damage to downhole reservoirs and personnel injuries may also result in increased costs.

Other factors affecting the production and sale of oil and natural gas that could result in decreases in profitability or otherwise adversely affect the Group's operations include: (i) expiration or termination of leases, concession right, consents, permits or licences, or sales price redeterminations or suspension of deliveries; (ii) future litigation; (iii) the timing and amount of insurance recoveries; (iv) work stoppages or other labour difficulties; (v) worker vacation schedules and related maintenance activities; and (vi) limitations on access to transport capacity. There can be no assurance that these or similar issues may not cause disruptions to the Group's ability to produce or sell oil in the future.

Delays in production and transportation

Various production, marketing and transportation conditions may cause delays in oil production and adversely affect the Group's business. The inability to complete wells in a timely manner would result in production delays and could have a material adverse effect on the Group's financial position and future results of operations.

Restrictions on the Group's ability to access necessary infrastructure services may adversely affect the Group's operations

Inadequate supply of the critical infrastructure elements for drilling activity could result in reduced production or sales volumes, which could have a negative effect on the Group's financial performance. Disruptions in the supply of essential utility services, such as water and electricity, can halt the Group's production for the duration of the disruption and, when unexpected, may cause loss of life or damage to its drilling equipment or facilities, which may in turn affect its ability to recommence operations on a timely basis. The Group may be dependent on third party providers of utility and transportation services. As such, third party provision of services, maintenance of networks and expansion and contingency plans will be outside of the Group's control.

Volatility of prices for oil and gas

The demand for, and price of, oil and gas is highly dependent on a variety of factors beyond the Group's control, including international supply and demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, supply and demand of capital, employment trends, international economic trends, currency exchange rate fluctuations, the level of interest rates and the rate of inflation, the cost of freight, global or regional political events and international events, as well as a range of other market forces. The aggregate effect of these factors is impossible to predict. International oil and gas prices have fluctuated widely in recent years and may continue to fluctuate significantly in the future. Sustained downward movements in oil and gas prices could render less economic, or wholly uneconomic, some or all of the exploration and the existing, and potential future, oil production related activities to be undertaken by the Group. Any material decline in oil and gas prices could result in a reduction of the Company's net production revenue and overall value.

The economics of producing from some wells may change as a result of lower prices, which could result in a reduction in the volumes of the Group's reserves. The Group might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in the Company's net production revenue causing a reduction in its acquisition and development activities. A substantial material decline in prices from historical average prices could reduce the Group's ability to borrow funds.

The Group's operations and development projects could be adversely affected by shortages of, as well as lead times to deliver, certain key inputs

The inability to obtain, in a timely manner, strategic consumables, raw materials, drilling and processing equipment could have an adverse impact on any results of operations and financial condition. Periods of high demand for such supplies can result in periods when availability of supplies are limited and cause costs to increase above normal inflation rates. Any interruption to supplies or increase in costs could adversely affect the operating results and cash flows of the Group.

Over-run of drilling programme and costs over-run

It may not be possible for the Angus Group, as the operator of the Brockham and Lidsey Licences, to adhere to agreed drilling schedules. This may impact all participants in the Licences, and their future plans. The project partners' final determination of whether to drill any scheduled or budgeted wells will depend on a number of factors including:

- results of the exploration efforts and the acquisition, review and analysis of seismic data, if any;
- availability of sufficient capital resources and any other participants for the drilling of the prospects;
- approval of the prospects by other participants after additional data has been compiled;
- economic and industry conditions at the time of drilling, including prevailing and anticipated process for oil and natural gas and the availability and prices of drilling rigs and crews; and
- availability of leases, licence options, farm-outs, other rights to explore and permits on reasonable terms for the prospects

Although the Angus Group, as the operator of the Brockham and Lidsey Licences, will at the time identify or budget for drilling prospects, it will require the approval of all or a requisite majority of the participants in the Licences. It may not be possible to drill those prospects within the expected timeframe, or at all, and the drilling schedule, once agreed, may vary from its expectations because of future uncertainties and rig availability and access to drilling locations. In addition, there is a risk that no commercially productive oil or gas reservoirs will be discovered.

Dependence on third party services

The Group may rely on products and services provided by independent third parties, such as undertaking due diligence and technical reviews, carrying out drilling activities and delivering oil products, and providing general financial and strategic advice. If there is any interruption to the products or services provided, or failure to perform those services with due care and skill, by such third parties, the Group's business could be adversely affected and the Group may be unable to find adequate replacement services on a timely basis, if at all, and/or on acceptable commercial terms. This may have a material adverse effect on the business, financial conditions, results of operations and prospects of the Group.

Exploration, development and production activities are capital intensive and inherently uncertain in their outcome. As a result, the Company may not generate a return on its investments or recover its costs and it may not be able to generate cash flows or secure adequate financing for its discretionary capital expenditure plans

Exploration, development and production activities are capital intensive and inherently uncertain in their outcome. The Group's projects may involve unprofitable efforts, either from dry wells or from wells that are productive but do not produce sufficient net revenues to return a profit after development, operating and other costs. Furthermore, completion of a well does not guarantee a profit on the investment or recovery of the costs associated with that well. In addition, drilling hazards or environmental damage could significantly affect operating costs, and production from successful wells may be adversely affected by conditions including delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or adverse geological conditions. Production delays and declines, whether or not as a result of the foregoing conditions, may result in lower revenue or cash flows from operating activities until such time, if at all, that the delay or decline is cured or arrested. In the event that such cash flows are reduced in the future, the Group may be forced to scale back or delay discretionary capital expenditure resulting in delays to, or the postponement of, the Group's planned production and development activities which could have a material adverse effect on its business, results of operations, financial condition or prospects.

Operational risks

Drilling, appraisal, exploration, construction, development and production activities may involve significant risks and operational hazards and environmental, technical and logistical difficulties, as usually associated with oil and gas operations. These include, inter alia, the possibility of uncontrolled hydrocarbon emissions, fires, earthquake activity, extreme weather conditions, coastal erosion, explosions, blowouts, cratering, over-pressurised formations, unusual or unexpected geological conditions, unpredictable drilling-related problems, equipment failure, labour disputes and the absence of economically viable reserves. These hazards may result in delays or interruption to production, cost overruns, the failure to produce oil in commercial quantities, substantial losses and/or exposure to substantial environmental and other liabilities, including potential litigation and clean-up or other remedial costs. Damages claimed in connection with any consequent litigation and the costs to the Company in defending itself against such litigation are difficult to predict and may be material. In addition, the Company could experience adverse publicity as a result of any such litigation. Any loss of production or adverse legal consequences stemming from production hazards could have a material adverse effect on the Company's business, results of operations, financial condition or prospects.

Non achievement of anticipated timetables

Drilling rigs or other equipment may not be available at the time envisaged (due to, for example, delays in making appropriate modifications, adverse weather conditions, insolvency of the owners or total loss) or may fail to perform in accordance with the Directors' expectations in regard to the timetable. There is no guarantee that replacement equipment will be available on reasonable commercial terms or at all.

Failure to meet the expected timetables may result in the Group being unable to generate cash from those assets. This would have a material adverse effect on the Group's business, prospects, financial condition and operations.

The Group's anticipated timetables for all of its current and expected operations are estimates of the Directors based on a number of variables not all of which are under the Group's direct control. If the timetable estimates prove to be wrong or the operators or any of the participants in the Licences do not take the actions in relation to maintaining or developing the assets then it may lead to delays or further problems which may have a material adverse effect on the Group's business, prospects, financial conditions and operations.

Early stage development of the Group's Licences

The operations in which the Group has an interest are at an early stage of development and future success will depend on the Group's ability to successfully manage the current projects and to take advantage of further opportunities which may arise. There can be no guarantee that the Group can or will be able to, or that it will be commercially advantageous for the Group to, develop any acreage subject to any tenement, permits or licences in which the Group has or may acquire an interest. Furthermore, the Group has assets producing only limited cash flow and its ultimate success will depend on the Group's ability to implement its strategy, generate cash flow from economically viable projects and access equity markets. Whilst the Directors are optimistic about the Group's prospects, there is no certainty that anticipated outcomes and sustainable revenue streams will be achieved.

The Group will not generate any material additional income until the completion of its work programmes in respect of the Brockham and Lidsey oil fields. In the meantime the Group will continue to expend its cash reserves and may, in due course, be required to raise debt or additional equity capital. Certain of the Group's projects have limited operating history upon which to base estimates of future cash operating costs. For early stage projects, estimates of proven and probable reserves and cash operating costs are, to a large extent, based upon the interpretation of geological data and feasibility studies which derive estimates of cash operating costs based upon anticipated recoveries, expected recovery rates, comparable facility and equipment operating costs, anticipated climatic conditions and other factors. As a result, it is possible that actual cash operating costs and economic returns may differ materially from those estimated.

Existing and proposed legislation and regulation affecting greenhouse gas emissions may adversely affect certain of the Company's operations

Many participants in the oil and gas sector are subject to current and planned legislation in relation to the emission of carbon dioxide, methane, nitrous oxide and other so called "greenhouse gases".

Failure to comply with existing legislation or any future legislation could adversely affect the Company's profitability. Future legislative initiatives designed to reduce the consumption of hydrocarbons could also have an impact on the ability of the Company to market its commodities and/or the prices which it is able to obtain. These factors could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

Failure to discover new reserves, enhance existing reserves or adequately develop new projects could adversely affect the Group's business

Exploration and development are costly, speculative and often unproductive, but are necessary for the Group's business. This is particularly the case in the oil and gas industry, where there may be many reasons why the Group may not be able to find oil reserves or develop them for commercially viable production. For instance, factors such as adverse weather conditions, natural disasters, equipment or services shortages, procurement delays or difficulties arising from the environmental and other conditions in the areas where the reserves are located or through which production is transported may increase costs and make it uneconomical to develop potential reserves. Failure to discover new reserves, to enhance existing reserves or to extract resources from such reserves in sufficient amounts and in a timely manner could materially and adversely affect the Group's results of operations, cash flows, financial condition and prospects. In addition, the Group may not be able to recover the funds used in any exploration programme to identify new opportunities.

Increasingly stringent requirements relating to regulatory, environmental and social approvals can result in significant delays in construction of additional facilities and may adversely affect new drilling projects, the expansion of existing operations and, consequently, the Group's results of operations, cash flows and financial condition, and such effects could be material.

Reserve and resource estimates

No assurance can be given that hydrocarbon reserves and resources reported by the Group in the future are present as estimated, will be recovered at the rates estimated or that they can be brought into profitable production. Hydrocarbon reserve and resource estimates may require revisions and/or changes (either up or down) based on actual production experience and in light of the prevailing market price of oil and gas. A decline in the market price for oil and gas could render reserves uneconomic to recover and may ultimately result in a reclassification of reserves as resources.

Unless stated otherwise, the hydrocarbon resources data contained in this document are taken from the Competent Person's Report. The reserves and resources data contained in this document have been certified by Xodus unless stated otherwise. There are uncertainties inherent in estimating the quantity of reserves and resources and in projecting future rates of production, including factors beyond the Group's control. Estimating the amount of hydrocarbon reserves and resources is an interpretive process and, in addition, results of drilling, testing and production subsequent to the date of an estimate may result in material revisions to original estimates.

The hydrocarbon resources data contained in this document and in the Competent Person's Report are estimates only and should not be construed as representing exact quantities. The nature of reserve quantification studies means that there can be no guarantee that estimates of quantities and quality of the resources disclosed will be available for extraction. Therefore, actual production, revenues, cash flows, royalties and development and operating expenditures may vary from these estimates. Such variances may be material. Reserves estimates contained in this document are based on production data, prices, costs, ownership, geophysical, geological and engineering data, and other information assembled by the Group (which it may not necessarily have produced). The estimates may prove to be incorrect and potential investors should not place reliance on the forward looking statements contained in this document (including data included in the Competent Person's Report or taken from the Competent Person's Report and whether expressed to have been certified by the Competent Person or otherwise) concerning the Group's reserves and resources or production levels.

Hydrocarbon reserves and resources estimates are expressions of judgment based on knowledge, experience and industry practice. They are therefore imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Estimates that were reasonable when made may change significantly when new information from additional analysis and drilling becomes available. This may result in alterations to development and production plans which may, in turn, adversely affect operations.

If the assumptions upon which the estimates of the Group's hydrocarbon resources have been based prove to be incorrect, the Group (or the operator of an asset in which the Group has an interest) may be unable to recover and produce the estimated levels or quality of hydrocarbons set out in this document and the Group's business, prospects, financial condition or results of operations could be materially and adversely affected.

Failure to manage relationships with local communities, government and non-government organisations could adversely affect future growth potential of the Company

Natural resources businesses often face increasing public scrutiny of their activities. Operations located in or near communities that may regard oil and gas activities as detrimental to their environmental, economic or social circumstances. Negative community reaction to such operations could have a material adverse impact on the cost, profitability, ability to finance or even the viability of an operation. Such events could also lead to disputes with national or local governments or with local communities and give rise to material reputational damage. These disputes are not always predictable and may cause disruption to projects or operations. Oil and gas operations can also have an impact on local communities. Failure to manage relationships with local communities, government and non-government organisations may adversely affect the Company's reputation, as well as its ability to commence production projects, which could in turn affect the Group's revenues, results of operations and cash flows.

Risks Relating to the Bonds

WHILST THE BONDS ARE SECURED, IF THE COMPANY WERE TO BECOME INSOLVENT, THERE IS THE RISK THAT (A) SOME OR ALL OF THE PRINCIPAL AMOUNT OF THE BONDS WILL NOT BE REDEEMED; AND (B) SOME OR ALL OF THE INTEREST DUE ON THE BONDS WILL NOT BE PAID.

The Bonds may not be a suitable investment for all investors

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this document or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- (ii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal and interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Accordingly, the Bonds may not be a suitable investment for all recipients of this document. Before making a decision, investors are advised to consult an appropriate independent investment adviser authorised under FSMA who specialises in advising on investments of this nature.

The Bonds are financial instruments. Investors often do not purchase financial instruments as stand-alone investments and often choose instead to diversify their investments into other asset classes. Some investors purchase financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Bonds unless it has the expertise (either alone or with a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of the Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Bondholders may receive less than the original amount they invested. The Bonds are held in the name of the Company. The Company is dependent on its business performing in order for it be able to fund interest payments during the fixed term of the Bonds and repay the principal amount of the Bonds on redemption.

Enforcement of Security

The Bonds will be secured by way of the Security Deed and Share Charge (further details of which are set out in the Executive Summary on page 20 of this document).

As is standard practice in the UK oil and gas industry and required under the terms of the Joint Operating Agreements in place in relation to Brockham and Lidsey (further details of which are set out in paragraph 3 of Part V (Regulatory Environment) of this document):

1. the Security Deed and the rights of any party arising under the Security Deed will be expressed to be subordinated to the rights of the parties to the Joint Operating Agreements in place in relation to Brockham and Lidsey and any future Joint Operating Agreement AWB3 enters into in relation to any other Licence, including, without limitation, rights arising under the default procedure in the Joint Operating Agreements (further details of which are set out in paragraph 3.5 of Part V (Regulatory Environment) of this document); and
2. the Security Deed will be expressed to be entered into without prejudice to the provisions of the Joint Operating Agreements in place in relation to Brockham and Lidsey and any future Joint Operating Agreement AWB3 enters into in relation to any other Licence.

In circumstances where an event of default has occurred in relation to the Bonds, and the Trustee enforces the security granted to it in the Security Deed and Share Charge, no assurance can be made that on such enforcement there will be sufficient assets available to cover all amounts due in respect of the Bonds (including in circumstances where AWB3 is in default under a Joint Operating Agreement and the other parties thereto have been able to effectively assert their rights thereunder in priority to the security granted). Should available assets prove to be insufficient, no other assets will be available for payment of the deficiency, and following distribution of the proceeds realised from the enforcement of security the Company will have no further obligation to pay any amounts in respect of such deficiency.

In addition, only the Trustee may enforce the security granted to it in the Security Deed and Share Charge in accordance with, and subject to, the terms of the Trust Deed. No Bondholder will be entitled at any time to take any action against the Company in connection with the Trust Deed, the Security Deed and/or the Share Charge unless the Trustee, having become bound to proceed, fails to do so.

Priority of claims of the Trustee, Paying Agent and parties to a Joint Operating Agreement

Upon enforcement by the Trustee of the security granted to it in the Security Deed the Bondholders will have the right to be paid amounts due to them only after payment of:

1. firstly, the fees, costs, charges, expenses and liabilities incurred by the Trustee (or any Appointee) in preparing and executing the trusts under the Trust Deed, Security Deed or the Share Charge (including the costs of realising any security and the Trustee's and any such Appointee's remuneration);
2. secondly, in payment of all amounts owing to the Paying Agent and the Registrar.

Any such payments may result in Bondholders not receiving all amounts due to them in respect of the Bonds.

In addition, should AWB3 be in default under either of the Joint Operating Agreements in place in relation to Brockham and Lidsey (or any future Joint Operating Agreement AWB3 enters into in relation to any other Licence) contemporaneously with the Company being in default in relation to the Bonds, the subordination provisions in the Joint Operating Agreements are worded with the expressed intention to give priority to any claims made against AWB3 by the parties to the Joint Operating Agreements over those of the Trustee, Paying Agent and Bondholders (as described above). In the absence of such expressed intention such claims (which constitute unsecured claims) would rank behind the fixed charge element of the security in the Security Deed and, other than in respect of the statutory "prescribed part" required to be set aside for unsecured creditors, also rank behind the floating charge element of the security in terms of priority. Should the parties to the Joint Operating Agreements be successful in asserting such priority any payments made by AWB3 to them would further diminish the assets of the Company and accordingly any such payments may result in Bondholders not receiving all amounts due to them in respect of the Bonds.

It is also possible that if the parties to the Joint Operating Agreements successfully asserted priority over payments made by AWB3, that creditors claiming status as preferred creditors or as administration

expenses or liquidation expenses as appropriate (which generally are considered to be required to be paid in priority to the prescribed part) could also assert the right to be paid in priority to floating charge realisations for Bondholders.

The default procedure in the Joint Operating Agreements (further details of which are set out in paragraph 3.5 of Part V (Regulatory Environment) of this document) is triggered in circumstances where a party fails to make a payment in respect of its share of the costs of works to be undertaken in relation to the relevant Licence, e.g. its share of an “authority for expenditure” request submitted to the parties by the Licence operator. As AWB3 is the operator in relation to both the Brockham Licence and Lidsey Licence, the Company considers that the risk of AWB3 being in default under a Joint Operating Agreement contemporaneously with the Company being in default in respect of the Bonds is remote as AWB3 is in a position to manage operations at Lidsey and Brockham including their cash requirements.

Additionally, it is not clear that the parties to the Joint Operating Agreements (or preferential creditors or those creditors claiming status as administration or liquidation expenses) would be successful in asserting the priority of their claims. The priority of claims of the Trustee, Paying Agent, Bondholders and parties to the Joint Operating Agreements (as unsecured creditors) is prescribed by law and it is unclear whether the contractual subordination provisions in the Joint Operating Agreements would be enforceable in accordance with their terms on the insolvency of AWB3 so as to be capable of disrupting the statutory order of priority.

Modification, waivers and substitution

The Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

Change of law

The conditions of the Bonds are based on English law in effect as at the date of this document. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this document.

Risks related to the market generally

Set out below is a brief description of the principal market risks:

The NEX Exchange Growth Market

The fact that application has been made for the Bonds to be admitted to trading on the NEX Exchange Growth Market should not be taken as implying that there will be a “liquid” market in the Bonds if the application is successful. The NEX Exchange Growth Market is not AIM or the Official List. An investment in the Bonds may therefore be difficult to realise. Continued admission to the NEX Exchange Growth Market is entirely at the discretion of NEX Exchange. Any changes to the regulatory environment, in particular the NEX Exchange Growth Market Rules could, for example, affect the ability of the Company to maintain a trading facility for the Bonds on the NEX Exchange Growth Market.

The secondary market generally

The Bonds may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. The Bonds are designed for specific investment objectives or strategies. As such, the Bonds generally will have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of the Bonds.

Exchange rate risks and exchange controls

The Company will pay principal and interest on the Bonds in Sterling. This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or

currency unit (the “**Investor’s Currency**”) other than Sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of Sterling or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to Sterling would decrease (i) the Investor’s Currency-equivalent yield on the Bonds, (ii) the Investor’s Currency-equivalent value of the principal payable on the Bonds and (iii) the Investor’s Currency-equivalent market value of the Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of them.

Financial Services Compensation Scheme

The Bonds will not have the status of bank deposits under English law and are not within the scope of the Financial Services Compensation Scheme operated by the FCA.

Early Redemption

Other than in relation to the death of a SIPP beneficiary there are no provisions for early redemption. The principal amount of the Bonds plus interest for the final year of their term will be paid on the redemption date into the account nominated by the Bondholder.

Tax

Bondholders should seek their own tax advice as to the consequences of becoming Bondholders. No representation or warranty, express or implied, is given to Bondholders as to the tax consequences (including in relation to the acquisition, ownership or disposal of Bonds) and neither the Company or its Directors and employees will be responsible for any tax consequences of any Bondholder. Any commentary as to taxation set out in this document is general in nature and is intended as a guide only to certain aspects of UK taxation which apply to persons who are the beneficial owners of Bonds.”

Economic, political, judicial, administrative, taxation or other regulatory matters

The Company may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors, as well as other unforeseen matters.

Forward looking statements

This document contains forward-looking statements that involve risks and uncertainties. The Company’s results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks faced by the Company, which are described above and elsewhere in the document. Additional risks and uncertainties not currently known to the Directors may also have an adverse effect on the Company’s business.

PART III

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be incorporated in, and form part of, this document.

1. The AIM Admission Document which includes the:
 - a. AHL Group Financial Information;
 - b. Pro Forma Financial Information; and
 - c. CPR.
2. All regulatory news announcements released by the Company through the AIM market of the London Stock Exchange up to the date of Admission.
3. The Audited Accounts (which were published on 30 December 2016 on the Company's website and can be obtained via the following link <http://www.angusenergy.co.uk/media/reports/>).
4. Copies of the documents incorporated by reference in this document can be obtained from the registered office of the Company and are published on the Company's website at www.angusenergy.co.uk and, specifically, via the following links:
 1. AIM Admission Document - <http://www.angusenergy.co.uk/media/reports/>.
 2. Regulatory news announcements - <http://www.angusenergy.co.uk/media/news/>.

PART IV

TERMS AND CONDITIONS OF BONDS

The terms and conditions contained in this Part IV have been extracted from the Trust Deed. To view copies of the Trust Deed or Security Deed in full, please request copies from the Directors in writing.

The following are the terms and conditions applicable to the Original Stock (these “**Conditions**”).

The £3,500,000 sterling denominated secured 8.5% Bonds due 2022 (the “**Original Stock**”) of Angus Energy Plc (the “**Company**”) are constituted by a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the “**Trust Deed**”) and secured by a Security Deed and Share Charge (each as defined below), each dated on or around Admission and made between the Company and Woodside Corporate Services Limited (as trustee pursuant to both the Trust Deed and the Security Deed, the “**Trustee**”, which expression shall include any successor as Trustee) as trustee for each Registered Stockholder (as defined below).

Copies of the Trust Deed, the Security Deed and the Share Charge are available for inspection during normal business hours at the registered office for the time being of the Company being at the date of the issue of the Original Stock at Building 3 Chiswick Park, 566 Chiswick High Street, London W4 5YA and at the registered office of the Trustee. The Registered Stockholders are entitled to the benefit of, and are deemed to have notice of, all the provisions of the Trust Deed, the Security Deed and the Share Charge.

Certain of the statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed (which includes these Conditions), the Security Deed and the Share Charge. In the event of any conflict between these Conditions and the Trust Deed, the Security Deed or the Share Charge, the Trust Deed, the Security Deed or the Share Charge, as applicable, shall govern.

1. DEFINITIONS

Capitalised terms used herein without definition shall have the same meanings ascribed to such terms in the Trust Deed unless the context otherwise requires or unless otherwise stated.

In these Conditions:

“**Applicable Issue Date**” means, with respect to any Tranche, the date on which such Tranche is issued (which, in the absence of manifest error, is the date of first entry of such Tranche into CREST);

“**Appointee**” means any attorney, manager, agent, delegate, nominee, custodian, receiver or other person appointed by the Trustee under, or pursuant to, these Conditions, the Trust Deed or the Security Deed;

“**AWB2**” means Angus Energy Weald No. 2 Limited (company number 06975039) whose registered office is at Building 3 Chiswick Park, 566 Chiswick High Road, London, England W4 5YA;

“**AWB3**” means Angus Energy Weald No. 3 Limited (company number SC055329) whose registered office is at Suite 2, 5 St. Vincent Street, Edinburgh, Scotland EH3 6SW;

“**Business Day**” means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the City of London.

"Company Security" has the meaning given to it in Condition 4 (*Security*);

"Events of Default" means the events detailed in Condition 12.1 (*Events of Default*) and **"Event of Default"** means any of them;

"Initial Issue Date" means the date on which the Company issues its initial amount of Original Stock;

"Interest Payment Dates" means each of (i) 31st March; (ii) 30th June; (iii) 30th September; and (iv) 31st December in each year during the Term of the Original Stock from and including 30th June 2017 and (ii) the Maturity Date, and **"Interest Payment Date"** means any such date;

"Maturity Date" means 30 June 2022;

"Paying Agency Agreement" means (i) the letter of engagement dated 7 November 2016 between the Company and the Paying Agent for the making of all payments in respect of the Original Stock to Registered Stockholders on behalf of the Company, as amended and/or supplemented and/or restated from time to time and (ii) any paying agency agreement entered into between the Company and any additional or successor paying agent;

"Paying Agent" means Share Registrars Limited which expression shall include any additional or successor paying agent;

"Potential Event of Default" means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request, would constitute an Event of Default;

"Registered Stockholder" means the person(s) in whose name an Original Stock is, or Original Stock is, registered (regardless of underlying beneficial ownership);

"Registrar" means Share Registrars Limited or such other registrar for the time being of the Company responsible for maintaining the Register;

"Relevant Date" means, with respect to any payment due in respect of the Original Stock, the date on which such payment first becomes due;

"Reserved Matter" means a modification of the Maturity Date or any Interest Payment Date, a reduction or cancellation of the principal or interest payable in respect of the Original Stock or an alteration of the currency of payment of the Original Stock;

"Security Deed" means the security deed dated on or about the date of this Deed granted by AWB3 in favour of the Trustee as security for the Company's obligations in respect of the Stock and any additional or replacement security deed that may be granted in favour of the Trustee by AWB3 from time to time as security for the Company's obligations in respect of the Stock;

"Share Charge" means the share charge dated on or about the date of this Deed granted by AWB2 in favour of the Trustee as security for the Company's obligations in respect of the Stock and any additional or replacement security deed that may be granted in favour of the Trustee by AWB2 from time to time as security for the Company's obligations in respect of the Stock;

"SIPP Beneficiary" means the beneficiary of a self-invested personal pension.

"Taxes" has the meaning given to it in Condition 10.1 (*Withholding*);

"Term of the Original Stock" means the period commencing on the Initial Issue Date and ending on the Maturity Date.

"Tranche" means Original Stock ranking *pari passu* and having a common Maturity Date and having the same Applicable Issue Date, so that Original Stock with different Applicable Issue Dates shall be designated as different Tranches by reference to their respective Applicable Issue Dates, but shall constitute a single series.

2. **FORM AND DENOMINATION**

- (a) The Original Stock is in registered form, in the denomination of £1 and integral multiples thereof.
- (b) The Original Stock will not be represented by certificates. The person(s) in whose name(s) any Original Stock is registered in the register (the "**Register**") relating to the Original Stock maintained by the Registrar will (to the fullest extent permitted by applicable law) be treated at all times for all purposes (including the purpose of making payments, whether or not any such payments are overdue) as the absolute owner thereof.

3. **STATUS**

The Original Stock are direct obligations of the Company, are secured in the manner set out in Condition 4 (*Security*), and rank *pari passu* without preference or priority amongst themselves.

4. **SECURITY**

The Company's obligations in respect of the Original Stock is secured pursuant to the Security Deed and Share Charge by way of charges (and assignments) in respect of the Charged Assets in favour of the Trustee for the benefit of itself and the Registered Stockholders, as more fully described in the Security Deed and the Share Charge.

The security created by the Security Deed, the Share Charge and/or pursuant to any deed or document supplemental thereto is referred to herein as the "**Company Security**".

The Company Security shall become enforceable upon the delivery of an Acceleration Notice (as defined in Condition 12).

5. **ORDER OF PAYMENTS**

Following the enforcement of the Company Security, the net proceeds of enforcement of the Company Security shall be applied in the following order of priority:

- (a) first, in payment or satisfaction of the fees, costs, charges, expenses and liabilities incurred by the Trustee or any Appointee in preparing and executing the trusts under the Trust Deed, the Security Deed or the Share Charge (including the costs of realising any Company Security and the Trustee's and any such Appointee's remuneration);
- (b) second, in payment of all amounts owing to the Paying Agent and the Registrar;
- (c) third, in payment, on a *pro rata* and *pari passu* basis, to the Registered Stockholders of any interest due and payable in respect of the Original Stock;
- (d) fourth, in payment, on a *pro rata* and *pari passu* basis, to the Registered Stockholders of any principal due and payable in respect of the Original Stock;

- (e) fifth, in payment of any other unpaid fees and expenses of the Company (in each case insofar as they relate to the Original Stock) on a *pro rata* and *pari passu* basis; and
- (f) sixth, in payment of any surplus to the Company.

6. COVENANTS

6.1 General Covenants

In addition to the covenants of the Company set out in the Trust Deed, the Security Deed and the Share Charge, for so long as any of the Original Stock remains outstanding, the Company covenants that it will not without the consent in writing of the Trustee engage in any activity, or do anything other than:

- (a) carry out the business of a company which is a UK onshore focused oil and gas business; and
- (b) perform any act incidental to or necessary in connection with (a) above.

The Company also covenants, for so long as any of the Original Stock remains outstanding, not to create or permit to subsist, over any of the security constituted by or created pursuant to the Security Deed or the Share Charge, any mortgage or charge or any other security interest ranking in priority to the security created by or pursuant to the Security Deed or Share Charge, save as expressly permitted by the Security Deed or the Trustee.

6.2 Information Covenants

For so long as any of the Original Stock remain outstanding, the Company shall:

- (a) send (by conventional postal transmission in printed form or electronic means, as determined by the Company in its sole discretion) to each Registered Stockholder a copy of the annual report of the Company no later than five months after the Company's fiscal year end; and
- (b) at the request of Registered Stockholders holding not less than 75 per cent of the principal amount of the Original Stock then outstanding, convene a meeting of the Registered Stockholders to discuss the financial position of the Company, **provided, however, that** the Company shall not be required to convene any such meeting pursuant to this Condition 6.2(b) more than once in any calendar year. Upon the request of Registered Stockholders to convene any such meeting, as aforesaid, the Company shall notify all Registered Stockholders of the date (which date shall be no more than 28 days following such request), time and place of the meeting in accordance with Condition 13 (*Notices*). The Company shall act in good faith in addressing any questions regarding its financial position raised at any such meeting, **provided, however, that** the Company shall not be obliged to disclose any information which it, in its absolute discretion, considers to be of a confidential nature. For the avoidance of doubt, the provisions of this Condition 6.2(b) are in addition to the meetings provisions set out in Condition 14 (*Meetings of Registered Stockholders, Modification and Waiver*).

7. INTEREST

7.1 Interest Rate and Interest Payment Dates

The Original Stock will bear interest from (and including) the Applicable Issue Date at an annual rate of 8.5 per cent., payable in arrears on each Interest Payment Date in respect of the period from

and including the immediately preceding Interest Payment Date to but excluding the current Interest Payment Date or, in relation to the first Interest Payment Date applicable to any Tranche, the period from and including the Applicable Issue Date for such Tranche to but excluding the first Interest Payment Date occurring after such Applicable Issue Date. Interest shall be calculated on the basis of the actual number of days elapsed in the relevant period and a 365 day year.

7.2 Interest Accrual

Each Original Stock will cease to bear interest from (and including) its due date for redemption, unless payment of the principal in respect of the Original Stock is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event interest shall continue to accrue as provided in this Condition 7.

7.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a period that ends prior to an Interest Payment Date, it shall be calculated on the basis of (a) the actual number of days in the period from (and including) the date from which interest begins to accrue (the "**Accrual Date**") to (but excluding) the date on which it falls due divided by (b) the actual number of days from and including the Accrual Date to (but excluding) the next following Interest Payment Date multiplied by 4, and multiplying this fraction by the rate of interest specified in Condition 7.1 (*Interest Rate and Interest Payment Dates*) and the relevant principal amount of the Original Stock.

8. PAYMENTS

8.1 Payments in respect of Original Stock

Payments of principal in respect of each Original Stock will be made by the Paying Agent to the relevant Registered Stockholder appearing on the Register on the Maturity Date.

8.2 Payments of interest in respect of each Original Stock will be made by the Paying Agent to the relevant Registered Stockholder 15 calendar days after the Interest Payment Date to relevant Registered Stockholder appearing on the Register on the Interest Payment Date.

8.3 Method of Payment

Payments of principal and interest in respect of each Original Stock will be made by the Paying Agent by credit in Sterling to the account maintained by the relevant Registered Stockholder with CREST.

8.4 Payments subject to Applicable Laws

Payments in respect of principal and interest on the Original Stock is subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment.

8.5 Payment Day

If the date for payment of any amount in respect of any Original Stock is not a Business Day, the holder thereof shall not be entitled to payment until the next following Business Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

8.6 Initial Paying Agent

The Paying Agent has been appointed under the Paying Agency Agreement. The Company reserves the right, subject to the prior written approval of the Trustee, at any time to vary or

terminate the Paying Agency Agreement and/or to terminate the appointment of the Paying Agent and to appoint additional or other Paying Agents provided that there will at all times be at least one paying agent for the Original Stock.

Notice of any termination of appointment of a Paying Agent will be given to the Registered Stockholders promptly by the Company in accordance with Condition 13 (*Notices*).

9. REDEMPTION AND PURCHASE

9.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as specified in these Conditions, the Original Stock will be redeemed by the Company at their principal amount on the Maturity Date.

9.2 Registered Stockholder Put Request

Following the death of a SIPP Beneficiary a Registered Stockholder may by notice accompanied by a copy of the death certificate of the relevant SIPP Beneficiary request the Company to redeem some or all of the Original Stock attributable to such SIPP Beneficiary (the “**Registered Stockholder Put Request**”) not later than 180 days after the date on which the relevant request is given to the Company (the “**Put Request Date**”), together with any interest accrued up to but excluding the Put Request Date.

On the Put Request Date, the Company may in its discretion redeem all of the Original Stock in respect of which a Registered Stockholder Put Request has been exercised, at their aggregate principal amount together with any interest accrued up to but excluding the Put Request Date.

9.3 Notice of Early Redemption

Notice of any early redemption in accordance with Condition 9.2 (*Registered Stockholder Put Request*) above shall be given by the Company to the Trustee and the Paying Agent in accordance with Condition 13 (*Notices*), as promptly as practicable.

9.4 Calculations

Each calculation, by or on behalf of the Company, for the purposes of this Condition 9 shall, in the absence of manifest error, be final and binding on all persons. If the Company does not at any time for any reason calculate amounts referred to in this Condition 9, such amounts may be calculated by the Trustee, or an agent appointed (at the expense of the Company) by the Trustee for this purpose (without any liability accruing to the Trustee as a result) based on information supplied to it by the Company, and each such calculation shall be deemed to have been made by the Company.

9.5 Purchase of Original Stock by the Company

The Company may purchase Original Stock at any time.

9.6 Cancellation of purchased or redeemed Original Stock

All Original Stock redeemed by the Company pursuant to Condition 9.2 (*Registered Stockholder Put Option*) or purchased by the Company pursuant to Condition 9.5 (Purchase of Original Stock by the Company) shall be cancelled and may not be issued or resold.

10. TAXATION

10.1 Withholding

To the extent required by law, payments of principal and interest in respect of the Original Stock by or on behalf of the Company shall be made subject to withholding and/or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of the United Kingdom or any political subdivision or authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or authority thereof or therein having power to tax to which the Company becomes subject in respect of payments made by it of principal and interest on the Original Stock.

10.2 No obligation to pay additional amounts

Neither the Company, the Trustee nor the Paying Agent shall be obliged to pay any additional amounts to the Registered Stockholders as a result of any withholding or deduction made in accordance with Condition 10.1 (*Withholding*).

11. PRESCRIPTION

Claims in respect of the Original Stock will become void unless made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date therefor.

12. EVENTS OF DEFAULT AND ENFORCEMENT

12.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least 75 per cent of the principal amount of the Original Stock then outstanding or if so directed by an Extraordinary Resolution (subject in each case to being secured and/or indemnified to its satisfaction) shall (but in the case of the happening of any of the events described in Conditions 12.1(b) and (i) below, only if the Trustee shall have certified in writing to the Company that such event is, in its reasonable opinion, materially prejudicial to the interests of the Registered Stockholders), give notice in writing (an "**Acceleration Notice**") to the Company that the Original Stock is, and the Original Stock shall thereupon immediately become, due and repayable at their principal amount together with accrued interest as provided in the Trust Deed if any of the following events (each, an "**Event of Default**") shall occur:

- (a) if default is made in the payment of any principal or interest due in respect of the Original Stock or any of them and the default continues for a period of five Business Days in the case of principal and ten Business Days in the case of interest; or
- (b) if the Company fails in any material respect to perform or observe any of its other obligations under, or in respect of, these Conditions, the Trust Deed, the Security Deed or the Share Charge or if any representation given by the Company to the Trustee in the Trust Deed, the Security Deed or the Share Charge is found to be materially untrue, incorrect or misleading as at the time it was given and (except in any case where, in the reasonable opinion of the Trustee, the failure or inaccuracy is incapable of remedy) the failure or inaccuracy continues for a period of 30 days next following the service by the Trustee on the Company of notice requiring the same to be remedied; or
- (c) (A) any other present or future indebtedness of the Company for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any

actual or potential default, event of default or the like (howsoever described), or (B) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (C) the Company fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised **provided that** the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds £100,000 or its equivalent in other currencies (as reasonably determined by the Trustee); or

- (d) if any order is made by any competent court or resolution passed for the winding-up or dissolution of the Company save for the purposes of reorganisation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution; or
- (e) if the Company ceases or threatens to cease to carry on the whole or, in the opinion of the Trustee, a substantial part of its business, save for the purposes of reorganisation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution; or
- (f) if the Company stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (g) if (A) proceedings are initiated against the Company under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, liquidator, manager, administrator or other similar official, or an administrative or other receiver, liquidator, manager, administrator or other similar official is appointed, in relation to the Company or, as the case may be, in relation to all or substantially all of the Company's undertaking or assets, or an encumbrancer takes possession of all or substantially all of the Company's undertaking or assets, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against all or substantially all of the Company's undertaking or assets and (B) in any case (other than the appointment of an administrator) is not discharged within 14 days; or
- (h) if the Company initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium); or
- (i) if the Company makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or
- (j) if it is or will become unlawful for the Company to perform or comply with any of its obligations under or in respect of the Original Stock, the Trust Deed, the Security Deed or the Share Charge.

12.2 **Enforcement**

The Trustee may at any time, at its discretion and without notice, take such proceedings and/or other steps or action (including lodging an appeal in any proceedings) against or in relation to the Company as it may think fit to enforce the provisions of the Trust Deed, the Security Deed, the

Share Charge or otherwise, but it shall not be bound to take any such proceedings or other steps or action in relation to the Trust Deed, the Security Deed, the Share Charge or otherwise unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least 75 per cent of the principal amount of the Original Stock then outstanding and (ii) it shall have been secured and/or indemnified to its satisfaction.

No Registered Stockholder shall be entitled to (i) take any steps or action against the Company to enforce the performance of any of the provisions of the Trust Deed, the Security Deed, the Share Charge or the Paying Agency Agreement or (ii) take any other action (including lodging an appeal in any proceedings) in respect of or concerning the Company, in each case unless the Trustee, having become bound so to take any such steps, actions or proceedings, fails so to do within a reasonable period and the failure shall be continuing.

13. NOTICES

13.1 To Registered Stockholders

Notices to be given to Registered Stockholders regarding the Original Stock will be deemed to be validly given if sent by first class pre-paid letters to the Registered Stockholders at their addresses entered in the Register or by means of electronic communication if a Registered Stockholder has provided electronic communication details. Any such notices will be deemed to have been given on the date two days after the date of despatch of such letters or on the same day in the case of electronic transmission. The Company shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Original Stock is for the time being listed or by which they have been admitted to trading. If, in the opinion of the Trustee, publication as provided above is not practicable, a notice shall be validly given if published in a leading daily English language newspaper with general circulation in Europe.

13.2 From Registered Stockholders

Notices to be given by any Registered Stockholder shall be in writing and will be deemed to be validly given if sent by first class pre-paid letters to the then-current registered office of the Registrar.

14. MEETINGS OF REGISTERED STOCKHOLDERS, MODIFICATION AND WAIVER

14.1 Meetings of Registered Stockholders

The Trust Deed contains provisions for convening meetings of the Registered Stockholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of the provisions of the Trust Deed (including these Conditions), the Security Deed or the Share Charge. Such a meeting may be convened by the Company or the Trustee and shall be convened by the Trustee if requested in writing by Registered Stockholders holding not less than 10 per cent of the principal amount of the Original Stock then outstanding (other than in respect of a meeting requested by Registered Stockholders to discuss the financial position of the Company, which shall be requested in accordance with, and shall be subject to, Condition 6.2(b) (*Information Covenants*)).

The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing in aggregate at least 75 per cent of the principal amount of the Original Stock then outstanding, or at any adjourned meeting one or more persons holding or representing

in aggregate at least 75 per cent of the principal amount of the Original Stock for the time being then outstanding, except that at any meeting the business of which includes a Reserved Matter, the quorum shall be one or more persons holding or representing in aggregate not less than 75 per cent of the principal amount of the Original Stock then outstanding, or at any such adjourned meeting one or more persons holding or representing in aggregate not less than 75 per cent of the principal amount of the Original Stock then outstanding.

The Trust Deed defines “Extraordinary Resolution” as a resolution expressed as such and passed at a duly convened meeting of the Registered Stockholders by a majority consisting of not less than 75 per cent of the persons voting at such meeting upon a show of hands or if a poll is duly demanded by a majority consisting of not less than 75 per cent of the votes given on such poll. An Extraordinary Resolution passed by the Registered Stockholders is binding on all the Registered Stockholders, whether or not they are present at any meeting and whether or not they voted on the resolution.

14.2 A resolution in writing signed by or on behalf of Registered Stockholders holding not less than 75 per cent of the principal amount of the Original Stock then outstanding or a consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of Registered Stockholders holding not less than 75 per cent of the principal amount of the Original Stock then outstanding, shall, in each case, be as valid and effective as an Extraordinary Resolution passed at a meeting of the Registered Stockholders.

14.3 **Modification, Waiver, Authorisation and Determination**

The Trust Deed provides that the Trustee may agree, without the consent of the Registered Stockholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Trust Deed (including these Conditions), the Security Deed, the Share Charge or any other agreement relating to the Stock to which the Trustee is a party, or determine, without any such consent as aforesaid, that any Potential Event of Default or Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Registered Stockholders so to do or may agree, without any such consent as aforesaid, to any modification which, in the opinion of the Trustee, is of a formal, minor or technical nature or necessary to correct a manifest error or an error which is, in the opinion of the Trustee, proven. Any such modification, waiver, authorisation or determination shall be in writing, shall be binding on the Registered Stockholders and shall be notified to the Registered Stockholders in accordance with the notice provisions of the Trust Deed as soon as practicable thereafter (unless the Trustee determines such notice is unnecessary).

14.4 **Trustee to have regard to interests of Registered Stockholders as a class**

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall: (i) have regard to the general interests of the Registered Stockholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Registered Stockholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Registered Stockholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Registered Stockholder be entitled to claim, from the Company, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such

exercise upon individual Registered Stockholders and (ii) shall not be required to have regard to the interests of any other secured parties.

15. INDEMNIFICATION OF THE TRUSTEE AND TRUSTEE CONTRACTING WITH THE COMPANY

The Trust Deed, the Security Deed and the Share Charge contain provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless secured and/or indemnified to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into or be interested in any contract or financial or other transaction or arrangement with the Company or any subsidiary and (b) to accept or hold the trusteeship of any other trust deed constituting or securing any other securities issued by or relating to the Company or any subsidiary.

The Trustee shall not be bound to take any step or action in connection with the Trust Deed, the Security Deed, the Share Charge or the Original Stock or obligations arising pursuant thereto, where it is not satisfied that it is indemnified and/or secured against all its liabilities and costs incurred in connection with such step or action and may demand, prior to taking any such step or action, that there be paid to it in advance such sums as it considers (without prejudice to any further demand) shall be sufficient so as to indemnify it.

In the event that Trustee does not also serve as Paying Agent, the Trustee shall have no responsibility for the validity, sufficiency or enforceability of the Company Security. In such a case, the Trustee shall not be responsible for monitoring the compliance by the Paying Agent with its obligations under the Paying Agency Agreement.

16. FURTHER STOCK

The Trust Deed provides that the Company has the power, without the consent of the Registered Stockholders, to create and issue further Stock ranking *pari passu* or junior in point of security with the Original Stock and carrying the same rights in all respects as the Original Stock and forming one class with the Original Stock or upon such terms as the Company may determine at the time of their issue. The Company is not permitted to issue any further Stock that is expressed to be and rank senior in point of security to the Original Stock.

17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person other than the Trustee shall have any right to enforce these Conditions under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

18. GOVERNING LAW

The Trust Deed, the Security Deed, the Share Charge and the Paying Agency Agreement and any non-contractual obligations or matters arising from or in connection with them are governed by English law.

PART V

REGULATORY ENVIRONMENT

1. Overview of existing Licences

- 1.1 The Group's assets are all located in the Weald Basin in the South East of England, as shown in Figure 1 of Part I of this document and in the Competent Person's Report incorporated by reference in this document.
- 1.2 Each Licence follows a standard model and grants to the licensee(s) an exclusive licence to search and bore for, and get, petroleum in the licensed areas. The Production Licences operate under the terms of the Model Clauses. All licences are granted under the relevant Petroleum Act and related legislation.

2. Terms of the Group's Production Licences

Each Licence follows a standard model and grants to the licensee(s) an exclusive licence to search and bore for, and get, petroleum in the licensed area.

2.1 Periods of grant

- 2.1.1 The Lidsey Licence, PL241, was granted by the Secretary of State for Energy on or around 2 December 1983, and the Brockham Licence, PL235, was granted by the Secretary of State for Energy on or around 28 October 1983, in each case to the signatories thereto, being a group of companies who had transferred the whole of their respective interests in the Production Licences prior to Angus' acquisition of an interest therein.
- 2.1.2 The term for the Production Licences under the Model Clauses is an initial term of four years, followed by a further period of twenty years, subject to compliance with the requirements of the Production Licence. Thereafter, the term can be extended for further periods in consultation with the OGA (and subject to receiving all necessary consents and permits). According to information provided by the OGA, the Lidsey Licence is anticipated to expire on 1 December 2017, and the Brockham Licence on 27 October 2017.
- 2.1.3 The licensees may apply to extend the production terms (with a view to securing the maximum economic recovery of petroleum from the continuing licensed area) for such further periods and on such terms as may be agreed by the Secretary of State. Any such extension will be subject to the Group obtaining all necessary permits and consents.

2.2 Relinquishments/surrenders

2.2.1 Brockham

When granted, the Brockham Licence covered an area of 233.46 km². Since then, approximately 224.6 km² has been relinquished, and currently the licence area is 8.9 km².

2.2.2 Lidsey

When granted, the Lidsey Licence covered an area of 223.30 km². Since then, approximately 218 km² has been relinquished, and currently the licence area is 5.3 km².

2.3 Fiscal terms

Under the terms of the Model Clauses incorporated pursuant to the Lidsey and Brockham Licences, certain royalty payments, deliveries of petroleum and further payments were all due to be delivered to the Secretary of State for Energy. A brief summary of the current fiscal framework applicable to the Group's operations and interests is set out at section 6.1 of the CPR.

Lidsey

- 2.3.1 On the grant of the Lidsey Licence, £17,864 was paid to the Secretary of State for Energy.

2.3.2 Since the fourth anniversary of the Lidsey Licence, and on each anniversary of 1 December 1983, a certain sum, set out in the Licence, is to be paid to the Secretary of State for Energy (or successor body), by way of rental payments. From the 13th and every subsequent anniversary, £2,300, multiplied by the number of square kilometres in the licensed area, is to be paid to the Secretary of State for Energy. The current annual rental payable under the Lidsey Licence is approximately £12,200.

Brockham

2.3.3 On the grant of the Brockham Licence, £18,676.80 was paid to the Secretary of State for Energy.

2.3.4 Since the fourth anniversary of the Brockham Licence, and on each anniversary of 27 October 1983, a certain sum, set out in the Licence is to be paid to the Secretary of State for Energy (or successor body), by way of rental payments. From the 13th and every subsequent anniversary, £2,300, multiplied by the number of square kilometres in the licensed area, is to be paid to the Secretary of State for Energy. The current annual rental payable under the Brockham Licence is approximately £20,500.

2.4 Approval and reporting obligations

Each Licence contains standard rules and regulations as to the manner in which the work, development and production programmes must be agreed with the OGA and carried out by the licensee(s) (including the commencement and abandonment and plugging of wells).

The licensee(s) must:

- keep accounts covering prescribed information including the quantities of petroleum won and saved), which must be shared on a half yearly basis with the OGA;
- keep drilling and geological records which must be shared with the OGS on request; and
- report to the OGA on an annual basis on the progress of operations, such report to contain certain prescribed information.

2.5 Assignment

No right granted by the Licence may be assigned without the written consent of the OGA.

2.6 Revocation

The OGA may revoke the Licence upon the occurrence of certain specified events, including failure by the licensee(s) to meet any payment obligations within two months of the relevant date, any breach by a licensee of the Licence, and any insolvency of a licensee.

2.7 Disputes

Subject to any prescribed process set out in the licence, any disputes arising between the OGA and the licensee(s) relating to the Licence will be referred to arbitration by a single arbitrator who, in default of agreement between the OGA and the licensee(s), will be appointed by the Lord Chief Justice of England for the time being.

3. Joint Operating Agreements

Those persons with interests in the Lidsey Licence and the Brockham Licence (“**Participants**”) have entered into separate joint operating agreements in respect of each licence (or, if a Participant was not a party to the licence, a deed of novation or assignment of such agreement).

3.1 General provisions

3.1.1 The joint operating agreements for the Lidsey and Brockham Licences follow an industry standard model contract, regulate the operations under the licences (including work, development and production programmes) and define the respective rights, interests, duties and obligations of the Participants in connection with the licences and in connection with all petroleum produced under the licences, in each case during the period of the relevant licence.

Decisions are made in accordance with the joint operating agreements, with certain voting thresholds being required (at least 50 per cent. of Participants in number and representing individually or together a participating interest of at least 70 per cent. for Lidsey and Brockham (“**70 per cent. Approval**”)), and higher thresholds (including unanimous consent) being required for some actions, such as expenditure above £50,000, sole risk decisions and abandonment.

3.1.2 The operator (being a subsidiary of Angus Group for the Lidsey Licence and the Brockham Licence) is generally responsible for the day to day conduct of operations (including insurance and the maintenance of records and the provision of reports to Participants) under the overall supervision of a joint operating committee (made up of one representative appointed by each Participant, and chaired by the representative of the operator) (“**JOC**”). As well as its supervisory function, the joint operating committee is also responsible for the approval of budgets and work, development and production programmes, and for expenditure in excess of specified amounts, and for certain strategic decisions. Unless agreed otherwise (as, for example, the carried interest), the costs of the activities carried out by the operator shall be shared by the Participants in proportion to their respective percentage interests in the relevant Licence.

3.1.3 Ownership of all assets developed for or derived from the joint operations (including petroleum) follows the percentage interests, except as otherwise set out in this document, and particularly in paragraph 4.3 of this Part V.

3.2 **Field development plans**

3.2.1 The approval process for a field development plan (“**FDP**”) in respect of the Licence area to which each joint operating agreement relates includes the need for JOC approval of a development programme and budget upon which the FDP will be based (with a 70 per cent. Approval), the approval of Participants participating financially in the FDP and finally the approval of the OGA to the FDP. In relation to each of the Lidsey and Brockham Licences, approved FDPs were in put in place before Angus Group’s acquisition of its interests in the Licences. These FDPs have been subsequently updated by way of addenda to the original FDPs and the OGA has consented to these changes.

3.3 **Funding for FDP works**

3.3.1 Before incurring any financial commitment in respect of works to be carried out under an FDP in excess of £100,000 the operator must submit an “authority for expenditure” (“**AFE**”) request to the Participants who are participating. If the JOC approves the AFE with a 70 per cent. approval the operator is authorised and obliged to incur the financial commitment to which it relates.

3.4 **Sole risk projects**

3.4.1 Where fewer than all Participants wish to participate financially in any works to be undertaken under an FDP, one or more Participants may participate financially in the work as a “sole risk project”. In such circumstances the percentage interests of the Participants, in respect of their entitlement to assets developed for or derived from the relevant works, are altered so as to reflect which Participants partook financially in the development and those that did not.

3.5 **Default**

3.5.1 If a Participant fails to make a payment in respect of its share of the costs of works to be undertaken under an FDP, a default procedure is triggered the ultimate result of which could be a forfeiture of the defaulting party’s participating interest in the relevant Licence.

3.5.2 If the defaulting party fails to remedy its breach and make the required payment towards the costs of the approved budget, the other Participants are required to contribute their percentage interest share of the sums owed by the defaulting party. Pending receipt of the additional contributions by the other participants, the operator, being a subsidiary of the Angus Group,

shall make up the short fall by contributing from its own funds or raising funds from a third party. Any sums it contributes itself in this manner will attract interest at 2 per cent. above LIBOR calculated on a daily basis.

- 3.5.3 Under the default procedure, the defaulting participant has certain time periods in which to rectify their default following the initial cash call; ultimately, should this not be rectified, the other participants have the right to dispose of the defaulting participant's interest to seek recovery of the costs incurred, including certain penalties and interest.

3.6 Resignation

- 3.6.1 The operator may resign by giving 90-180 days' notice, depending on the relevant Licence (or such shorter period as the joint operating committee may decide), to the Participants. The operator may be removed on between 30 and 90 days' notice (depending on the terms of the relevant Licence) in the event of a material breach of its obligations under the joint operating arrangements or in the event that its percentage interest falls below a specified figure (typically 15-25 per cent.) where another Participant holds a larger percentage interest.

3.7 Withdrawal

- 3.7.1 Provided that it has complied with its obligations, a Participant may give notice to withdraw from a Licence or a Joint Operating Agreement (such notice in relation to select Licences being given at 5-6 months before the expiration of the initial term of the relevant Licence). Within 30 days of such notice, any of the other Participants may give a similar withdrawal notice, following which the withdrawing Participants shall assign their percentage interests to the continuing Participants. If all participants wish to withdraw, the joint operations shall be abandoned and the Licence surrendered.

4. Interests

4.1 Interests in the Lidsey Licence

Company	Interest
Angus Group (AWB3) (Operator)	50%
Terrain	20%
Doriemus	20%
BCL	10%

4.2 Interests in the Brockham Licence

Company	Interest
Angus Group (AWB3) (Operator)	65%
Terrain	10%
Doriemus	10%
BCL	10%
Alba	5%

- 4.3 The participants' effective interests in the Licences follow the above interests, except that:

- 4.3.1 pursuant to a farm in agreement between AWB3, Doriemus and AHL dated 21 November 2013, Doriemus is entitled to an additional 10 per cent. of production of the first Lidsey well, and is obliged to fund an additional equal amount of the costs thereof, reducing Angus' share of interests from the new Lidsey well to 40 per cent.;

- 4.3.2 pursuant to a farm-out agreement between ABW3 and Doriemus, dated 28 January 2014, Doriemus would have been required to fund £100,000 of the new well costs at Brockham; if Doriemus' participating interest share of joint account costs exceeded £100,000, AWB3 would have been responsible for the additional amount which would otherwise have been due from Doriemus; and if Doriemus' participating interest share of joint account costs did not exceed £100,000, AWB3's share of joint account costs would have been reduced by such

excess. On 6 October 2016 it was agreed between the parties that Doriemus would fund its participating interest share of such costs (i.e. 10 per cent.) in full and that the provisions of the January 2014 farm-out agreement in this respect would not apply.

- 4.3.3 pursuant to an agreement dated on or around 3 December 2013, the Angus Group agreed to carry the participating interests costs in respect of the 10 per cent. interest of BCL in both the Lidsey and Brockham Licences. Additionally, the Angus Group is required to pay BCL and associated parties up to £4,000 per month dependent on and in respect of oil production, pursuant to the Brockham Agreement;
- 4.3.4 pursuant to an agreement dated 23 October 2015, further details of which are set out in paragraph 13.7.5 of Part VI of this document, the Angus Group granted Alba an option to farm in to 5 per cent. of the Brockham Licence, on a “two for one promote” basis, meaning that Alba’s exercise of such option would be on the basis that, to acquire the 5 per cent. interest in the Brockham Licence from AWB3, it would be required to subsequently fund 10 per cent. of the costs of the new Brockham well, from spudding to first oil. On 9 August 2016 Alba exercised such option and the parties have agreed that Alba’s obligation to contribute on the basis set out above to the cost of the new Brockham well in respect of the period from spudding to first oil is capped, for all dry hole costs, at a maximum of £187,125, plus a maximum of a further 10 per cent. of any AFE to be issued and cash called for the production/well testing of the new Brockham well. Following completion of such payments, Alba’s financial obligations will revert to follow its pro rata participating interest. As referred to in paragraph 3 of Part I, as at 15 February 2017, being the latest practicable date prior to the publication of this document, the farm-out has not completed and accordingly Alba’s funding obligations are not currently in force, although under the farm-out agreement dated 14 September 2016 Alba has elected to be bound by its financial commitments immediately on the basis that AWB3 holds the 5 per cent. participating interest on trust for Alba pending formal completion;
- 4.3.5 pursuant to the Terrain Agreement, further details of which are set out in paragraph 13.7.6 of Part VI of this document, the Angus Group agreed to purchase half of Terrain’s interest in the Brockham Licence (being a 10% interest in the Brockham Licence) (“**10% Brockham Interest**”) for a consideration of an immediate payment of £100,000, the release of the debt owed to the Angus Group by Terrain as at the date of the agreement and bearing the following costs on behalf of Terrain:
- 4.3.5.1 all amounts due from Terrain in respect of its total percentage interest share (i.e. 20%) of costs in relation to the Brockham Licence which accrue before the date on which the transfer of the 10% Brockham Interest from Terrain to the Angus Group is completed (“**Completion**”); and
- 4.3.5.2 all amounts which would be due from Terrain in respect of its remaining 10% interest share of the costs of the side-track recently completed at Brockham, BR-X4Z, whether accrued before, on or after Completion.

As referred to in paragraph 3 of Part I, as at 15 February 2017, being the latest practicable date prior to the publication of this document, the transfer of the 10% interest has not been completed; and

- 4.3.6 pursuant to the Terrain Agreement, further details of which are set out in paragraph 13.7.6 of Part VI of this document, Terrain has granted, for consideration of £1.00, the Angus Group an option to purchase half of Terrain’s interest in the Lidsey Licence (being a 10% interest in the Lidsey Licence) (“**10% Lidsey Interest**”). Further details of this option, and the terms of acquisition of the 10% Lidsey Interest following exercise thereof, are set out at paragraph 13.3.5 of Part VI of this document.

5. Regulatory Process

The UK onshore oil and gas industry is regulated by a number of public bodies. The following is a general outline of those public bodies from which consent, permission or other key input is required in order to carry out work under Licences and Joint Operating Agreements.

Additionally, in relation to the Group, the consent of the landlord of the Brockham land to any drilling operations must be obtained under the Lease (as referred to in paragraph 13.6 of Part VI of this document), such consent not to be unreasonably withheld or delayed.

Oil and Gas Authority ("OGA")

The OGA has regulatory powers in respect of oil and gas matters, including the power to grant new PEDLs through licensing rounds and grants. These PEDLs are granted where the OGA is satisfied with the proposed operator's competency, safety management systems, well examination scheme and financial capability. Importantly, operators must have clearly defined operational and environmental management systems in place in order to be successful in their application.

In addition, the consent of the OGA to a field development plan ("FDP") (as drawn up and agreed in accordance with the terms of the relevant joint operating agreement) is required before any works can be undertaken pursuant to it. Further, the additional consent of the OGA is required before an operator can begin any well drilling under an FDP. In considering applications for consent the OGA will seek confirmation that the applicant holds the licence, assess the operator's competency and financial stability and will only grant consent to drill once the operator has obtained local council planning permission and EA consent and notified the HSE of its intention to drill (as described below).

Having obtained the necessary environmental permit and confirmation from the HSE that it has no issues with its well proposal and drilling programme report (as outlined in more detail below) the Company received the consent of the OGA in relation to its work programme for Brockham (as described in Part I of the AIM Admission Document), carried out under the current FDP in place in relation to Brockham, on 14 December 2016.

The Company's application to the OGA for its consent in relation to its work programme for Lidsey (to be undertaken pursuant to the current FDP in place in relation to Lidsey) is expected to follow as soon as reasonably practicable after the date of this document.

Local Council

Local councils, acting as the Minerals Planning Authority for their county, district, borough or city (as the case may be), have strategic planning authority for mineral and waste developments in the UK. Operators seeking to undertake exploratory investigations and to subsequently test for and possibly extract onshore oil or gas must apply for planning permission from the relevant local council to do so. The application process essentially comprises two core stages:

1. The operator will conduct an initial environmental impact assessment of the work it plans to undertake under the Licence and Joint Operating Agreement and will submit this to the local council. The local council will assess this initial environmental impact assessment to it to determine if there is a need for a full environmental impact assessment.
2. The operator can then make its initial minerals planning application to the local council. The focus of the planning system is on whether the development is an acceptable use of the land, and the impacts of those uses, rather than any control processes, health and safety issues or emissions, where these are subject to approval under other regimes. If the local council is satisfied as to acceptable use and impact it will grant planning permission. This application process is public and the local council will take into account the positions of the local community and other regulatory bodies in making its decision.

In addition, operators will need to obtain local council permission for their site decommissioning and abandonment plans in so far as they relate to restoration of the site after end of life abandonment.

Following a meeting on 28 September 2016 with Surrey County Council, the Group carried out its work programme for Brockham (as described in Part I of the AIM Admission Document) in reliance on existing planning permissions.

The Group will carry out its current work programme for Lidsey in reliance on existing planning permissions (on the basis that the drilling of a second well falls within the parameters of the existing planning permission).

**Environment Agency
("EA")**

The EA regulates the onshore oil and gas industry in England from an environmental perspective. Under the Environmental Permitting Regulations (England and Wales) 2010, operators are required to obtain environmental permits from the EA for a number of onshore oil and gas activities including:

- drilling exploratory wells;
- flow testing and well stimulation;
- storing and handling crude oil;
- treatment of waste gases (including flaring);
- handling, storage and disposal of produced waters; and
- managing extractive wastes.

In addition, operators must notify the EA of their intention to drill any borehole, in accordance with section 199 (1) of the Water Resources Act (1991).

The EA granted the Company an environmental permit for the work undertaken in relation to Brockham-X4Z (as described in Part I of the AIM Admission Document) on 14 November 2016.

The Company's application to the EA for an environmental permit in relation to the drilling of the proposed Lidsey-2 well (as provided for in the Company's work programme mentioned at paragraph 3.3 of Part I of this document) will be submitted as soon as reasonably practicable.

In relation to both Brockham and Lidsey, production of oil is permitted under the Group's existing EA production permits.

Health and Safety Executive ("HSE")

An Operator must give the HSE advance notice, of at least 21 days, of its intention to drill a well. Although there is no need to obtain HSE consent to drill, the HSE must be satisfied by the proposed design of the well. Note that the OGA will only give its consent to drill if it is satisfied that the HSE has been properly notified and has no issue with the well design.

The HSE has confirmed it has no issues with the Company's well proposal and drilling programme report for operations at Brockham.

The Company's equivalent submission to the HSE in relation to its well proposal and drilling programme report for Lidsey is expected to follow as soon as reasonably practicable after Admission.

PART VI ADDITIONAL INFORMATION

1. Responsibility

The Company and Directors, whose names and functions are set out on page 6 of this document, accept responsibility, both individually and collectively, for all the information contained in this document. To the best of the knowledge and belief of the Company and Directors (who have taken all reasonable care to ensure that 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.

2. The Company

- 2.1 The Company was incorporated and registered as a private company limited by shares in England and Wales on 1 June 2015 under the Act with the name Angus Energy Holdings UK Limited and with registered number 09616076. On 25 November 2015 the Company changed its name to Angus Energy Limited. On 13 October 2016 the Company was re-registered as a public limited company, in accordance with sections 90 to 96 of the Act and its name was changed to Angus Energy plc. The Company is domiciled in England and Wales.
- 2.2 The registered office and principal place of business of the Company is Building 3 Chiswick Park, 566 Chiswick High Street, London, W4 5YA. The Company's telephone number is 020 3709 5020.
- 2.3 The address of the Company's corporate website on which the information required by Rule 26 of the AIM Rules is www.angusenergy.co.uk.
- 2.4 The accounting reference date of the Company is currently 30 September which is in line with the rest of the Group. Accordingly, the Company published its audited accounts for year ended 30 September 2016 on 30 December 2016. The Company will notify unaudited interim accounts for the six months ended 31 March 2017 by 30 June 2017. The Company will publish its audited accounts for the year ended 30 September 2017 by 31 March 2018.
- 2.5 The business of the Company and its principal activity is that of the holding company of the Group, whose principal activities are described more fully in Part I of this document.
- 2.6 The Company has no administrative, management or supervisory bodies other than the board of directors, the remuneration committee, the audit committee, the nominations committee and the AIM compliance committee, all of whose members are Directors.

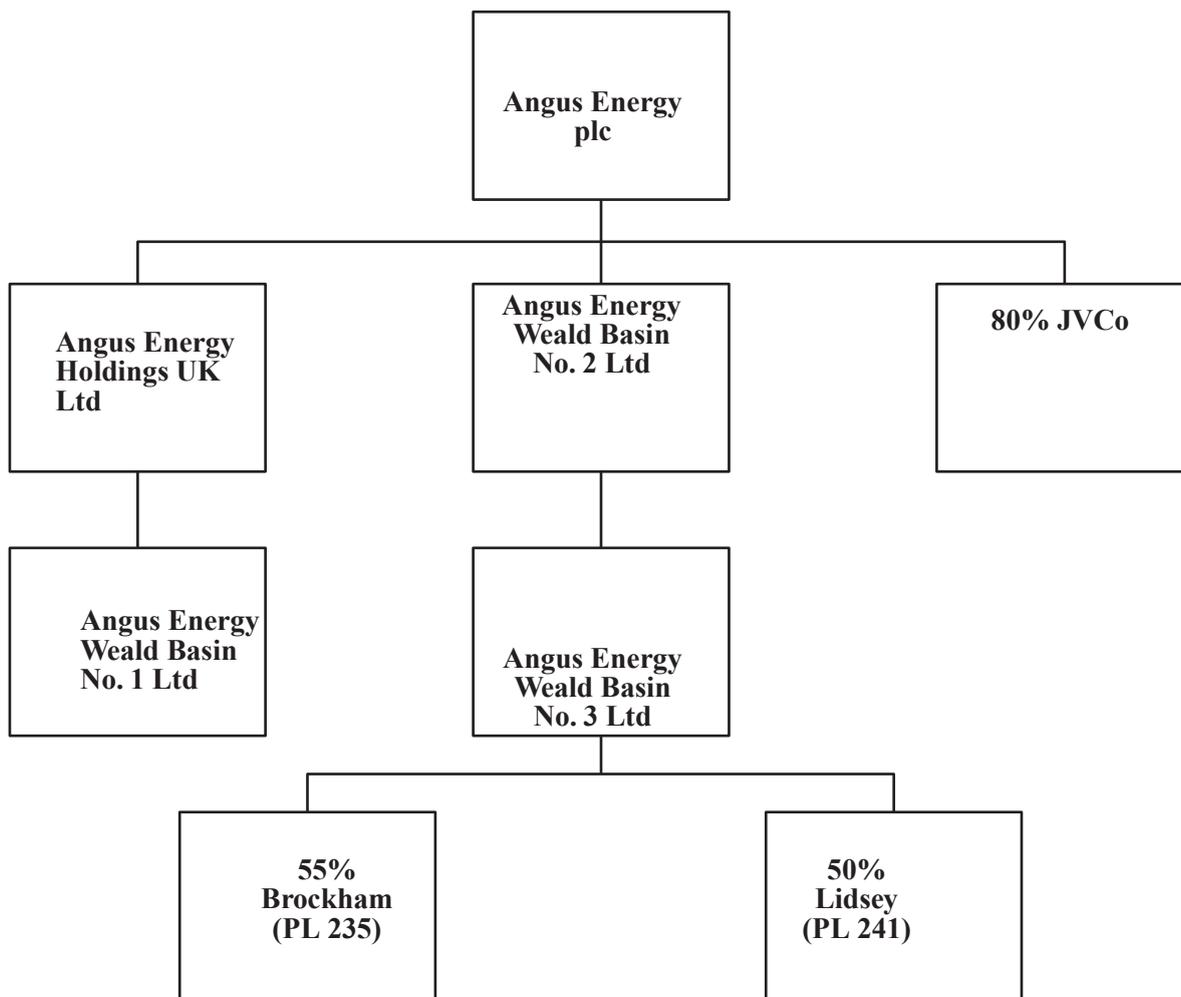
3. Subsidiaries and investments

- 3.1 The Company is the ultimate holding company of the Group.
- 3.2 The Group comprises the following undertakings:

Name	Country of incorporation (registered number)	Date of incorporation	% of shares held	Activity
AHL	Scotland (SC366110)	25 September 2009	100% by the Company	Other professional, scientific and technical activities
AWB1	Scotland (SC427386)	2 July 2012	100% by AHL	Holding company

AWB2	England and Wales (06975039)	28 July 2009	100% by the Company	Holding company
AWB3	Scotland (SC055329)	28 March 1974	100% by AWB2	Extraction of crude petroleum
JVCo	England and Wales (10355604)	1 September 2016	80% by the Company	Joint venture

3.3 Accordingly, the Company's structure chart is as follows:



3.4 Except as stated in this paragraph 3, the Company does not have, nor has it taken any action to acquire, any significant investments.

4. Share Capital

4.1 The authorised share capital of the Company is made up of an unlimited number of voting Ordinary Shares with a nominal value of £0.002 each. The total issued share capital of the Company, as at 15 February 2017 (being the latest practicable date prior to the publication of this document), is 234,162,105 Ordinary Shares all of which are fully paid up.

4.2 The Company's share capital history is described in paragraph 4 of Part VII of the AIM Admission Document which is incorporated herein by reference and which is available via the Company's website, www.angusenergy.co.uk. Those changes to the Company's share capital which are described in paragraph 4.6 of Part VII of the AIM Admission Document as being anticipated took place on AIM Admission.

4.3 The following changes have taken place since the date of the AIM Admission:

<i>Date</i>	<i>Purpose of share issue</i>	<i>No. of Ordinary Shares issued</i>	<i>Price per ordinary share</i>
10 January 2017	Pursuant to the partial exercise by Optiva of the Broker Warrants	1,000,000	£0.06
10 February 2017	Pursuant to the Secondary Placing	18,181,818	£0.11

5. Objects of the Company

The Company's objects are unrestricted.

6. Articles of Association of the Company

6.1 A summary of the Articles of Association of the Company is set out in paragraph 6 of Part VII of the AIM Admission Document.

6.2 The Company's Articles of Association do not restrict the Company's authority to issue the Bonds.

7. Substantial Shareholders

7.1 Except for the interests of those persons set out in this paragraph 7.1 and at paragraph 8.1, the Directors are not aware of any other interest which, at the date of this document, would amount to 3 per cent. or more of the Company's issued share capital.

Name	Ordinary Shares held	Percentage of Current Share Capital
Knowe*	45,500,000	19.43%
Stuart Kilnan	6,000,000	2.56%
UKOG	6,000,000	2.56%
JDA**	30,000,000	12.81%
Mike Lakin	5,000,000	2.14%

* Knowe is wholly owned by James Manclark

** JDA is wholly owned by Nathan Adamson

- 7.2 No substantial holder of Ordinary Shares, either as listed above, or as set out in paragraph 8.2 of this Part VI, has voting rights different from other holders of Ordinary Shares.
- 7.3 So far as the Company is aware, there are no arrangements in place, the operation of which may at a subsequent date result in the change of control of the Company.

8. Directors' Interests

- 8.1 No Director or any persons connected with any director, within the meaning of sections 252 – 254 of the Act, has any interest (whether direct or indirect) in any Bonds and no Director has any intention to acquire any such interest in the twelve months following Admission.
- 8.2 The interests of the Directors and persons connected with them, within the meaning of sections 252 – 254 of the Act, in the share capital of the Company at the date of this document, all of which are beneficial, are:

Name	Ordinary Shares held	Percentage of Current Share Capital
Jonathan Tidswell-Pretorius	39,500,000	16.87%
Paul Vonk	15,000,000	6.41%
Rob Shepherd	Nil	Nil
Chris de Goey	Nil	Nil
Cameron Buchanan	Nil	Nil

- 8.3 The Directors hold the following EMI Options and Unapproved Options over Ordinary Shares pursuant to the EMI Share Option Scheme and Unapproved Share Option Scheme respectively:

Director	Aggregate no. of options granted	Exercise price	Expiry date
Jonathan Tidswell Pretorius	4,299,606	Placing Price	Ten years from the date of grant
Paul Vonk	4,299,606	Placing Price	Ten years from the date of grant
Chris de Goey	1,074,901	Placing Price	Ten years from the date of grant
Robert Shepherd	1,074,901	Placing Price	Ten years from the date of grant
Cameron Buchanan	1,074,901	Placing Price	Ten years from the date of grant

- 8.4 Save as disclosed above, none of the Directors nor any member of his immediate family nor any person connected with him (within the meaning of section 252 of the Act) holds or is beneficially or non-beneficially interested directly or indirectly, in any shares or options to subscribe for, or securities convertible into, shares of the Company or any of its subsidiary undertakings.
- 8.5 No Director or any member of his immediate family nor any person connected with him (within the meaning of section 252 of the Act) has a Related Financial Product (as defined in the AIM Rules) referenced to Ordinary Shares.

9. Directors

- 9.1 The full names and functions of the Directors are set out on page 6 of this document.
- 9.2 The business address of each of the Directors is the Company's registered office.
- 9.3 Jonathan Tidswell-Pretorius was appointed as a director of the Company on 1 June 2015.
- 9.4 Paul Vonk was appointed as a director of the Company on 1 December 2015.
- 9.5 Rob Shepherd was appointed a director of the Company on 18 October 2016.
- 9.6 Chris de Goey was appointed a director of the Company on 18 October 2016.
- 9.7 Cameron Buchanan was appointed a director of the Company on 18 October 2016.
- 9.8 Details of any directorship that is or was in the last five years held by each of the Directors, and any partnership of which each of the Directors is or was in the last five years a member, in addition to their directorships of the Company are as set out below:

Director	Current Directorships	Previous Directorships
Jonathan Tidswell-Pretorius	Angus Group only	Angus Energy Eakring Development Limited Angus Energy Kelham Hills Limited Angus Energy Kirklington Development Limited Angus Energy Whisby Five Development Limited Eclipse Petroleum Limited Grafton Petroleum Limited Tidswell Limited Horse Hill Developments Ltd Abandonment & Cutting Energy Services Limited Angus Energy Offshore Ltd Angus Energy Prospects#1 Ltd
Paul Vonk	Angus Group Angus Energy America Limited	Eclipse Petroleum Limited North Langston House Limited Spark Petroleum Services Limited
Rob Shepherd	Angus Energy Plc President Energy (UK) Limited President Energy Limited President Energy Limited President Energy Holding UK Limited Petroleum Ltd President Energy plc American	Rialto Energy Limited (renamed Azonto Petroleum Limited) Azonto Petroleum (UK) Limited Rialto Energy (Ghana) Pty Ltd Paraguay Azonto Petroleum Holdings Limited Azonto Petroleum (Ghana) Limited (BVI) Pirity Azonto Petroleum (Ghana) Limited (Ghana) Vioco Petroleum Limited Dominion Petroleum Limited President Dominion Petroleum Administrative Pty Services Limited Dominion Kenya Holdings Limited Caribbean Dominion Petroleum Acquisitions Limited Energy Limited Dominion Oil & Gas Limited (BVI) Dominion Oil & Gas Limited (Tanzania) Dominion Investments Limited Domet Limited Dominion Tanzania Limited Utas Dominion Acquisitions Limited Dominion Uganda Limited Dominion Congo SRPL Dominion Somaliland Limited
	Satu Petroleum Limited The Hunger Project UK Petroleum Services Limited Froschouw Holding AG Sibla Invest AG	

Director	Current Directorships	Previous Directorships
Chris de Goey	Angus Energy Plc Alcazar Energy Limited	None
Cameron Buchanan	CIS Excellence Ltd Angus Energy Plc Antica Limited	Cunningham & Company (Hatter) Limited

9.9 Save as disclosed in this paragraph 9.9 none of the Directors has:

9.9.1 had any convictions in relation to fraudulent offences or unspent convictions in relation to indictable offences;

9.9.2 had a bankruptcy order made against him or entered into an individual voluntary arrangement;

9.9.3 have been a director of any company or been a member of the administrative, management or supervisory body of an issuer or a senior manager of an issuer which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, or company voluntary arrangement or which entered into any composition or arrangement with its creditors generally or any class of its creditors whilst he was acting in that capacity for that company or within the 12 months after he ceased to so act;

9.9.4 been a partner in any partnership placed into compulsory liquidation, administration or partnership voluntary arrangement where such director was a partner at the time of or within the 12 months preceding such event;

9.9.5 subject to receivership in respect of any asset of such Director or of a partnership of which the Director was a partner at the time of or within 12 months preceding such event; or

9.9.6 been subject to any official public criticisms by any statutory or regulatory authority (including designated professional bodies) nor has such Director been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

9.10 Jonathan Tidswell-Pretorius was a director or partner of the following companies and partnerships which were put into liquidation, either at the time he was a director or within 12 months of him ceasing to act:

9.10.1 Angus Energy Eakring Development Limited was dissolved on 12 September 2014 owing £78,059.31 to creditors;

9.10.2 Angus Energy Kirklington Development Limited was dissolved on 2 January 2015 owing £24,850.51 to creditors;

9.10.3 Jonathan Tidswell-Pretorius was a director of, and held 50 per cent. of the issued share capital of Grafton Petroleum Limited (Grafton), from 6 October 2004 until it was dissolved. On 17 August 2011, the court made a winding up order under the laws of Scotland and the Sheriff appointed David Malcolm Menzies of Atholl Exchange, 6 Canning Street, Edinburgh EH3 8EG as the interim liquidator. Grafton was dissolved on 26 June 2013. The estimated total deficiency as regards creditors was £272,791.61.

9.11 Cameron Buchanan was a director of Harrisons of Edinburgh Limited when it entered into a creditors voluntary liquidation on 28 July 2000. The company was subsequently dissolved on 28 September 2002 with no shortfall to creditors.

9.12 Cameron Buchanan was a director of GHE Realisations Limited when it was put into compulsory liquidation on 26 January 1996. The company was subsequently dissolved on 7 June 1997 with a shortfall to creditors of £196,731.

- 9.13 Cameron Buchanan was a director of Rowland, Ratcliffe Limited when it appointed receiver on 15 June 1993. The company was dissolved on 8 May 1998. There was no shortfall to creditors.
- 9.14 Except as set out in this document, and specifically as set out in this paragraph 9, and the agreement referred to in paragraph 13.18 of this Part VI, no Director has been interested in any transaction with the Company which was unusual in its nature or conditions or significant to the business of the Company during the current financial year which remains outstanding or unperformed.
- 9.15 In the case of those Directors who have roles as directors of companies which are not a part of the Group, although there are no current conflicts of interest, it is possible that the general duties under chapter 2 of the Act and fiduciary duties owed by those Directors to companies of which they are directors from time to time may give rise to conflicts of interest with the duties owed to the Group. Except as mentioned above, there are no potential conflicts of interest between the duties owed by the Directors to the Company and their private duties or duties to third parties.
- 9.16 Except for the Directors and Carlos Fernandes, the Directors do not believe that there are any other senior managers who are relevant in establishing that the Company has the appropriate expertise and experience for the management of the Company's business.

10. Directors' service contracts

10.1 Jonathan Tidswell-Pretorius is employed as the Executive Chairman pursuant to the terms of a service agreement with the Company dated 7 November 2016. The agreement is terminable on twelve months' notice from either side. With effect from AIM Admission, Jonathan will be paid a basic annual salary of £120,000, which will increase to a maximum of four times its basic rate upon the attainment of certain production targets as follows:

- the basic annual salary will double on daily production reaching over 150bopd (net to Angus) over a 45 day average; and
- this can then double again on daily production reaching over 750bopd (net to Angus) over a 45 day average.

Such increases are subject to annual review by the remuneration committee and can be reversed should expected annual production levels not be considered sustainable at these levels. Jonathan is subject to certain restrictive and confidentiality covenants.

10.2 Paul Vonk is employed as the Managing Director pursuant to the terms of a service agreement with the Company dated 7 November 2016. The agreement is terminable on twelve months' notice from either side. With effect from AIM Admission, Paul will be paid a basic annual salary of £120,000, which will (subject to a minimum monthly payment of €10,000) increase to a maximum of four times its basic rate upon the attainment of certain production targets as follows:

- the basic annual salary will double on daily production reaching over 150bopd (net to Angus) over a 45 day average; and
- this can then double again on daily production reaching over 750bopd (net to Angus) over a 45 day average.

Such increases are subject to annual review by the remuneration committee and can be reversed should expected annual production levels not be considered sustainable at these levels. Paul is subject to certain restrictive and confidentiality covenants.

10.3 Pursuant to a letter of appointment with the Company dated 7 November 2016, Rob Shepherd agreed to serve as a Non-Executive Director from AIM Admission, for an annual fee of £20,000. This appointment is subject to re-election in accordance with the Company's articles. The agreement is terminable on 3 months' written notice.

- 10.4 Pursuant to a letter of appointment with the Company dated 7 November 2016, Chris de Goey agreed to serve as a Non-Executive Director from AIM Admission, for an annual fee of £20,000. This appointment is subject to re-election in accordance with the Company's articles. The agreement is terminable on 3 months' written notice.
- 10.5 Pursuant to a letter of appointment with the Company dated 7 November 2016, Cameron Buchanan agreed to serve as a Non-Executive Director from AIM Admission, for an annual fee of £20,000. This appointment is subject to re-election in accordance with the Company's articles. The agreement is terminable on 3 months' written notice.
- 10.6 Save as disclosed in this document there are no service agreements or agreements for the provision of services existing or proposed between the Directors and the Company.
- 10.7 There are no agreements under which any Director has agreed to waive any future emoluments.
- 10.8 In the financial period ended 30 September 2015, the aggregate remuneration paid, including pension contributions and benefits in kind granted to the directors was £75,000.
- 10.9 On the basis of arrangements in force as at the date of this document, it is estimated that the aggregate remuneration payable to the Directors for the current financial year of the Company will be approximately £540,000.

11. Corporate Governance

Please refer to paragraph 19 of Part I of the AIM Admission Document for information on the Company's Corporate Governance policies which remain in place as at 15 February 2017 (being the latest practicable date prior to the publication of this document) and which the Board has no intention of altering after Admission.

12. Taxation

12.1 United Kingdom taxation

The following summary is intended only as a general guide and outlines certain aspects of UK taxation which apply to persons who are the beneficial owners of Bonds. It is based on a summary of the Company's understanding of current law and practice in the United Kingdom and is not a complete or exhaustive analysis. It does not constitute advice. Some aspects do not apply to certain classes of person (such as dealers, certain professional investors and persons connected with the Company) to whom special rules may apply. The United Kingdom tax treatment of prospective Bondholders depends on their individual circumstances and may therefore differ to that set out below or may be subject to change in the future. Prospective Bondholders who are in any doubt over their tax position or may be subject to tax in a jurisdiction other than the United Kingdom, should seek their own professional advice. This summary only deals with the matters expressly set out below.

12.2 Withholding tax on the Bonds

Other than in the circumstances below, an amount must generally be withheld from payments of interest on the Bonds on account of United Kingdom income tax at the basic rate (currently 20 per cent.). If interest is paid under deduction of United Kingdom income

tax, taxpayers not chargeable to UK income tax on interest income may reclaim the tax withheld.

Interest on the Bonds may usually be paid without withholding or deduction on account of United Kingdom tax to UK companies believed to be chargeable to UK corporation tax on the interest or non-resident companies believed to be similarly chargeable carrying on a UK trade through a permanent establishment. HM Revenue and Customs ("HMRC") can however require tax to be withheld in limited circumstances. Interest may also be paid without withholding tax or subject to a reduced rate of withholding tax where the Company has received a direction from HMRC in respect of such relief as may be available under the provisions of any relevant double taxation treaty.

12.3 United Kingdom Income Tax

Interest on the Bonds constitutes United Kingdom source income for tax purposes and, as such, may be subject to income tax even where paid without withholding.

However, interest with a United Kingdom source properly received without deduction or withholding on account of United Kingdom tax may not be chargeable to United Kingdom tax in the hands of a Bondholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom other than in certain limited circumstances, for example where the Bondholder carries on a trade in the UK.

12.4 United Kingdom Corporation Tax Payers

Companies which are within the charge to United Kingdom corporation tax (including non-resident companies whose Bonds are used, held or acquired for the purposes of trade carried on in the United Kingdom through a permanent establishment) will be charged to corporation tax on the interest.

12.5 Provision of information

EU Member States are required to provide to the tax authorities of another Member State details of payments of interest paid by a person within its jurisdiction to (or for the benefit of) an individual or certain other entities resident or established in that other Member State. Provisions governing exchange of information are generally being widened under international initiatives and related information may be passed to other jurisdictions.

12.6 Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

No United Kingdom stamp duty or SDRT is payable on the issue or transfer by delivery of the Bonds.

13. Material contracts

The following contracts are or may be material, being:

1. contracts entered into by the Company or any member of the Group within the two year period immediately preceding the date of this document not being contracts entered into in the ordinary course of business; or
2. contracts entered into by the Company or any member of the Group which relate to the oil assets and liabilities of the Group (notwithstanding whether such contracts are within the ordinary course or were entered into outside of the two years immediately preceding the date of this document); or
3. contracts proposed to be entered into by the Company on Admission.

AIM placing documents

Please refer to paragraphs 13.1 – 13.6 (inclusive) of Part VII of the AIM Admission Document for details of the material contracts entered into by the Company in connection with AIM Admission (including the relationship agreements referred to in paragraph 12 of Part I of this document).

Material contracts relating to the Lidsey Licence

- 13.1 On 2 December 1983, Production Licence PL241 was made between the Secretary of State and a number of other companies, who have transferred their interests prior to the Group's acquisition of such interests. This licence incorporates the Model Clauses. Further details are set out in Part V of this document.

- 13.2 On 28 February 2014, AWB2 entered into an agreement in relation to the land at Lidsey with Joan Mary Eggins. AWB3 is able to enjoy this through a group sharing right. The term of the lease is 10 years from 22 January 2013. The annual rent is £40,000, subject to an annual increase in line with RPI. There is no statutory right of renewal at the end of the contractual term, but there is a contractual right of renewal for a further 10 year period. The authorised use includes carrying out of any searching, drilling, testing and boring for, development and extraction of petroleum. There are full reinstatement provisions. The tenant (being an Angus Group company) must keep the landlord fully indemnified for all costs, charges, claims and demands brought against the landlord in relation to the authorised use by the tenant.

- 13.3 The Angus Group has entered into the following agreements in respect of its interest in the Lidsey Licence:
 - 13.3.1 in relation to the acquisition of the Lidsey Licence, on 6 July 2012 AWB1 entered into an agreement with Key Petroleum Limited to acquire the entire issued share capital of Key Petroleum (UK) Limited (the "**Key Petroleum Agreement**"). Under the terms of this agreement, AWB1 acquired the entire issued share capital of that company, which held the Lidsey Licence and the Brockham Licence in consideration for £100,000, the second and last instalment of which was paid on 6 July 2013;

 - 13.3.2 in relation to the transfer of an aggregate 20 per cent. participating interest in the Lidsey Licence to Doriemus, (i) a joint operating agreement dated 30 October 2013 between AWB3 (1), Doriemus (2) and AHL (3) (as amended by an amendment agreement between the parties dated 21 November 2013), (ii) farm-out agreements (each in respect of a 10 per cent. participating interest) between the same parties dated 21 November 2013, (iii) deeds of assignment (each in respect of a 10 per cent. participating interest) between AWB3 (1), Doriemus (2) and the Secretary of State (3) dated 9 January 2014, pursuant to which Doriemus acquired such interests for an aggregate consideration of £380,000 and 100 million shares in Doriemus, and has the right to an additional 10 per cent. of production from the first additional Lidsey well, and is responsible for an additional 10 per cent. of the costs in respect thereof. Further details of joint operating agreement are set out in Part V of this document;

- 13.3.3 in relation to the transfer of a 10 per cent. participating interest in the Lidsey Licence to BCL, (i) a farm-out agreement between AWB3 (1), Brockham Energy LLP (an associated party of BCL) (2) and AHL (3) dated 3 December 2013 (effective as of 1 September 2013) (the “**Brockham Farm-out Agreement**”), (ii) a deed of novation between Doriemus (1), AWB3 (2) and BCL (3) dated 25 April 2014 (effective as of 1 September 2013), and (iii) a deed of assignment between AWB3 (1), BCL (2), Doriemus (3) and the Secretary of State (4) dated 25 April 2014. Pursuant to such farm-out agreement, the Angus Group has agreed to carry the participating interest costs of BCL;
- 13.3.4 in relation to the transfer of a 20 per cent. participating interest in the Lidsey Licence to Terrain, the following agreements dated 25 June 2015: (i) a sale and purchase agreement between Terrain (1) and AWB3 (2), (ii) a novation and amendment of joint operating agreement between AWB3 (1), Terrain (2), Doriemus (3) and BCL (4), (iii) an assignment of percentage interest between Terrain (1) and AWB3 (2), (iv) a deed of licence assignment between Terrain (1), AWB3 (2), BCL (3), Doriemus (4) and the Secretary of State (5), and (v) a deed of release executed by Terrain (releasing Terrain’s interest in the purchase price deposit it had paid on signing the sale and purchase documentation). Under the sale and purchase agreement, Terrain paid AWB3 consideration of £130,000; and
- 13.3.5 On 16 December 2016, AWB3 entered into the Terrain Agreement pursuant to which Terrain has granted, for a consideration of £1, AWB3 an option to purchase half of Terrain’s interest in the Lidsey Licence (being a 10% interest in the Lidsey Licence) (“**10% Lidsey Interest**”). The option is exercisable up to the first anniversary of the Terrain Agreement and once exercised the parties will enter into an acquisition agreement (“**Acquisition Agreement**”) which provides for consideration of 1) a £20,000 payment on exchange of the Acquisition Agreement, 2) release of all sums owed by Terrain to AWB3 in respect of ABW3 having paid Terrain’s percentage interest share of costs in respect of Lidsey up to the date of exercise of the option and 3) AWB3 paying the following costs of behalf of Terrain: i) all amounts due from Terrain in respect of its total percentage interest share (i.e. 20%) of costs in relation to the Lidsey Licence which accrue before the date on which the transfer of the 10% Lidsey Interest from Terrain to AWB3 is completed (“**Completion**”) and ii) all amounts which would be due from Terrain in respect of its remaining 10% interest share of the costs of the new production well, Lidsey-2, whether accrued before, on or after Completion, through from mobilizing the drilling rig to abandonment. In addition the Acquisition Agreement will provide that up to the first anniversary of the date of the Acquisition Agreement Terrain will exercise its voting rights under the Lidsey joint operating agreement in accordance with the directions of AWB3 (providing that to do so would not constitute a breach of law or fiduciary duty). The Acquisition Agreement will also provide AWB3 with a pre-emption right in respect of Terrain’s retained 10% interest in the Lidsey Licence giving it a first right of refusal should Terrain wish to dispose of any part of the retained 10% interest. On the date of the Terrain Agreement, AWB3 and Calculus VCT plc entered into a side letter pursuant to which Calculus VCT plc has agreed to release the 10% Lidsey Interest from a debenture granted by Terrain in its favour on receipt of written notice from AWB3 of its intention to exercise the option.

13.4 On 20 November 2015, the Company, AHL and AWB3 (the “**Angus Parties**”) entered into an agreement (the “**Brockham Agreement**”) with BCL, Meredith Brodie and BE LLP (being the “**Brockham Parties**”) pursuant to which the Angus Parties were obliged to make various payments to the Brockham Parties in consideration for the Brockham Parties agreeing to, amongst other things, suspend the date upon which certain pre-emption rights to acquire interests in the Brockham and Lidsey Licences could arise under a side letter entered into by these parties dated 3 December 2013 (“**Brockham Side Letter**”), give consent for off-site water to be injected at Brockham and certain breaches of this side letter and the Brockham lease were waived. The payments made, or to be made to the Brockham Parties by the Angus Parties include:

- a payment of £55,000;
- the Brockham Shares;
- the Brockham Warrants in respect of such number of Ordinary Shares as is equal in value to £50,000 at the Placing Price, such warrants to be exercisable at the Placing Price for a period of two years from AIM Admission.

The Angus Parties agree to make certain additional payments to the Brockham Parties, such payments being £2,000 per month if AWB3’s daily average oil production is 100 barrels or greater, and £4,000 per month in the event that AWB3’s daily average oil production is 150 barrels or greater. In addition, the Angus Parties agree not to dispose of their interests in the Lidsey or Brockham Licences prior to 31 March 2017.

The obligations of the parties to the Brockham Side Letter continue, as amended by the above agreement. Under the terms of this Brockham Side Letter, the Angus Parties are obliged to offer AWB3’s interests in Brockham and Lidsey to Brockham Energy LLP in certain circumstances, including insolvency events in relation to AWB3, in the event that AWB3 and AHL fail to pay to Brockham Energy LLP sums due to it, or in the event that AHL undertakes a transaction by which AWB3 will cease to be a wholly owned subsidiary of AHL, or under which AWB3 sells any part of the Lidsey or Brockham Licences.

In addition, the Angus Parties agree to provide Brockham Energy LLP with first option over any interests in Lidsey or Brockham until 31 March 2017, and it agrees not to otherwise dispose of interests until such time (except for the 5 per cent. farm-in by Alba).

Material contracts relating to the Brockham Licence

13.5 Production Licence PL235, dated 28 October 1983 made between the Secretary of State and a number of other companies, who have transferred their interests prior to the Group’s acquisition of such interests. This licence incorporates the Model Clauses. Further details are set out in Part V of this document.

13.6 On 15 August 2013, AWB3 entered into a lease with Meredith Brodie, relating to land at Felton’s Farm, Brockham. The term of the lease is 10 years from 14 August 2013. The annual rent is £40,000, subject to annual increase in line with RPI. There is no statutory right of renewal at the end of the contractual term. The authorised use includes petroleum exploration, appraisal, development, production and decommissioning in respect of the two existing wells. Landlord consent will be required (not to be unreasonably withheld or delayed) for drilling new wells and side tracks. There are full reinstatement provisions. This lease was varied on 20 November 2015 to delay the obligation to establish a restoration fund until 31 March 2017. In addition, under the Brockham Side Letter the parties agreed that certain payments were to be made by AHL which is in effect a guarantee of rent. When taken with the payments under the lease, the total payable under this agreement is £140,000 per annum.

13.7 The Angus Group has entered into the following agreements in respect of its interest in the Brockham Licence:

13.7.1 the Key Petroleum Agreement transferred the Brockham Licence in addition to the Lidsey Licence. See paragraph 13.9.1, above;

13.7.2 in relation to the transfer of a 20 per cent. participating interest in the Brockham Licence to Terrain, (i) a sale and purchase agreement between Terrain (1) and AWB3 (2) dated 4 July 2013 (effective as of 30 June 2013), (ii) a joint operating agreement between Terrain (1) and AWB3 (2) (effective as of 30 June 2013), (iii) an assignment of percentage interest between Terrain (1) and AWB3 (2) dated around 4 July 2013, and (iv) a deed of licence assignment between Terrain (1), AWB3 (2) and the Secretary of State (3) dated around 4 July 2013, pursuant to which Terrain acquired such interest for an aggregate consideration of £450,000. Further details of the joint operating agreement are set out in Part V of this document;

13.7.3 in relation to the transfer of a 10 per cent. participating interest in the Brockham Licence to BCL, (i) the Brockham Farm-out Agreement, (ii) a deed of novation between Terrain (1), AWB3 (2) and BCL (3) dated 25 April 2014 (effective as of 1 September 2013), and (iii) a deed of assignment between AWB3 (1), BCL (2), Terrain (3) and the Secretary of State (4) dated 25 April 2014. Pursuant to such farm-out agreement, the Angus Group has agreed to carry the participating interest costs of BCL;

13.7.4 in relation to the transfer of a 10 per cent. participating interest in the Brockham Licence to Doriemus, (i) a farm-out agreement between AWB3 (1) and Doriemus (2) dated 28 January 2014, (ii) a deed of novation between Terrain (1), BCL (2), AWB3 (3) and Doriemus dated June 2014, (iii) a deed of assignment between AWB3 (1), Doriemus (2), Terrain (3) and BCL (4) dated June 2014, and (iv) a deed of novation between Terrain (1), BCL (2), AWB3 (3) and Doriemus (4) dated June 2014, pursuant to which Doriemus paid a consideration of £100,000. Under the farm-out agreement, Doriemus would have been required to fund £100,000 of the new well costs at Brockham; if Doriemus' participating interest share of joint account costs exceeded £100,000, AWB3 would have been responsible for the additional amount which would otherwise have been due from Doriemus; and if Doriemus' participating interest share of joint account costs did not exceed £100,000, AWB3's share of joint account costs would have been reduced by such excess. On 6 October 2016 it was agreed between the parties that Doriemus would fund its participating interest share of such costs (i.e. 10 per cent.) in full and that the provisions of the January 2014 farm-out agreement in this respect would not apply;

13.7.5 in relation to the transfer of a 5 per cent. participating interest in the Brockham Licence to Alba, (i) an option deed between Alba (1), AWB3 (2) and AHL (3), dated 23 October 2015, and (ii) a farm-out agreement between AWB3 (1) and Alba (2) dated 14 September 2016, pursuant to which, Alba has agreed to become immediately liable for its financial commitments on the basis that AWB3 holds the 5 per cent. participating interest on trust for Alba. Under the financial commitments Alba is required to fund 10 per cent. of the costs of the new Brockham well, from spudding to first oil, but capped, for all dry hole costs, at a maximum of £187,125, plus a maximum of a further 10 per cent. of any AFE in relation to the production / well testing of the new Brockham well. Following the

satisfaction of such payments, Alba's financial obligations will revert to follow its pro-rata participating interest (i.e. 5 per cent.). Completion of the farm-out agreement (and therefore the formal transfer of the 5 per cent. participating interest) is conditional on the satisfaction of certain conditions precedent, including the approval of the other licence participants and of the OGA; and

13.7.6 on 16 December 2016, AWB3 entered into the Terrain Agreement pursuant to which AWB3 agreed to purchase half of Terrain's interest in the Brockham Licence (being a 10% interest in the Brockham Licence) ("**10% Brockham Interest**") for a consideration of 1) an immediate payment of £100,000, 2) the release of all sums owed by Terrain to AWB3 in respect of AWB3 having paid Terrain's percentage interest share of costs in respect of Brockham up to the date of the Terrain Agreement and 3) bearing the following costs on behalf of Terrain: i) all amounts due from Terrain in respect of its total percentage interest share (i.e. 20%) of costs in relation to the Brockham Licence which accrue before the date on which the transfer of the 10% Brockham Interest from Terrain to AWB3 is completed ("**Completion**") and ii) all amounts which would be due from Terrain in respect of its remaining 10% interest share of the costs of Brockham-X4Z, whether accrued before, on or after Completion. In addition the Terrain Agreement provides that up to the first anniversary of the date of the Terrain Agreement Terrain will exercise its voting rights under the Brockham joint operating agreement in accordance with the directions of AWB3 (providing that to do so would not constitute a breach of law or fiduciary duty). The Terrain Agreement also provides AWB3 with a pre-emption right in respect of Terrain's retained 10% interest in the Brockham Licence giving it a first right of refusal should Terrain wish to dispose of any part of the retained 10% interest. The Terrain Agreement contains customary warranties in favour of AWB3 in relation to Terrain and its 20% interest in the Brockham Licence. Completion of the transfer of the 10% Brockham Interest is conditional on the satisfaction of certain conditions precedent, including the approval of the other licence participants and of the OGA.

13.8 The Brockham Agreement, summarised at paragraph 13.4 above, also relates to the Brockham Licence.

Material agreements relating to the Horse Hill Licences and disposal of the Angus Group's interests

13.9 Since the incorporation of HHDL, Angus has entered into the following agreements in relation to HHDL:

13.9.1 on 15 September 2014, AHL, and certain third parties entered into an investment agreement in relation to HHDL. This agreement set out the terms and conditions on which the parties operated HHDL, as holder of the Horse Hill Licence. Under the terms of this agreement, AHL retained a 40 per cent. interest in HHDL, with the investors receiving the remaining 60 per cent. of shares between them;

13.9.2 on 16 December 2014, AHL sold a 5 per cent. interest in HHDL to Danadav Investments Ltd, for the purchase price of £250,000, and a 5 per cent. interest to Essendon Investments Ltd, for the purchase price of £250,000;

13.9.3 on 6 March 2015, AHL entered into an agreement with UKOG, under which it sold an 8 per cent. interest in HHDL to UKOG for the price of £580,000 in cash;

13.9.4 on 28 October 2015, the Company completed the sale of a 5 per cent. interest in HHDL to Alba. This agreement, dated 24 September 2015 included an option to

acquire a further 5 per cent. shareholding in HHDL on the same terms (which lapsed without being exercised), plus the option to farm into 5 per cent. of the Brockham Licence on a “two for one promote” basis. The consideration payable for this was 137,729,178 new ordinary shares in Alba, £365,000 in cash, and 45,909,726 warrants to subscribe for ordinary shares in Alba at the price of 0.5 pence per share, exercisable over 18 months following completion of that agreement. A number of these shares and warrants were issued to third parties at Angus’ direction in order to satisfy amounts owing. The Group retains no interest in any Alba securities.

13.9.5 on 23 February 2016, AHL disposed of a 5 per cent. interest in HHDL to Regency for a consideration of £400,000, settled by way of £223,730 in cash, and as to £176,270 by the issue of 54,236,919 new ordinary shares in Regency at a price of 0.325 pence per share. In addition, as part of the transaction, Angus was issued with options over 17,898,183 in Regency, exercisable at a price of 0.39 pence within 18 months of the day of grant. The Company retains no interest in any Regency securities.

13.9.6 on 15 April 2016, AHL disposed of its remaining 12 per cent. interest in HHDL to UKOG for consideration of £1,800,000, to be satisfied as to £1,000,000 in cash, and £800,000 by the issue and allotment of 43,886,116 shares in UKOG at a price of 1.8229 pence each. As part of this agreement, it was agreed that Angus would accept the Isle of Wight Licence, and that Jonathan would resign from the board of HHDL (as Angus no longer held any interest therein). The Group retains no interest in any UKOG securities.

Under the above agreements Angus Group companies have given and received various warranties and indemnities which are usual for these types of transactions.

Material agreements relating to the Angus Group’s other interests

13.10 On 3 February 2016 AWB3 entered into an agreement with Europa pursuant to which it will acquire a 12.5% economic interest in the Holmwood Licence in consideration for the payment of 1) 12.5% of the back costs incurred since 1 February 2016, 2) 25% of the costs of the Holmwood-1 exploration well up to a gross well cost of £3.2 million, 3) 12.5% of all non-well costs and gross well costs in excess of £3.2 million and 4) upon the commercial discovery and subsequent development of that discovery a deferred payment of £265,625 covering back costs plus a 25% uplift (such deferred payment to be made from the net proceeds of the sale of petroleum). Completion of the transfer of the 12.5% interest is conditional on the satisfaction of certain conditions precedent, including the approval of the other licence participants and of the OGA. The acquisition agreement provides that in the period up to completion Europa will exercise its voting rights under the relevant joint operating agreement in accordance with the directions of AWB3 (providing that to do so would not constitute a breach of fiduciary duty). Under the acquisition agreement Europa and AWB3 provide customary warranties and representations to one another in relation to capacity and the 12.5% interest (as appropriate).

Material agreements relating to the Angus Group’s structure

13.11 On 14 October 2015, AHL entered into agreements with all of the holders of ordinary shares in AHL at such time (the “Sellers”), for a share for share exchange regarding the ordinary shares in AHL and Ordinary Shares. Under the terms of the agreement the Sellers sold the ordinary shares in AHL with full title guarantee and limited warranties in consideration for an equal percentage of the shareholding at such time in the Company.

13.12 On 3 July 2013, AHL entered into an agreement with JDA. Pursuant to this agreement, consultancy services were provided by JDA, for a consultancy fee of £50,000 and 5 per

cent. of petroleum proceeds net to AHL in PEDL137, or, should AHL decide to divest all or part of its interest before production, 12.5 per cent. of the value of a sale of all or part of AHL's interest in such licence. On or around 14 October 2015 the Angus Group transferred certain shares in Alba to JDA Consulting Limited in full and final settlement of all fees and amounts otherwise due to JDA Consulting Limited. On 22 April 2016 AHL and the Company entered into an agreement with JDA to formally change the terms of the previous agreement, such that the obligations of AHL under that agreement were to be met by the issue and allotment of 6,000,000 ordinary shares of £0.01 each. In addition, on 22 April 2016 JDA, AHL and the Company entered into an agreement formalising the position, and confirming that no further fees were due from the Angus Group to JDA.

- 13.13 On 22 April 2016, the Company and AHL entered into an agreement with Paul Vonk, pursuant to which Paul Vonk was to be issued 3,000,000 ordinary shares of £0.01 each in the Company in lieu of fees and shares in AHL, to which he was otherwise entitled for services provided to the Company to such date.
- 13.14 On 22 April 2016, the Company entered into an agreement with Michael Lakin, pursuant to which Michael Lakin was issued 1,000,000 ordinary shares of £0.01 each in the Company in consideration for his 5 per cent. shareholding in AWB2.
- 13.15 On 24 November 2015, the Company entered into an agreement with AWB1, pursuant to which AWB1 transferred its 95 per cent. shareholding in AWB2 to the Company in consideration for £5,700,000, which was charged to intercompany account.

Miscellaneous agreements

- 13.16 On 13 October 2015, AHL entered into a convertible loan deed with Energists, relating to the loan of US\$200,000 from Energists (of which a previous director of the Company, Jonathan Hill, is a controlling party). This agreement was amended on 31 August 2016, and pursuant to this agreement, as amended, the loan is repayable on or before 12 October 2017. Interest to 12 October 2016 is payable at a rate of 6 per cent. over LIBOR, and for the remainder of the term at 8.25 per cent. Interest is payable monthly in cash. The principal sum of the loan can (after 11 April 2017) be converted into Ordinary Shares, or will be converted upon AIM Admission into the Conversion Shares.
- 13.17 On 31 August 2016, the Company entered into a joint venture agreement for the purpose of governing the running of JVCo. The Company holds 80 per cent. of the issued share capital of JVCo, and Brantwood Assets Limited (a company incorporated in the British Virgin Islands) holds the remaining shares. There are two directors of JVCo; each appointed by one of the participants. The current directors are Paul Vonk (appointed by Angus) and Jonathan Hill (appointed by Brantwood Assets Limited)
- The material terms are the JVCo are that Brantwood Assets Limited seeks to present JVCo with opportunities within the United States. JVCo is expected to acquire businesses, assets, projects or companies within the oil and gas sector, which it will manage following completion. Any opportunity must be unanimously approved before JVCo invests. All funds required by JVCo for investment will, at Angus' discretion be provided by Angus by way of loans, which would be repaid before either participant is entitled to receive any profits from the operations of JVCo. The agreement includes standard pre-emption, drag and tag along rights.

- 13.18 On 10 August 2016, AHL entered into binding heads of agreement, under which it agreed to dispose of its interest in the Isle of Wight Licence to Doriemus, for £200,000, satisfied by the issue and allotment of 500,000,000 ordinary shares in Doriemus. See paragraph 3.3 of this Part VI for information on the Company's current holding of shares in Doriemus.

13.19 On 7 November 2016, AWB1, AWB2 and AWB3 entered into a deed of release with Ventureforth 2000 Limited (“Ventureforth”), pursuant to which Ventureforth agreed to release and discharge such Angus Group companies from all obligations and liabilities in respect of loans made by Ventureforth to such Angus Group companies, and to release all security over such companies in respect thereof.

Material agreements relating to the Bonds

13.20 The Company and the Trustee have agreed the terms of the Trust Deed which shall be entered into prior to Admission setting out the terms on which the Bonds are constituted. The terms and conditions which will apply to the Bonds are summarised in the Executive Summary on page 20, and set out in full in Part IV of this document.

13.21 The Company, AWB2, AWB3 and the Trustee have agreed the terms of the Security Deed and Share Charge which shall be entered into prior to Admission setting out the terms on which the Bonds will be secured, as described in the Executive Summary on page 20 of this document.

13.22 On 21 December 2016, the Company entered into a referral agreement with Gigasoft pursuant to which Gigasoft has agreed with effect from Admission to refer subscribers for the Bonds to the Company. The referral agreement provides that the Company will pay Gigasoft a commission of 10 per cent. of the total of all proceeds raised from subscribers referred to the Company by Gigasoft. The agreement has no fixed term and can be terminated by either party giving the other three months’ written notice.

13.23 On 7 November 2016, the Company entered into a registrar’s agreement with the Registrar pursuant to which the Registrar will provide paying agent services in relation to the Bonds (in addition to the customary registrar services it provides in relation to the Company’s Ordinary Shares under this agreement). On the terms of this agreement the Registrar will make payments to Bondholders on behalf of the Company (e.g. interest payments and principal repayments). In relation to each payment the Registrar makes to the Bondholders the Company will pay a fee to the Registrar equal to £0.20 per Bondholder (subject to a minimum charge of £250 per each payment event).

14. EMI Share Option Scheme and Unapproved Share Option Scheme

14.1 The Directors believes that it is important that directors, employees of, and consultants to the Group are appropriately and properly motivated and rewarded and have adopted the EMI Share Option Scheme and Unapproved Share Option Scheme for that purpose.

14.2 On 13 October 2016, the Company adopted the EMI Share Option Scheme, which is an Enterprise Management Incentive Scheme. The rules of the EMI Share Option Scheme are as follows:

Dilution limit

The Directors intend to grant options over Ordinary Shares with a nominal value of up to 10 per cent. of the issued share capital of the Company in aggregate under all the Company’s share incentive schemes. Such options are intended to be split between executive directors and senior management (up to 60 per cent.), non-executive directors (up to 20 per cent.) field personnel (up to 20 per cent.) although owing to the requirements of EMI schemes, not all of such options may be granted pursuant to the EMI Share Option Scheme. In addition, being an EMI scheme restricts the value of Ordinary Shares that can be issued pursuant to the EMI Share Option Scheme by reference to the

maximum number of shares that are eligible for EMI tax treatment (£250,000 per option holder, and £3 million for all participants, as determined by reference to the market value of the shares at the date of grant).

Grant of options

The EMI Share Option Scheme enable employees and eligible directors of the Company, and certain subsidiaries from time to time, to be granted options to acquire Ordinary Shares. No option can be transferred or assigned. No amount is payable on grant of an option. The option holder agrees to enter into a joint election if required to do so by the Group prior to the exercise of any option.

Vesting of options

The EMI Options vest as to 40 per cent., upon the share price being 25 per cent. above the Placing Price, based on the 30 day VWAP, a further 40 per cent. on the share price being 40 per cent. above the Placing Price based on the 30 day VWAP, and the final 20 per cent. on the share price reaching 50 per cent. above the Placing Price, based on the 30 day VWAP.

Exercise of options

EMI Options may be exercised in whole or part in accordance with the rules of the EMI Share Option Plan and other such rules and regulations as are applicable to the Company. EMI Options can be exercised at any time after vesting, until the option holder dies or is no longer employed by the Angus Group. Any unexercised options lapse on the day immediately preceding the tenth anniversary of the date of grant of the option.

Assignment

The Company is liable for any stamp duty payable on any transfers of the shares under the EMI Share Option Scheme. However, except upon transfer to the personal representative of an option holder in the event of the death of the option holder, the EMI Options are not assignable or transferable. In the event of any purported transfer (including charging of the EMI Option), the EMI Option shall immediately lapse). In the event of the death of the option holder, the personal representative of such holder may exercise the EMI Options for a period of one year beginning on the date of death, unless such EMI Options would lapse prior to such date, in which case the options shall lapse on the earlier date.

Adjustment of options

In the event of a reorganisation of the Company, the number of shares subject to option and the exercise price may be adjusted as the board may determine.

Takeover

In the event of a takeover offer, if the board resolves, the options which have not vested may be exercised for a period ending immediately before the acquiring party obtains control of the Company. Any options not so exercised shall lapse.

- 14.3 On 25 January 2017 the Company adopted the Unapproved Share Option Scheme, which is a non-tax advantaged share option scheme. The rules of the Unapproved Share Option Scheme are equivalent to those of the EMI Share Option Scheme save for those aspects which are Enterprise Management Incentive Scheme specific.

15. Working Capital

Taking into account the net proceeds of the issue of Bonds, the Company and the Directors are of the opinion, having made due and careful enquiry, that the Group will

have sufficient working capital for its present requirements, that is, for at least 12 months from the date of Admission.

16. Litigation

The Angus Group is not nor has it been involved in any governmental, legal or arbitration proceedings which may have or have had during the last 12 months preceding the date of this document, a significant effect on the financial position or profitability of the Angus Group nor, so far as the Company is aware, are any such proceedings pending or threatened.

17. Licences, agreements, permissions and consents

The Angus Group is dependent on certain licences, contracts, permissions and consents which are material to its business or profitability, comprising:

17.1 the Brockham Licence;

17.2 the Lidsey Licence;

17.3 the Joint Operating Agreements in respect of the Brockham Licence and the Lidsey Licence (and related farm-out and ancillary agreements), as referred to in paragraphs 3 and 4 of Part V and paragraphs 13.3 and 13.7 of Part VI of this document;

17.4 certain leases and agreements relating to the use of land at the Brockham and Lidsey oil fields, as referred to in paragraphs 13.2, 13.4 and 13.6 of Part VI of this document; and

17.5 certain permissions and consents, as referred to in paragraph 5 of Part V of this document. Except as set out above, the Angus Group is not dependent on any patents or licences, industrial, commercial or financial contracts, or new manufacturing processes, where such are of fundamental importance to the Angus Group business or profitability.

18. Employees

Since incorporation, the Angus Group has had 5 employees, all of whom are based in the UK.

19. Related Party Transactions

Except as disclosed in Note 25 to the AHL Group Financial Information, the Angus Group is not party to any transactions with related parties, for the period covered by the historical financial information up to the date of this document.

20. No significant changes

Except as described in this document, there has been no significant change in the financial or trading position of the Company since incorporation.

21. General

21.1 Except as disclosed in this document, no exceptional factors have influenced the Company's activities.

21.2 Except as disclosed in this document, there are no environment issues that may affect the Group's utilisation of its tangible fixed assets.

21.3 Except as disclosed in this document, there have been no significant authorised or contracted capital commitments at the date of publication of this document.

21.4 Payments aggregating at over £10,000 have been made to the OGA, the Department for Energy and Climate Change, the Environment Agency, Mole Valley District Council and Arun District Council and regulation authorities or similar bodies by the Angus Group, or on its behalf, with regards to the acquisition and maintenance of its oil and gas properties.

These payments, since the acquisition of the Group's interest in the Licences, total approximately £360,906.

- 21.5 Alfred Henry is authorised and regulated in the United Kingdom by the FCA. Alfred Henry has given and not withdrawn its written consent to the issue of this document with references to its name in the form and context in which they appear.
- 21.6 The Company's reporting accountants Crowe Clark Whitehill LLP has given and not withdrawn its written consent to the issue of this document with the inclusion in it of its report and letter and references to it and to its name in the form and context in which they respectively appear. Furthermore, Crowe Clark Whitehill LLP confirms that the information contained in its report and the financial information incorporated by reference in this document is, to the best of their knowledge, correct on its facts and contains no material omissions. Crowe Clark Whitehill LLP is a member firm of the Institute of Chartered Accountants in England and Wales.
- 21.7 Crowe Clark Whitehill LLP has no material interest in the Company.
- 21.8 The Competent Person, Xodus has given and not withdrawn its written consent to the issue of this document with the inclusion in it of its report and letter and references to it and to its name in the form and context in which they respectively appear.
- 21.9 The Competent Person has confirmed to each of the Company and Alfred Henry that (i) they have reviewed the information which relates to information contained in the Competent Person's Report on the Company, incorporated by reference in this document, which is contained in a portion of this document other than in such report, and (ii) such information contained in a portion of this document other than such report is, to the best of the Competent Person's knowledge, correct on its facts, accurate, balanced, complete, not inconsistent with such report and contains no material omissions likely to affect its import.
- 21.10 The Competent Person has no material interests in the Company.
- 21.11 Where information contained in this document has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from the information published by that third party, the information is complete and accurate and no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 21.12 Application will be made to Euroclear for the Bonds to be admitted to CREST. It is expected that the Bonds' enablement onto CREST will take effect on Admission. Accordingly, following such admission, transfers of Bonds may take place within the CREST system. The ISIN for the Bonds is GB00BZCCX320.

22. Availability of this document

Copies of this document will be available free of charge during normal business hours on any day (except Saturdays, Sundays and public holidays) at the offices of the Company and at Fladgate LLP at 16 Great Queen Street, London WC2B 5DG from the date of Admission for a period of at least one month from Admission. This document is also available at the Company's website www.angusenergy.co.uk.

Dated 24 May 2017