

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the contents of this document or the action you should take, you should consult a person authorised for the purposes of the Financial Services and Markets Act 2000 (FSMA) who specialises in advising on the acquisition of shares and other securities.

This document comprises a prospectus relating to Pennpetro Energy PLC (**Company**), prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (**FCA**) made under section 73A of FSMA and approved by the FCA under section 87A of FSMA. This document has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Rules. Applications will be made to the FCA for all of the ordinary shares of £0.01 each in the Company to be admitted to the Official List of the United Kingdom Listing Authority by way of a standard listing under Chapter 14 of the Listing Rules and to the London Stock Exchange Plc (**London Stock Exchange**) for such Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities (**Admission**). It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence at 8.00 a.m. on 21 December 2017.

The Company and each of the Directors, whose names appear on page 39 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the 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 does not omit anything likely to affect the import of such information.

**THE WHOLE OF THE TEXT OF THIS DOCUMENT SHOULD BE READ BY SHAREHOLDERS. YOUR ATTENTION IS SPECIFICALLY DRAWN TO THE DISCUSSION OF CERTAIN RISK AND OTHER FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH ANY INVESTMENT IN THE ORDINARY SHARES, AS SET OUT IN THE SECTION ENTITLED "RISK FACTORS" ON PAGES 17 TO 30 OF THIS DOCUMENT.**

**PROSPECTIVE INVESTORS SHOULD BE AWARE THAT AN INVESTMENT IN THE COMPANY INVOLVES A SIGNIFICANT DEGREE OF RISK AND THAT, IF CERTAIN OF THE RISKS DESCRIBED IN THIS DOCUMENT OCCUR, INVESTORS MAY FIND THEIR INVESTMENT IS MATERIALLY ADVERSELY AFFECTED.**

**ACCORDINGLY, AN INVESTMENT IN THE ORDINARY SHARES IS ONLY SUITABLE FOR INVESTORS WHO ARE PARTICULARLY KNOWLEDGEABLE IN INVESTMENT MATTERS AND WHO ARE ABLE TO BEAR THE LOSS OF THE WHOLE OR PART OF THEIR INVESTMENT.**



## **PENNPETRO ENERGY PLC**

*(incorporated under the Companies Act 2006 and registered in England and Wales with registered number 10166359)*

Admission of 70,900,000 Ordinary Shares at an Admission price of 25 pence per Ordinary Share and admission to the Official List (by way of a Standard Listing under Chapter 14 of the Listing Rules) and to trading on the London Stock Exchange's main market for listed securities

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This document does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer to buy or subscribe for, ordinary shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company.

The Ordinary Shares have not been and will not be registered under the US Securities Act of 1933, as amended (**Securities Act**), or under the securities laws or with any securities regulatory authority of any state or other jurisdiction of the United States or of Australia, Canada, Japan, New Zealand, the Republic of Ireland or the Republic of South Africa, or any province or territory thereof. Subject to certain exceptions, the Ordinary Shares may not be taken up, offered, sold, resold, transferred or distributed, directly or indirectly, and this document may not be distributed by any means including electronic transmission within, into, in or from the United States, Australia, Canada, Japan, New Zealand, the Republic of Ireland or the Republic of South Africa or to as for the account of any national, resident or citizen of the United States or any person resident in Australia, Canada, Japan, New Zealand, the Republic of Ireland or the Republic of South Africa.

The Ordinary Shares may only be offered or sold in offshore transactions as defined in and in accordance with Regulation S promulgated under the Securities Act. Acquirers of the Ordinary Shares may not offer to sell, pledge or otherwise transfer the Ordinary Shares in the United States, or to any US Person as defined in Regulation S under the Securities Act, including resident corporations, or other entities organised under the laws of the United States, or non-US branches or agencies of such corporations unless such offer, sale, pledge or transfer is registered under the Securities Act, or an exemption from registration is available. The Company does not currently plan to register the Ordinary Shares under the Securities Act. The distribution of this document in or into other 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.

**APPLICATION WILL BE MADE FOR THE ORDINARY SHARES, ISSUED TO BE ADMITTED TO A STANDARD LISTING ON THE OFFICIAL LIST. A STANDARD LISTING WILL AFFORD INVESTORS IN THE COMPANY A LOWER LEVEL OF REGULATORY PROTECTION THAN THAT AFFORDED TO INVESTORS IN COMPANIES WITH A PREMIUM LISTING ON THE OFFICIAL LIST, WHICH ARE SUBJECT TO ADDITIONAL OBLIGATIONS UNDER THE LISTING RULES. IT SHOULD BE NOTED THAT THE UK LISTING AUTHORITY WILL NOT HAVE THE AUTHORITY TO (AND WILL NOT) MONITOR THE COMPANY'S COMPLIANCE WITH ANY OF THE LISTING RULES WHICH THE COMPANY HAS INDICATED THAT IT INTENDS TO COMPLY WITH ON A VOLUNTARY BASIS, NOR TO IMPOSE SANCTIONS IN RESPECT OF ANY FAILURE BY THE COMPANY TO SO COMPLY.**

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## SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “not applicable”.

Section A - Introduction and warnings		
Element	Disclosure Requirement	Disclosure
A.1	Introduction and warnings	<p><b>THIS SUMMARY SHOULD BE READ AS AN INTRODUCTION TO THE PROSPECTUS. ANY DECISION TO INVEST IN THE SECURITIES SHOULD BE BASED ON CONSIDERATION OF THE PROSPECTUS AS A WHOLE BY THE INVESTORS.</b></p> <p>Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>
A.2	Subsequent resale of securities or final placement of securities through financial intermediaries	Not applicable as there are no financial intermediaries.
Section B - Issuer		
Element	Disclosure Requirement	Disclosure
B.1	Legal and commercial name	The legal and commercial name of the Company is Pennpetro Energy PLC
B.2	Domicile, legal form, legislation and country of incorporation	<p>The Company is a newly-established company incorporated under the laws of England and Wales under CA 2006. The Company was incorporated on 6<sup>th</sup> May 2016 as a public limited company. The Company's registered number is 10166359 and its registered office is at 88 Whitfield Street, First Floor, London W1T 4EZ.</p> <p>The Company is domiciled in the United Kingdom and is subject to the City Code.</p>
B.3	Current operations/pri	Pennpetro is an independent oil and gas company incorporated in England and Wales with its focus and areas of initial operation in North America, more

	<b>ncipal activities and markets</b>	<p>specifically within the State of Texas. It maintains an operational office in City of Gonzales, Texas.</p> <p>In May 2017, Pennpetro acquired 100% of the issued share capital of Nobel Petroleum UK Limited ("Nobel UK"). Nobel UK owns 100% of the share capital of Nobel Petroleum LLC (Nobel LLC"), a Louisiana incorporated oil and gas company which acquired in November 2016 a 75% working interest in the City of Gonzales petroleum leases totalling 1,800 net acres from Av-Tech, a local Texas company born out of McRae Energy founded in 1983. Av-Tech has been consolidating the City of Gonzales petroleum leases for a number of years, the objective being to enable the exploitation of the central portion of the Gonzales Oil Field, which the City of Gonzales occupies. The Group has subsequently increased its interest in the City of Gonzales petroleum leases to 2,250 acres. Drilling of an initial well has now finished and is awaiting completion to production. Subsequently, Nobel LLC assigned a 25% working interest in the leases to Sunrise. Following such assignment, Sunrise is now responsible for all costs associated with its working interest. As at the date of this document, Nobel LLB holds a 50% working interest in the City of Gonzales petroleum leases.</p> <p>William W. Jackson, Competent Person, estimates that the Group's working interest in proved undeveloped reserves within the leases amounts to 4,000 Mbbbl oil and 2,000 MMcf gas.</p> <p>Additionally, the Directors of the Company are focused on the Company's objective to take advantage of opportunities to invest in the upstream petroleum sector and to operate the companies, assets or businesses that it acquires in any acquisition.</p>
<b>B. 4a</b>	<b>Significant recent trends of the issuer and its industry</b>	<p>The Group's results of operations will be influenced significantly by crude oil prices. Prices for oil are based on world supply and demand and a number of other indirect factors, including government regulation, social and political conditions. Crude oil prices have historically been highly volatile and are likely to be volatile in the future. The Group does not expect to hedge its exposure to such changes.</p> <p>The prices for oil to be produced by the Group will be benchmarked to the price of West Texas Intermediate ("WTI"). WTI crude prices decreased from an average price of US\$93.25 per barrel in 2014 to an average price of US\$48.66 per barrel in 2015 decreased to an average price of US\$43.15 per barrel in 2016 and subsequently increased to a current price of US\$56.34 per barrel on 14 December 2017.</p>
<b>B. 5</b>	<b>Group Structure</b>	<p>Pennpetro Energy PLC is the holding company of the Group, having one direct wholly owned subsidiary Nobel Petroleum UK Limited, which itself has two wholly owned subsidiary companies, Nobel Petroleum LLC, the operating company, based in the City of Gonzales, Gonzales, Texas, USA and Nobel Petroleum USA Inc., based in Delaware, USA which is non-operating.</p> <p>Nobel Petroleum LLC, Pennpetro Energy PLC's wholly owned indirect subsidiary, holds the Group's interest in the City of Gonzales petroleum leases.</p> <p>The Company does not have any other subsidiaries or investments in other companies.</p>

B. 6

Notifiable interest, different voting rights and controlling interests

The interests of the Directors are in aggregate approximately 11.28% of the issued and outstanding share capital of the Company as at 14 December 2017 (being the latest practicable date prior to the publication of this document) and are expected to represent approximately 11.28% of the issued share capital of the Company on Admission.

As at 31 July 2017, there were no outstanding loans granted (or any guarantee provided) by any member of the Group to any Director, nor by any Director to (or for the benefit of) any member of the Group. Except for the interests of those persons set out in this paragraph, the Directors are not aware, at the date of this document, of any interest which immediately following Admission would amount to 3% or more of the Company's issued share capital:

	Ordinary Shares at the date of this document	Percentage of Existing Ordinary Shares at the date of this document	Ordinary Shares at the date of Admission	Percentage of Existing Ordinary Shares at the date of Admission
York Energy Group Limited	19,000,000	26.79	19,000,000	26.80
International Immobiliare Ltd	16,300,000	22.99	16,300,000	22.99
FHF Securities (A'Asia) Limited*	5,000,000	7.05	5,000,000	7.05
Griffin Asset Management Ltd*	4,000,000	5.64	4,000,000	5.64
Nobel Petroleum Ireland Limited	3,400,000	4.80	3,400,000	4.80
FHF Corporate Finance Limited	3,300,000	4.65	3,300,000	4.65
Invictorium Limited	3,200,000	4.51	3,200,000	4.51
Mrs. B. Shaw	3,200,000	4.51	3,200,000	4.51
Mrs. P. Evans	3,100,000	4.37	3,100,000	4.37

\*Under common ownership of Mr. P. Henderson

No major holder of Ordinary Shares has voting rights different from other holders of Ordinary Shares.

To the best of the Directors' knowledge, no shareholder directly or indirectly, exercises or could exercise control over the Company.

B. 7

Historical key financial information of the issuer

Shareholders and prospective investors should review the following selected financial information together with the whole of this document and any documents incorporated by reference and should not rely on the selected financial information below. This selected financial information set out below has been presented in accordance with IFRS and the Company's accounting policies.

The table below sets out the statement of income of the Company for the period ended 31 December 2016, extracted from the financial statements.

**AUDITED STATEMENT OF COMPREHENSIVE INCOME**

				Period ended 31 December 2016
	Note			\$
Revenue				-
Administrative expenses	4			(43,320)
Depreciation expense	4			(1,218)
<b>Operating result</b>				<b>(44,538)</b>
Interest received	6			10
Interest expense				(92)
<b>Loss before income tax</b>				<b>(44,620)</b>
Income tax	7			-
<b>Loss for the year period</b>				<b>(44,620)</b>
<b>Total comprehensive loss for the period</b>				<b>(44,620)</b>
Loss per paid in capital				(0.01)

The table below sets out the statement of financial position of the Company for the period ended 31 December 2016, extracted from the financial statements.

**AUDITED STATEMENT OF FINANCIAL POSITION**

	As at 31 December 2016
	\$
<b>ASSETS</b>	
<b>Non-current assets</b>	
Fixed assets	3,653
<b>Total non-current assets</b>	<b>3,653</b>
<b>Current assets</b>	
Cash and cash equivalents	-
Other receivable	347,904
<b>Total current assets</b>	<b>347,904</b>
<b>Total assets</b>	<b>351,557</b>
<b>EQUITY AND LIABILITIES</b>	
<b>Current liabilities</b>	
Other payables	9,268
<b>Total liabilities</b>	<b>9,268</b>
<b>Equity attributable to owners</b>	
Share capital	106,270
Share premium	276,797
Foreign exchange reserve	3,842
Retained earnings	(44,620)
<b>Total equity attributable to owners</b>	<b>342,289</b>

		<b>Total equity and liabilities</b>	<b>351,557</b>
		<p>The table below sets out the statement of cash flows of the Company for the period ended 31 December 2016, extracted from the financial statements.</p> <p><b>AUDITED STATEMENT OF CASH FLOWS</b></p>	
			<b>Period ended 31 December 2016</b>
			<b>\$</b>
		<b>Cash flows from operating activities</b>	
		Loss before income tax	(44,620)
		Add back:	
		Interest received	(10)
		Depreciation	1,218
		Foreign exchange loss	(8)
		Increase in trade and other receivables	(347,905)
		Increase in trade and other payables	9,268
		<b>Net cash outflow used in operating activities</b>	<b>(382,057)</b>
		<b>Cash flows from investment activities</b>	-
		Purchase of tangible assets	(4,870)
		Interest received	10
		<b>Net cash outflow from investment activities</b>	<b>(4,860)</b>
		<b>Cash flows from financing activities</b>	
		Cash received from issue of shares	383,075
		Increase in foreign exchange reserve	3,842
		<b>Net cash inflow from financing activities</b>	<b>386,917</b>
		<b>Net increase/(decrease) in cash and cash equivalent</b>	-
		Cash and cash equivalents at beginning of period	-
		<b>Cash and cash equivalents at end of period</b>	-
		<p>In the period between incorporation of the Company and 31 December 2016 the Company issued 8,600,000 shares. Since then, it has issued a further 62,300,000 shares.</p> <p>On 17 May 2017, the Company acquired Nobel Petroleum UK Limited and its wholly-owned subsidiaries Nobel Petroleum LLC and Nobel Petroleum USA, Inc.</p> <p>Except in connection with the Company's set up including making the various share allotments, the acquisition of Nobel Petroleum UK Limited and work undertaken in connection with Admission, including the preparation of this prospectus, and establishing the structure of the Group, the Company has not, to date, traded nor carried out any significant business activities.</p>	

The table below sets out the statement of income for the period ended 30 June 2017 extracted from the financial statements:

#### STATEMENT OF COMPREHENSIVE INCOME

	Period ended 30 June 2017 \$	Period ended 30 June 2016 \$
Revenue	-	-
Administrative expenses	(239,079)	(14,258)
Depreciation expense	(1,127)	-
<b>Operating result</b>	<b>(240,206)</b>	<b>(14,258)</b>
Interest received	10	1
Interest expense	(57)	(29)
<b>Loss before income tax</b>	<b>(240,253)</b>	<b>(14,286)</b>
Income tax	-	-
<b>Loss for the year period</b>	<b>(240,253)</b>	<b>(14,286)</b>
<b>Total comprehensive loss for the period</b>	<b>(240,253)</b>	<b>(14,286)</b>
Loss per paid in capital	(2.26)	(0.15)

The table below sets out the statement of financial position for the period ended 30 June 2017 extracted from the financial statements:

#### STATEMENT OF FINANCIAL POSITION

	As at 30 June 2017 \$	As at 30 June 2016 \$
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets	4,879	-
Investment in subsidiary	21,055,140	-
<b>Total non-current assets</b>	<b>21,060,019</b>	<b>-</b>
<b>Current assets</b>		
Cash and cash equivalents	985,177	64,696
Share subscription receivable	-	90,979
Other receivable	-	61,326
<b>Total current assets</b>	<b>985,177</b>	<b>217,001</b>
<b>Total assets</b>	<b>22,045,196</b>	<b>217,001</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Other payables	395,350	9,748
<b>Total liabilities</b>	<b>395,350</b>	<b>9,748</b>
<b>Equity attributable to owners</b>		

Share capital	921,487	93,578
Share premium	14,845,693	127,371
Foreign exchange reserve	(6,036)	590
Other reserves	6,173,575	-
Retained earnings	(284,873)	(14,286)
<b>Total equity attributable to owners</b>	<b>21,649,846</b>	<b>207,253</b>
<b>Total equity and liabilities</b>	<b>22,045,196</b>	<b>217,001</b>
The table below sets out the statement of cash flow for the period ended 30 June 2017 extracted from the financial statements:		
<b>STATEMENT OF CASH FLOWS</b>		
	<b>Period ended 30 June 2017</b>	<b>Period ended 30 June 2016</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Loss before income tax	(240,253)	(14,286)
Add back:		
Interest received	(10)	(1)
Depreciation	1,127	-
(Increase) / decrease in trade and other receivables	155,162	(61,326)
Increase in trade and other payables	386,082	9,748
Professional fees settled in shares	126,770	-
<b>Net cash outflow used in operating activities</b>	<b>428,878</b>	<b>(65,865)</b>
<b>Cash flows from investment activities</b>		
Purchase of tangible assets	(3,894)	-
Interest received	10	1
<b>Net cash outflow from investment activities</b>	<b>(3,884)</b>	<b>1</b>
<b>Cash flows from financing activities</b>		
Cash received from issue of shares *	354,956	135,570
Capital raising costs	(10,902)	-
<b>Net cash inflow from financing activities</b>	<b>344,054</b>	<b>135,570</b>
<b>Net increase/(decrease) in cash and cash equivalent</b>	<b>769,048</b>	<b>69,706</b>
Cash and cash equivalents at beginning of period	192,742	-
Effect of foreign exchange	23,387	(5,010)
<b>Cash and cash equivalents at end of period</b>	<b>985,177</b>	<b>64,696</b>
* There has been a material value of ordinary shares issued during the period that were not settled in cash. These shares were issued for the		

		<p>purpose of acquiring the new subsidiary (Nobel LLC), as well as to settle professional fees.</p> <p>Except as described in this section B.7, there have been no significant changes to the financial condition and operating results of the Group (including the Company) during or subsequent to the period covered by the key financial information set out above.</p>																																																																														
B. 8	Key proforma financial information	<p>Selected key unaudited pro forma financial information for the Company is set out below.</p> <p>The unaudited pro forma statement of net assets set out below has been prepared to illustrate the impact of the Acquisition on the net assets of the Company. The unaudited pro forma net asset statement is based on the audited net assets of the Company as at 31 December 2016 and has been prepared on the basis that the Acquisition had taken place on 31 December 2016.</p> <p>The unaudited pro forma income statement of the Company for the period ending 31 December 2016 has been prepared on the basis set out in the notes below and in accordance with the requirements of item 20.1 of Annex I and items 1 to 6 of Annex II of the Prospectus Rules to illustrate the impact of the Acquisition as if it had taken place on 31 December 2016.</p> <p>The unaudited pro forma statement of net assets and unaudited pro forma income statement are compiled on the basis set out in the notes below and in accordance with the Company's accounting policies for the 12 months ended 31 December 2016. Because of their nature, the unaudited pro forma net asset statement and unaudited pro forma income statement address a hypothetical situation and do not, therefore, represent the Company's actual financial position. The unaudited pro forma information has been prepared in accordance with Annex II of the Prospectus Directive Regulations.</p> <p style="text-align: center;"><b>Unaudited Pro Forma Statement of Net Assets</b></p> <table><tr><th></th><th>Pennpetro Energy Plc</th><th>Nobel Petroleum UK Limited</th><th>Nobel Petroleum LLC</th><th></th><th>Unaudited pro forma adjusted aggregated net assets of the Enlarged Group on Admission</th></tr><tr><th></th><th>Net assets as at 31 December 2016</th><th>Net assets as at 31 December 2016</th><th>Net assets as at 31 December 2016</th><th></th><th></th></tr><tr><th></th><th>(Note 1)</th><th>(Note 2)</th><th>(Note 3)</th><th>(note 4)</th><th></th></tr><tr><th></th><th>\$</th><th>\$</th><th>\$</th><th>\$</th><th>\$</th></tr><tr><td><b>Assets</b></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td><b>Non-current assets</b></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Property, plant and equipment</td><td>3,653</td><td>-</td><td>1,160,158</td><td></td><td>1,163,811</td></tr><tr><td></td><td>3,653</td><td>-</td><td>1,160,158</td><td></td><td>1,163,811</td></tr><tr><td><b>Current assets</b></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Trade and other receivables</td><td>347,904</td><td>1,235,000</td><td>29,212</td><td>(1,235,000)</td><td>377,116</td></tr><tr><td>Cash and cash equivalents</td><td>-</td><td>123</td><td>71,134</td><td></td><td>71,257</td></tr><tr><td>Current assets</td><td>347,904</td><td>1,235,123</td><td>100,346</td><td>(1,235,000)</td><td>448,373</td></tr><tr><td><b>Total</b></td><td>351,557</td><td>1,235,123</td><td>1,260,504</td><td>(1,235,000)</td><td>1,612,184</td></tr></table>		Pennpetro Energy Plc	Nobel Petroleum UK Limited	Nobel Petroleum LLC		Unaudited pro forma adjusted aggregated net assets of the Enlarged Group on Admission		Net assets as at 31 December 2016	Net assets as at 31 December 2016	Net assets as at 31 December 2016				(Note 1)	(Note 2)	(Note 3)	(note 4)			\$	\$	\$	\$	\$	<b>Assets</b>						<b>Non-current assets</b>						Property, plant and equipment	3,653	-	1,160,158		1,163,811		3,653	-	1,160,158		1,163,811	<b>Current assets</b>						Trade and other receivables	347,904	1,235,000	29,212	(1,235,000)	377,116	Cash and cash equivalents	-	123	71,134		71,257	Current assets	347,904	1,235,123	100,346	(1,235,000)	448,373	<b>Total</b>	351,557	1,235,123	1,260,504	(1,235,000)	1,612,184
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		<b>assets</b>				
		<hr/>				
		<b>Liabilities</b>				
		<b>Current liabilities</b>				
		Trade and other payables	9,268	-	42,227	51,495
		Current borrowings	-	1,235,000	1,235,000	(1,235,000) 1,235,000
		<hr/>				
		<b>Current liabilities</b>	9,268	1,235,000	1,277,227	(1,235,000) 1,286,495
		<hr/>				
		<b>Total liabilities</b>	9,268	1,235,000	1,277,227	(1,235,000) 1,286,495
		<hr/>				
		<b>Total assets less total liabilities</b>	342,289	123	(16,723)	- 325,689
		<hr/>				
		<b>Notes</b>				
		The pro forma statement of net assets has been prepared on the following basis:				
		1. The audited net assets of the Company as at 31 December 2016 have been extracted without adjustment from the Historic Financial Information to which is set out in Part V Section B of this document.				
		2. The net assets of Nobel Petroleum UK Limited as at 31 December 2016 have been extracted without adjustment from the unaudited interim Financial Statements included in Part V Section D of this document.				
		3. The net assets of Nobel Petroleum LLC as at 31 December 2016 have been extracted without adjustment from the unaudited interim Financial Statements included in Part V Section F of this document.				
		4. An adjustment has been made to eliminate the intercompany balance between Nobel Petroleum UK Limited and Nobel Petroleum LLC as at 31 December 2016.				
		5. No adjustments have been made to reflect the trading or other transactions, other than described above of:				
		i. the Company since 31 December 2016;				
		ii. Nobel Petroleum UK Limited since 31 December 2016;				
		iii. Nobel Petroleum LLC since 31 December 2016.				
		6. As at 14 December 2017(the latest practical date prior to the publication of this prospectus) the exchange rate between the US\$ and £ was 1.34 USD to £1.				
		7. The pro forma statement of net assets does not constitute financial statements.				
		<hr/>				
		<b>Unaudited Pro Forma Income Statement</b>				
		<hr/>				
		<b>The Company</b>	<b>Nobel Petroleum UK Limited</b>	<b>Nobel Petroleum LLC</b>	<b>Unaudited pro forma aggregated income statement of the Enlarged Group</b>	
		<b>Income statement as at 31 December</b>	<b>Income statement as at 31</b>	<b>Income statement as at 31</b>		

	2016 (Note 1)	December 2016 (Note 2)	December 2016 (Note 3)	on Admission
	\$	\$	\$	\$
Revenue	-	-	-	-
Administration expenses	(44,537)	-	(17,823)	(62,360)
<b>Operating loss</b>	(44,537)	-	(17,823)	(62,360)
Interest expense	(93)	-	-	(93)
Other income	10	-	-	10
<b>Loss before tax</b>	(44,620)	-	(17,823)	(62,443)
Tax	-	-	-	-
<b>Loss from continuing operations</b>	(44,620)	-	(17,823)	(62,443)
<b>Other comprehensive income</b>				
Items that may be subsequently reclassified to profit or loss	-	-	-	-
<b>Total comprehensive loss for the period</b>	(44,620)	-	(17,823)	(62,443)
<b>Notes</b>				
<ol style="list-style-type: none"> <li>1. The audited income statement of the Company as at 31 December 2016 have been extracted without adjustment from the Historic Financial Information which is set out in Part V Section B of this document.</li> <li>2. The unaudited income statement of Nobel Petroleum UK Limited as at 31 December 2016 have been extracted without adjustment from the Historic Financial Information to which is set out in Part V Section D of this document.</li> <li>3. The unaudited income statement of Nobel Petroleum LLC as at 31 December 2016 have been extracted without adjustment from the unaudited interim Financial Statements included in Part V Section F of this document.</li> <li>4. No adjustments have been made to reflect the trading or other transactions of the Enlarged Group since 31 December 2016.</li> </ol>				

<b>B. 9</b>	<b>Profit forecasts</b>	Not applicable; this document does not contain profit forecasts or estimates.
<b>B. 10</b>	<b>Qualification in the audit report</b>	Not applicable; there are no qualifications on such information.
<b>B. 11</b>	<b>Working capital</b>	Not applicable; the Company is of the opinion that the working capital available to the Group, taking into account its existing financial resources, is sufficient for the Group's present requirements, that is, for at least the next 12 months from the date of this document.
<b>Section C - Securities</b>		
<b>Element</b>	<b>Disclosure Requirement</b>	<b>Disclosure</b>
<b>C. 1</b>	<b>Description of type and class of securities being offered</b>	<p>The securities the subject of the Admission are Ordinary Shares of £0.01 each.</p> <p>The Ordinary Shares will be registered with ISIN number GB00BF2K5076 and SEDOL number BF2K507.</p>
<b>C. 2</b>	<b>Currency of securities</b>	The Ordinary Shares are denominated in pounds sterling.
<b>C. 3</b>	<b>Shares issued/ value per share</b>	The Company has 70,900,000 Ordinary Shares of £0.01 each in issue and fully paid as at the date of this document. There are no shares in issue that are not fully paid.
<b>C. 4</b>	<b>Rights attaching to the Ordinary Shares</b>	<p>Each Ordinary Share ranks <i>pari passu</i> for voting rights, dividends and return of capital on winding up. Every Shareholder present in person, by proxy or by a duly authorised corporate representative at a general meeting of the Company shall have one vote on a show of hands and, on a poll, every Shareholder present in person, by proxy or by a duly authorised corporate representative shall have one vote for every Ordinary Share of which he is the holder. The Company must hold an annual general meeting each year in addition to any other general meetings held in the year. The directors of the Company can call a general meeting at any time. All members who are entitled to receive notice under the Articles must be given notice. Subject to the CA 2006, the Company may, by ordinary resolution, declare dividends to be paid to members of the Company according to their rights and interests in the profits of the Company available for distribution, but no dividend shall be declared in excess of the amount recommended by the board of directors of the Company. On a voluntary winding-up of the Company, the liquidator may, with the sanction of a special resolution of the Company and subject to the CA 2006 and the Insolvency Act 1986 (as amended), divide amongst the Shareholders in specie the whole or any part of the assets of the Company, or vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator, with the like sanction, shall determine.</p> <p>The pre-emption rights contained in the Articles have not currently been waived. Therefore, shareholders will have pre-emption rights which will generally apply in respect of future share issues for cash. No pre-emption rights exist in respect of future share issues wholly or partly other than for cash. The Directors would need to seek shareholder approval to disapply pre-emption rights for any further issue of shares.</p>
<b>C.5</b>	<b>Restrictions on free transferability of the Ordinary</b>	Not applicable; there are no restrictions in place.

	<b>Shares</b>	
<b>C.6</b>	<b>Admission to trading / regulated markets where the securities are traded</b>	Application will be made for all of the Company's issued Ordinary Shares, on Admission, to be admitted to a Standard Listing of the Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective and that unconditional dealings will commence on the London Stock Exchange at 8.00 a.m. on 21 December 2017.
<b>C.7</b>	<b>Dividend policy</b>	The Company does not intend to pay dividends in the near future as any earnings during such time are expected to be retained for use in business operations. The declaration and payment by the Company of any dividends and the amount thereof will be in accordance with, and to the extent permitted by, all applicable laws and will depend on the results of the Company's operations, its financial position, cash requirements, prospects, profits available for distribution and other factors deemed to be relevant at the time.
<b>Element</b>	<b>Disclosure Requirement</b>	<b>Disclosure</b>
<b>D.1</b>	<b>Key risks specific to the Company and its industry</b>	<ul style="list-style-type: none"> <li>• The Company is at an early stage of operations and has a limited operating history on which to assess its future expected performance.</li> <li>• The Company does not have a significant trading history and has limited cash resources which will diminish owing to the Company's operating costs.</li> </ul> <p><b>Business Risks</b></p> <ul style="list-style-type: none"> <li>• The Company has only one key asset within the upstream petroleum sector, leading to a concentration of risk.</li> <li>• The Company does not currently produce oil or gas and may never produce oil or gas or have any earnings.</li> <li>• Dry wells may lead to a downgrading of the potential value of the Company's assets or require further funds to continue exploration work.</li> <li>• Drilling, exploration, production and related activities can be dangerous, including health, safety and environmental risks.</li> <li>• The Company faces strong competition for exploration licences.</li> <li>• Oil and gas prices have fluctuated significantly in the past and could significantly impact the Company.</li> <li>• The Company's business requires significant capital expenditure and the future expansion and development of the Group's business could require future debt and equity financing. The future availability of such funding is uncertain</li> <li>• The Company's insurance and indemnities may not adequately cover all risks or expenses.</li> </ul>

<b>D.3</b>	<b>Key risks specific to the Ordinary Shares</b>	<ul style="list-style-type: none"> <li>A Standard Listing affords shareholders a lower level of regulatory protection than a Premium Listing. Any further issues of Ordinary Shares may dilute investors' shareholdings. In particular, the Company may issue additional Ordinary Shares as non-cash consideration under any acquisition and/or to raise additional equity capital in order to complete any acquisition. Pre-emption rights have not currently been waived within certain limits. The Directors would need to seek shareholder approval to disapply pre-emption rights for future issues of share for cash.</li> <li>Returns on investment may not be realised within investors' perceived reasonable range or timescales, due to the potential illiquidity of the Ordinary Shares.</li> <li>Dividend payments on the Ordinary Shares are not guaranteed.</li> </ul>
<b>Section E - Offer</b>		
<b>Element</b>	<b>Disclosure Requirement</b>	<b>Disclosure</b>
<b>E.1</b>	<b>Net proceeds and expenses</b>	Not applicable; no offer is being made.
<b>E.2</b>	<b>Reasons for the Offer and use of proceeds</b>	Not applicable; no offer is being made.
<b>E.3</b>	<b>Terms and conditions of the Offer</b>	Not applicable; no offer is being made.
<b>E.4</b>	<b>Material interests</b>	Not applicable; no offer is being made.
<b>E.5</b>	<b>Name of the Offeror, Selling Shareholders and lock-up agreements (if any)</b>	<p>Lock up agreements have been executed between the Company and the following shareholders each for a period of nine months following Admission: York Energy Group Limited; and International Immobiliare Limited.</p> <p>There are no selling shareholders.</p>
<b>E.6</b>	<b>Dilution</b>	Not applicable, no dilution as no offer is being made.
<b>E.7</b>	<b>Estimated expenses charged to the investor by the issuer or the offeror.</b>	Not applicable, no expenses will be charged to investors.

## RISK FACTORS

*The investment detailed in this document may not be suitable for all its recipients and involves a higher than normal degree of risk. Before making an investment decision, prospective investors are advised to consult an investment adviser authorised under the Financial Services and Markets Act 2000 who specialises in investments of the kind described in this document. 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.*

*Before deciding whether to invest in Ordinary Shares, prospective investors should carefully consider the risks described below together with all other information contained in this document.*

*The risks referred to below are those risks the Company and the Directors consider to be the material risks relating to the Company. The risk factors described below may not be exhaustive. Additional risks and uncertainties relating to the Company that are not currently known to the Directors, or that are currently considered not to be material, may also have an adverse effect on the Company's business. If this occurs the price of the Ordinary Shares may decline and investors could lose all or part of their investment.*

*Prospective investors should note that the risks relating to the Company, its industry and the Ordinary Shares summarised in the section of this document headed "Summary" are the risks that the Company believes to be the most material to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares. However, as the risks which the Company faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this document headed "Summary" but also, among other things, the risks and uncertainties described below.*

### GENERAL TRANSACTION RISK

*The Group has no history of trading, and the Group has limited cash resources*

As the Company was incorporated in May 2016 it does not have a significant trading history that potential investors may evaluate when deciding whether to acquire the Company's shares. At the date of this document, the Company has cash resources of approximately £520,000. On Admission, the Company expects to have cash resources of approximately £440,000 after settling liabilities associated with Admission. The Group's anticipated operating costs in the 12 months from Admission are estimated at approximately £340,000 and as the Company currently has no sources of revenue other than interest on deposits, the Company's cash resources will diminish. There can be no guarantee that the diminishing of the Company's cash resources will not result in a fall in the price of the Ordinary Shares in the future. Nobel LLC does however have the ability to utilise the undrawn amount of the Loan Note until 30 December 2019, (details of which are set out in paragraph 9.8 of Part VII: Additional Information of this document), and proceeds from the sale of oil and gas from the initial well are scheduled to become available to the Group from the beginning of 2018.

Additionally, the Group is at an early stage of operations and has a limited operating and trading history for its key asset on which to assess its future expected performance. There can be no assurance that the Group will ever earn significant revenues or any revenues from operations at all, or achieve profitability, which could impact the Group's ability to sustain operations or obtain any additional funds it may require in the future to satisfy requirements beyond the Group's current committed capital expenditure for 2017 and 2018. However, the Group has adequate financial resources to develop the reserves of the Group's initial well, which are categorised as Proven Reserves in the Competent Person's Report and which are attributed substantial value in accordance with the terms of that report.

## **RISKS RELATING TO THE COMPANY AND ITS BUSINESS STRATEGY**

### ***The Group has only one key asset, concentrating the risk of potential loss due to underperformance***

The Group has only one operating company with a single key asset, the City of Gonzales petroleum leases, meaning that the risk of underperformance in operations or assets will be concentrated. There can be no assurance that the asset will be successful or that expectations regarding its potential and value will be realised. Potential investors in the Ordinary Shares should be aware that the risk of investing in the Company could be greater than investing in an entity which acquires and operates a range of assets.

### ***The Company's business strategy and business model are dependent on its wholly owned subsidiary. There can be no guarantee that it will be successful***

The Company's business strategy and business model depend on the effective and successful running of its operating subsidiary company. There can be no guarantee that the Company's subsidiary will be profitable.

### ***Dependence on key executives and personnel***

Although the Directors have entered or will at the time of Admission enter into letters of appointment and service agreements with the Company, the loss of the services of any such individual may have an adverse material effect on the business, operations, revenues, customer relationships and/or prospects of the Company. The future performance of the Company will depend heavily on its ability to retain the services and personal connections/contacts of key executives and to recruit, motivate and retain further suitably skilled, qualified and experienced personnel.

In particular, Nobel LLC is dependent on the US Management, who have the sector experience and are engaged by it as consultants. The sudden departure of any of the US Management is likely to cause disruption to the Group's operations. However, the Directors are confident that in the prevailing sector recruitment conditions, suitable replacements are likely to be available in the locality and the disruption would only be temporary.

### ***The Group may be unable to obtain financing, if required, to fund its operations***

The Directors consider that the Company has sufficient working capital for at least the next 12 months as set out in paragraph 10 of Part VII and that the Group's current operations, consisting of the drilling and completion of the initial oil well (COG#1-H), as a producing well, are fully funded. There is no obligation on the Group to drill additional wells. Any further drilling of the oil wells over which the Company has rights is dependent upon proper analysis of results of the first well and so the current intention of the Group is not to drill any further wells until 2019. Further drilling is subject to further financings, although the Directors expect that a significant amount of such financing may come from revenues derived from the completion into a producer of the first oil well, and subsequent wells, on a well-by-well analysis. However, the Group may be required to seek additional equity or debt financing in order to fully finance future operations and there can be no guarantee that the Company will be able to obtain the funding required or do so on terms that are acceptable to the Company. In particular, Nobel LLC is due to redeem the US\$5M loan note on 30 December 2019 (of which approximately US\$3.6M has been drawn down as of the date of this document) referred to in paragraph 9.8 of Part VII: Additional Information of this document. It is the Group's intention to repay the loan note ahead of obtaining additional drilling funding. Current global market conditions are having a significant impact on the availability and terms of debt financing. The Company may be unable to fully finance its subsidiary, or effectively restructure its operations, either of which may have a material adverse effect on the Company's business, financial condition or results of operations. Details of the value attributed to the relevant Proven Reserves are set out in the Competent Person's Report.

The Company may also require additional financing to fund any company, business or assets acquired in any future acquisition and this may include making substantial equity commitments in cash; the failure to obtain such financing or to secure it on acceptable terms may have a material adverse effect on the company or business acquired, the impact of which may extend to the Company's business, financial condition or results of operations.

***The Company's business strategy depends on the effectiveness of the operating strategies devised by the Directors and there is no assurance that these strategies will be successfully implemented or, if implemented, that they will be effective in increasing the valuation of its subsidiaries.***

There can be no assurance that the Company or the Directors will be able to propose and/or implement effective operational improvements for its subsidiary companies or to effectively implement the other features of its post-acquired value creation strategy as described in this document. General economic and market conditions or other factors outside the Company's control could make the Company's operating strategies difficult to implement. Any failure to implement these strategies successfully and/or the failure of these strategies to deliver the anticipated benefits could have a material adverse effect on the Company's results of operations and financial condition. As a result, the Company may be unable to achieve attractive returns for its Shareholders.

***Unfavourable general economic conditions may have a negative impact on the results of operations, financial condition and prospects of a potential target business***

The global financial markets are experiencing continued volatility and geopolitical issues and tensions continue to arise. Many countries in the Organisation for Economic Co-operation and Development (OECD) have continued to experience recession or negligible growth rates, which have had, and may continue to have, an adverse effect on consumer and business confidence. The resulting low consumer and business confidence may lead to low levels of demand for many products across a wide variety of industries, including the petroleum sector. The Company cannot predict the severity or extent of any recessions and/or periods of slow growth. Accordingly, the Company's estimate of the results of operations, financial condition or prospects of any further acquisition targets will be uncertain and may be adversely impacted by unfavourable general global, regional or national macroeconomic conditions.

For more information about the effect of general global, regional or national macroeconomic deterioration on the upstream petroleum sector which may adversely impact the results of operations, financial condition and prospects of the Company, see "Risks Relating to the Group's Business" (below), and in particular, "Oil and gas prices have fluctuated significantly in the past and could significantly impact the Group".

***The Group may be unable to retain or hire the personnel that it requires***

The Company will look to Nobel LLC's existing personnel to assist in the running and operations of the subsidiary and to support the Company. However, there can be no assurance that the relevant personnel required for these purposes, and in particular US Management, will remain with the Group or that, if they depart, the Company will be able to replace such personnel with individuals of similar expertise and of a similar calibre. Changes in personnel may have a material adverse effect on the subsidiary company's operations, which may affect the Company's business, financial condition or results of operations.

***The Company may be subject to restrictions in offering its Ordinary Shares as consideration for any additional acquisitions or may have to provide alternative consideration which may have an adverse effect on its operations. In addition, the use of new Ordinary Shares as consideration could result in significant dilution of existing Shareholders***

The Company may offer new Ordinary Shares or other securities, in the form of fixed or floating rate loan notes which may or may not be convertible into Ordinary Shares, as consideration for the purchase of a target business in any further acquisitions. However, in certain jurisdictions, there may be legal, regulatory or practical restrictions on the Company using its Ordinary Shares in this manner or which may mean that the Company is required to provide alternative forms of consideration. Such restrictions may limit the Company's acquisition opportunities or make a particular acquisition costlier which in turn may have an adverse effect on the results of operations of the Company and/or the ability of the Company to achieve its target return for Shareholders. As the jurisdiction in which any further acquisitions will take place is not yet known, the details of such potential restrictions are also unknown; however, they may include local central bank currency controls and prohibitions regarding the issue of publicly traded securities not approved by local regulators. Such restrictions may make any further acquisitions impractical to complete, as the proposed contractual consideration may be unable to be accepted by the vendor(s).

Furthermore, where new Ordinary Shares are issued as non-cash consideration for any acquisition, Shareholders will have no pre-emptive right to the new Ordinary Shares issued. If the Company does offer its Ordinary Shares as consideration or part consideration in making an acquisition, depending on the number of new Ordinary Shares offered and the value of such new Ordinary Shares at the time, the issue of new Ordinary Shares could materially dilute the value of the new Ordinary Shares held by existing Shareholders at the time. Where an acquisition target has an existing large shareholder, an issue of new Ordinary Shares as consideration or part consideration may result in such shareholder subsequently holding a large stake in the Company, which may, in turn, enable it to exert significant influence over the Company (to a greater or lesser extent depending on the size of its holding). In addition, in order to avoid triggering a mandatory bid under the City Code, the Company may, if appropriate, need to be issued with limited or no voting rights for a period of time.

**RISKS RELATING TO THE GROUP'S BUSINESS**

***The Group does not currently produce oil or gas and may never produce oil or gas or have any earnings.***

Although the Group's petroleum lease has in the past been a proven oil and gas asset, there can be no assurance that the Group will ever produce any oil or gas.

The success of the Group depends on its ability to acquire, find, develop and commercially exploit resources and reserves. Exploration and development activities are capital intensive and their successful outcome cannot be assured. The Group undertakes exploration activities with no guarantee that such expenditure will result in the discovery of commercially recoverable oil or gas.

If the Group should make no discoveries from which it is able to produce oil or gas commercially, or if appraisal and development of discoveries should prove unsuccessful, the Group may never produce any oil or gas and never have any earnings. This would have a material and adverse impact on the business, prospects, financial condition and results of operations of the Group.

Generally, there can be a long lead time between discovery and production of oil and gas, particularly for gas. During any long lead time, the Group will continue to incur significant costs at a level which may be difficult to predict, and potentially will not have any earnings from oil or gas production. It will also have exposure to many of the risk factors described in this section, and may become exposed to additional risks not currently envisaged. These risks may individually or collectively diminish the returns obtainable by the Group in relation to any discovery or even the ability to realise any value from the discovery at all, which may have a material adverse effect on the business, prospects, financial position and results of operations of the Group.

***The oil and gas resources data and the production profiles and development plans for the Group's assets contained in this Prospectus are estimates only***

There are uncertainties inherent in estimating oil and gas resources and reserves for any oil and gas asset. In addition, the contingent resource estimates contained in this Prospectus are derived from the interpretation of seismic and other geoscientific data and, where appropriate, drilling results. Such interpretation and estimates of the amounts of oil and gas resources are subjective and the results of drilling, testing and production subsequent to the date of any particular estimate may result in substantial revisions to the original interpretation and estimates.

It should be noted that the resources data contained in this Prospectus including the Competent Person's Report ("CPR") compiled by William W. Jackson ("Competent Person" or "WWJ") are estimates only and should not be construed as representing exact quantities. Unless otherwise indicated, WWJ has, in compiling the CPR, used the definitions and guidelines set out by the 2007 SPE/AAPG/WPC/SPEE Petroleum Resources Management System ("PRMS"). In addition, the data is based on assumptions which, together with the estimates, may prove to be materially incorrect.

Furthermore, there are also numerous uncertainties in estimating the timing and quantity of development expenditures and the projection of production. The production profiles and development plans in this Prospectus including the CPR are based on a number of assumptions which, together with the estimates, may prove to be materially incorrect.

Estimation of underground accumulations of oil and gas and projecting future rates of production is an inherently subjective process which impacts the statistical probabilities of recovery. Estimates of the quantity of economically recoverable oil and gas reserves, rates of production, net present value of future cash flows and the timing of development expenditures depend upon several variables and assumptions, including the following:

- production history compared with production from other comparable producing areas;
- interpretation of geological and geophysical data;
- effects of regulations adopted by governmental agencies;
- future percentages of domestic sales;
- future oil and gas prices;
- capital expenditure; and
- future operating costs, royalties, tax on the extraction of commercial minerals, development cost and work-over and remedial costs.

As all reserve estimates are subjective, each of the following items may differ materially from those assumed in estimating reserves:

- the quantities and qualities that are ultimately recovered;
- the production and operating costs incurred;
- the amount and timing of additional exploration and future development expenditures; and

- future oil and gas sales prices.

Evaluations of reserves necessarily involve multiple uncertainties. The accuracy of any reserves or resources evaluation depends on the quality of available information and petroleum engineering and geological interpretation. Exploration drilling, interpretation, testing and production after the date of the estimates may require substantial upward or downward revisions in the Group's reserves or resources data. Moreover, different reservoir engineers may make different estimates of reserves and cash flows based on the same available data. Actual production, revenues and expenditures with respect to reserves and resources will vary from estimates, and the variances may be material.

As a result, potential investors should not place undue reliance on the forward-looking statements contained in this Prospectus and in the CPR concerning the Group's resources, production profiles and development plans. This paragraph does not seek to qualify the working capital statement.

In addition, nothing in this Prospectus should be interpreted as assurances of the Group's oil and gas resources, the production profiles of the Group's assets or the development plans of the Group.

If the estimates of the Group's oil and gas resources, production profiles and development plans and the assumptions on which they have been based prove to be incorrect, the Group may be unable to produce the estimated levels or quality of oil and gas set out in this Prospectus (or any oil and gas at all) and the Group's business, prospects, financial condition and results of operations could be materially and adversely affected.

***Dry wells may lead to a downgrading of the potential value of the Group's assets or require further funds to continue exploration work***

Some of the areas being explored by the Group have a number of prospects for the discovery of oil and gas. Should the Group undertake drilling in a particular geographic area but discover no oil and gas (a "dry well"), this may lead to a downgrading of the potential value of the asset concerned. Dry wells may also result in the Group requiring substantially more funds if it chooses to continue exploration work and drill further wells beyond the Group's existing planning. Such funding may be unavailable or may have to be obtained on unfavourable terms, leading to a potential deterioration in the Group's financial position. Drilling a dry well would also mean that the Group may not be able to recover the costs incurred in drilling that well or make a return on its investment resulting in significant exploration expenditure being written off.

Any of these circumstances may have a material adverse effect on the business, prospects, financial position and results of operations of the Group.

***Any appraisal and development activities which are typically carried out following the discovery of oil and gas may require further funding and may not result in economically viable production***

The results of any appraisal of oil and gas discoveries are uncertain and may lead to the conclusion that efforts are unprofitable, either due to wells being dry or not economically viable to develop. Appraisal and development activities involving the drilling of wells may be unpredictable and not result in the outcome planned, targeted or predicted, as extensive testing is required to understand the properties of an entire asset.

Drilling of the initial well is now completed and development of the well has turned to the production stage, with proceeds from the sale of oil and gas from the initial well scheduled to become available to the Group from the beginning of 2018.

Appraisal and development activities of the Group (beyond the current work programme for the initial well for 2017 and 2018) may require additional funding which the Group does not as yet have. The Group cannot provide any guarantee that such expenditure will result in the discovery of commercially recoverable oil or gas.

The success of the Group's appraisal and development operations beyond the development of its existing asset depends on its ability to find and commercially exploit discoveries of oil and gas. The

failure of the Group to succeed in these endeavours may mean that the Group may not be able to make a return on investment. The extent of the Group's Proved Reserves but yet Undeveloped Reserves is reported on in the Competent Person's Report.

Any of the above may have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

***Drilling, exploration, production and related activities can be dangerous, including health, safety and environmental risks***

Developing oil and gas resources and reserves into commercial production involves a high degree of risk. The Group's exploration operations are subject to all the risks common in its industry. These hazards and risks include encountering unusual or unexpected rock formations or geological pressures, geological uncertainties, seismic shifts, blowouts, oil spills, uncontrollable flows of oil, natural gas or well fluids, explosions, fires, improper installation or operation of equipment and equipment damage or failure.

If any of these events were to occur, they could result in environmental damage, injury to persons and loss of life and a failure to produce oil or gas in commercial quantities. They could also result in significant delays to drilling programmes, a partial or total shutdown of operations, significant damage to the Group's equipment and equipment owned by third parties and personal injury or wrongful death claims being brought against the Group and could result in the Group incurring significant civil liability claims, significant fines or penalties. The Group may also be required to curtail or cancel any operations on the occurrence of such events.

Any of the above could materially and adversely affect the Group's business, prospects, financial condition and results of operations.

***The Group faces strong competition for exploration licences***

The oil and gas exploration industry is highly competitive (see Part VIII: "Industry Overview" for further information). The Group competes with other industry participants in the search for, and acquisition of, oil and gas assets and licences. Competitors include companies with, in many cases, greater financial resources, technical resources, local contacts, staff and facilities than those of the Group. Competition for exploration licences as well as other regional investment or acquisition opportunities may increase still further in the future. There can be no assurance that the Group will succeed in obtaining any additional oil and gas assets or prospects, or, if it does so, that it will be able to acquire such assets or prospects on economically viable terms.

This may lead to increased costs in the carrying on of the Group's activities and reduced available growth opportunities, which could materially adversely affect its business, prospects, financial condition and results of operation.

***Oil and gas prices have fluctuated significantly in the past and could significantly impact the Group***

Historically, oil and gas prices have been subject to volatility due to a variety of factors beyond the Group's control. Over the past ten years, oil and gas prices worldwide have increased significantly, but there can be no assurance that such increases, or the existing price levels, will be maintained in the future and it is possible that oil and/or gas prices could fall significantly (see Part VIII: "Industry Overview" for further information). Lower oil and/or gas prices may reduce the economic viability of the Group's operations and could materially and adversely affect the Group's business, prospects, financial condition and results of operations.

Should oil and/or gas prices fall, returns from production would also fall and there is a risk that the Group's exploration and production costs would not fall in line with the lower returns from production which could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

***The Company anticipates that it may need to make substantial capital investments for its operations, exploration, appraisal, development and/or production plans***

The Group's business involves significant capital expenditure and depending on how many additional wells the Group drills and its rate of expansion, the Group may require external debt and further equity financing in order to fund expenditure beyond its current committed and planned capital expenditure. Alternatively, the Group may in the future seek funds for its business by selling part of its operations and/or by farming down its assets. There is no certainty that counterparties may enter into such transactions in the future. Although the Group is able to, and plans to, fund its planned expenditure from its existing resources and the Loan Note and the value attributed to the Proved Reserves in the Competent Person's Report is substantial, in order to fund capital expenditure beyond the Group's current committed capital expenditure for 2017/18, the Company may enter into significant borrowing arrangements in addition to raising further equity financing for its future operations, exploration, appraisal, development or production plans. Various forms of debt are available, ranging from equipment credits from various export agencies through infrastructure development agency supported debt to bank debt. However, the Company may be unable to obtain non-equity financing or additional equity financing in the amounts required for its expenditures beyond its current committed capital expenditure, on favourable terms or at all. Moreover, the global credit environment then existing may pose additional challenges to the Company to secure needed bank loans or to secure bank loans at acceptable rates of interest.

To the extent the Company does take out bank loans, the Company will be subject to increased interest expenses, and may also be subject to covenants requiring that the Company maintains prescribed financial ratios and covenants restricting certain aspects of its business, including, for example, restrictions on additional future borrowings and indebtedness levels and permitted future acquisition activity, as well as security interests placed over certain of its assets. In addition, future debt financings may limit the Company's ability to withstand competitive pressures, as the Company may become illiquid or less liquid in cash as a result of higher interest payments on its debt due to increases in interest rates.

This could hinder the Company's ability to raise, renew and service its future indebtedness, reduce the funding options available to the Company or render it more vulnerable to economic downturns. In addition, if the Group requires debt but is unable to secure sufficient bank borrowings, it is highly likely that, other than in respect of its current committed capital expenditure for 2017/18, this would constrain the Group's planned development and timeline for development.

If the Group fails to generate or obtain sufficient capital resources for its operations, exploration, appraisal, development or production plans (beyond the Group's current committed capital expenditure for 2017/18), this could have a material adverse effect on the Group's business, prospects, financial condition, results of operations and cash flows or the Group's ability to fund the expansion or development of the business in the longer term.

The Group does not intend to develop and drill additional wells until the results of the initial well are fully analysed and understood. Therefore, the Group does not intend to expand its operations until 2019.

***Interruptions or delay to exploration, appraisal, development and production could significantly impact the Group***

If the Group (or any potential future operator of assets in which the Group has an interest) is unable to explore, appraise or develop petroleum operations or produce oil and/or gas as a result of matters such as inability to obtain equipment, equipment failure, natural disasters, political, economic, taxation, legal, regulatory or social uncertainties, terrorism or labour disputes, the Group may experience loss of income from decreased production and or may experience significant budget overruns.

Such interruptions or delays could result in disruptions to the Group's assets, increased costs or decreased incomes and may therefore have a material adverse impact on the Group's business, prospects, financial condition and results of operations.

***The Group relies on third party contractors and providers of capital equipment. The future availability and costs of services and equipment is not certain***

In common with other exploration companies, the Group (or any potential future operator of assets in which it has an interest) contracts or leases or will contract or lease services, capital equipment, rigs, pipelines, storage tanks and other equipment from third party providers on which exploration, appraisal and development and production activities are dependent.

Such equipment and services can be scarce, may not be of the required quality and may face interruptions or delays in availability at the times and places required. The costs of third party services and equipment have increased significantly over recent years and may continue to rise.

The scarcity of such equipment and services, as well as their potentially high costs, could delay, restrict or lower the profitability and viability of the Group's assets and therefore could adversely affect its business, prospects, financial condition and results of operations. Conversely, should there be a sudden increase in supplies brought to the market, and a resulting fall in prices for such services and equipment, then the Group may have contracted at prices which would not be competitive with the then prevailing rates which could materially adversely affect the Group's business, prospects, financial condition and results of operations.

***The Group may rely on third party operators and other joint venture partners in the future and would typically be required in those circumstances to consult these partners in relation to significant matters***

Whilst the Group currently operates its own key asset, it may in the future jointly operate additional assets which it acquires in the future. For those assets where the Group is the operator but has a joint venture partner, the relevant operating agreement typically provides that the joint venture partner must be consulted or that significant matters require its consent. Accordingly, while the Group generally has control over day- to-day management and operations of those assets, it may be unable to undertake certain activities because of opposition from a joint venture partner, or it may experience delays in undertaking activities due to the time taken to obtain the consent of the relevant joint venture partner. Any such opposition or delay could result in losses or increased costs to the Group.

If the Group is not the operator of the relevant asset, although it may have consultation rights or the right to withhold consent in relation to significant or operational matters (depending on the Group's interest in such asset), the Group will have limited control over day-to-day management and mismanagement of an asset by the operator may result in significant delays, losses or increased costs to the Group.

The terms of the relevant operating agreement generally impose standards and requirements in relation to the operator's activities. The Group will only transfer operatorship to a third party or acquire interests in assets operated by third party operators if it believes such third party is reputable. However, there can be no assurance that any such operator will observe such standards or requirements and this could result in a breach of the relevant operating agreement.

There is a risk that other parties with interests in the Group's assets may elect not to participate in, or consent to, certain activities relating to those assets which require that party's consent (including decisions relating to drilling programmes, including the number, identity and sequencing of wells, appraisal and development decisions and decisions relating to production). In these circumstances, it may not be possible for such activities to be undertaken by the Group alone or in conjunction with other participants at the desired time or sequence or at all.

Other participants in the Group's assets may default on their obligations to fund capital or other funding obligations in relation to the assets. In such circumstances, the Group may be required under the terms of the relevant operating agreement or otherwise to contribute all or part of such funding shortfall itself and, beyond completion of the current programmed work commitments for 2017, the Group may not have the resources to meet these obligations.

Any disagreement, absence of consent, delay, opposition, breach of agreement, or inability to undertake activities or failure to provide funding of the kind identified above could adversely affect the Group's operation of any assets which in the future become subject to joint operation arrangements.

***The Group may not be able to manage the expansion of its operations effectively through organic growth or acquisitions***

There is no certainty that all, or indeed any, of the elements of the Group's current strategy will develop as anticipated or that the Group will become profitable. In the event that the Group's operations are successful, the Group's current systems, procedures and controls will need to be expanded and strengthened to support the Group's future operations. It is possible that the Group will not be able to manage effectively the expansion of its operations through organic growth or acquisitions. Any failure of the Group to manage effectively its growth and development could have a material adverse effect on its business, prospects, financial condition or results of operations.

***The Group is dependent on a small team of key personnel for its success***

The Group is dependent on a small team of individuals with experience, knowledge and skill in exploration and development operations for its success. In particular, Nobel LLC is dependent on the US Management, who have the sector experience and are engaged by it as consultants. The departure of any of these individuals or any impediment to any of them performing his or her duties may cause the Group serious operational difficulties, and the Group may not be able to locate suitable replacement personnel in a timely manner, or at all.

In addition, the personal connections and relationships of the Group's management are important to the conduct of its business. There is no guarantee that the Group will retain key individuals, and if the Group were to lose a member of its management team unexpectedly, the Group's business, prospects, financial condition and results of operations may be adversely affected.

***The Group's long-term success depends on attracting and retaining skilled personnel***

Whilst the Group has adequate personnel resources for its immediate requirements, the Group's business requires skilled personnel and professional staff in the areas of exploration and development, operations, engineering, business development, oil and gas marketing, finance and accounting in order to develop its business. There is competition for such personnel in North America. Limitations on the Group's ability to engage, train and retain the required number of personnel would reduce its capacity to undertake further projects and may have a material adverse effect on its business, prospects, financial condition and results of operations.

***The Group is subject to significant environmental, health and safety laws and regulations***

The Group's operations are subject to the environmental risks inherent in the oil and gas industry. Although the Directors believe that the Group is in compliance in all material respects with all applicable environmental laws and regulations, there are certain risks inherent in its activities, such as accidental spills, leakages, explosions, fires or other unforeseen circumstances that could expose the Group to significant liability.

The Group's operations are subject to laws and regulations relating to the protection of human health and safety as well as the environment. The Group's health, safety, security and environment policy is to observe local legal requirements as well as to apply recognised international industry standards in its operations. Failure by the Group to comply with applicable legal requirements or recognised international industry standards may give rise to significant liabilities.

Health, safety and environment laws may over time become more complex and stringent or the subject of increasingly strict interpretation and/or enforcement. The obtaining of requisite licences and permits may also become more difficult or be the subject of delay by reason of governmental, regional or local consultation, approvals or other considerations or requirements.

In the long-term, the Group's ability to carry out domestic U.S. exploration may be affected by such increased regulation and the terms of permits, licences or permissions may include more stringent environmental and/or health and safety requirements. The obtaining of exploration, development or production licences for domestic U.S. oil and gas exploration may become more difficult or be the subject of delay due to governmental, regional or local consultation, approvals or other considerations or requirements.

In addition, the Group may be required to incur additional expenditure or could be required to hire or purchase additional equipment to comply with any new operational, environmental and/or health and safety regulations. The impact of any such regulations or requirements could be to impose a constraint on long-term oil and gas production of the Group and restrict the Group's control over the nature and timing of its exploration, appraisal, development, production and other activities or its ability to undertake these activities at all may be materially and adversely affected, including by substantial delays or material increases in costs. Such additional costs, interruptions or delays could have an adverse impact on the Group's business, prospects, financial condition and results of operations.

***The Group faces the possibility of future decommissioning charges that it cannot anticipate***

Upon the expiry of a production licence, contractors are commonly required, under the terms of relevant agreements or local law, to dismantle and remove equipment, cap or seal wells and generally make good production sites. The Group's accounts do not make provision for such decommissioning or does not specifically provide for decommissioning charges and the Group does not consider it appropriate at this time to make provision for the possibility of incurring decommissioning charges. There can be no assurance that the Group will not in the future incur decommissioning charges since local or national governments may require decommissioning to be carried out in circumstances where there currently is no express obligation to do so, particularly in the case of future licence renewals. The costs associated with decommissioning or penalties for failure to decommission may have an adverse effect on the Group's business, prospects, financial condition and results of operations.

***The Group's insurance and indemnities may not adequately cover all risks or expenses***

The Group may be subject to substantial liability claims due to the inherently hazardous nature of its business or for the acts or omissions of sub-contractors, operators or joint venture partners. Any indemnities the Group may receive from such parties may be difficult to enforce including if such sub-contractors, operators or joint venture partners lack adequate resources.

The Group's operations are subject to the risks normally associated with exploration, appraisal and development activities. The Directors believe that the Group has adequate insurance and indemnity coverage to cover all reasonable general material risks associated with the Group's operations (and that of the operators of assets in which it has an interest).

The Group can give no assurance that any acquired insurance and indemnity cover is adequate to cover all the risks to which it may be subject or that the proceeds of insurance applicable to covered risks or recovery under indemnities will be adequate to cover expenses relating to losses or liabilities. Accordingly, the Group may suffer material losses from uninsurable or uninsured risks or insufficient insurance and indemnity coverage. The Group is also subject to the risk of unavailability, increased premiums or deductibles, reduced coverage and additional or expanded exclusions in connection with its insurance policies and those of operators of assets it does not itself operate.

***Litigation against the Group could materially impact the Group's business***

The Group currently has no material outstanding litigation or disputes. However, there can be no guarantee that the past, current or future actions of the Group will not result in litigation. Damages claimed under such litigation may be material or may be indeterminate, and the outcome of such litigation may materially impact on the Group's business, prospects, financial condition and results of operations. Defence and settlement costs can be significant, even in respect of claims that have no merit. In addition, the adverse publicity surrounding such claims may have a material adverse effect on the Group's business.

***The Group relies on technology systems, the failure of which could significantly impact its operations and business***

The Group is reliant on its technology systems, in particular its specialist exploration applications. The Group's technology systems could be exposed to, amongst other things, damage or interruption from telecommunications failure, unauthorised entry and malicious computer code, fire, natural disaster, power loss, industrial action, human error and acts of war or terrorism. The occurrence of any of these may also significantly disrupt the Group's technology systems and may lead to important data (such as the geophysical and geological data) being irretrievably lost or damaged. Such damage or interruption may adversely affect the Group's business, prospects, financial condition and results of operations.

***The Group may be adversely affected by natural disasters and climatic conditions***

The Group's operations, including the Group's drilling programme and other exploration activities and the transport and other logistics on which the Group is dependent, may be adversely affected and severely disrupted by climatic conditions. Natural disasters or adverse conditions may occur in those geographical areas in which the Group operates, including severe weather, cyclones, excessive rainfall, tropical storms or droughts. The occurrence of any of these could cause delays in the Group's exploration, appraisal and development activities which could adversely affect the Group's business, prospects, financial condition and results of operations.

**RISKS RELATING TO THE ORDINARY SHARES**

***The Standard Listing of the Ordinary Shares affords shareholders a lower level of regulatory protection than a Premium Listing***

A Standard Listing affords shareholders in the Company a lower level of regulatory protection than that afforded to investors in a company with a Premium Listing, which is subject to additional obligations under the Listing Rules. A Standard Listing will not permit the Company to gain a FTSE indexation, which may impact the valuation of the Ordinary Shares.

Further details regarding the differences in the protections afforded by a Premium Listing as against a Standard Listing are set out in the section of this document entitled "Consequences of a Standard Listing" on page 31 of this document. Shareholders should note, Chapter 10 of the Listing Rules does not apply to the Company and so, the Company is not required to seek Shareholder approval for an acquisition under this Chapter (although it may be required to do so for the purposes of facilitating the financing arrangements or for other legal or regulatory reasons).

***The Company may be required to raise cash through issuing substantial additional equity which may dilute the percentage ownership of a Shareholder and the value of its Ordinary Shares.***

The Directors believe that further equity capital raisings may be required by the Company in order to finance its subsidiary if the Group is to be successful in expanding its operations. There is no current authority to allot shares pursuant to the Articles and the pre-emption rights have not been disapplied. If the Directors resolve to issue further shares for cash they would be required to obtain approval by way of ordinary resolution in respect of the authority to allot shares and by way of special resolution to authorise the disapplication of pre-emption rights. A future issue and allotment of Ordinary Shares could lead to a Shareholder's interest in the Company being diluted without the Shareholder being given the opportunity to maintain its percentage interest. See also the risk factor entitled "The Company may be subject to restrictions in offering its Ordinary Shares as consideration for any additional acquisitions or may have to provide alternative consideration which may have an adverse effect on its operations. In addition, the use of new Ordinary Shares as consideration could result in significant dilution of existing Shareholders" on page 19 of this document in respect of the risks associated with non-cash offers by the Company.

***The Company may be unable or unwilling to transition to a Premium Listing in the future***

The Company is not currently eligible for a Premium Listing under Chapter 6 of the Listing Rules. There can be no guarantee that the Company will ever meet such eligibility criteria or that a transition to a Premium Listing will be achieved. If the Company does not achieve a Premium Listing, the Company will not be obliged to comply with the higher standards of corporate governance or other requirements which it would be subject to upon achieving a Premium Listing and, for as long as the Company continues to have a Standard Listing, it will be required to continue to comply with the lesser standards applicable to a company with a Standard Listing. In addition, an inability to achieve a Premium Listing will prohibit the Company from gaining a FTSE indexation and may have an adverse effect on the valuation of the Ordinary Shares. Further details regarding the difference in the protections afforded by a Premium Listing as against a Standard Listing are set out in the section entitled "Consequences of a Standard Listing" on page 31 of this document.

Alternatively, in addition to or in lieu of seeking a Premium Listing, the Company may determine to retain a Standard Listing or to seek a listing on another stock exchange, which may not have standards or corporate governance comparable to those required by a Premium Listing or which Shareholders may otherwise consider to be less attractive or convenient.

***Shareholders may not be able to realise returns on their investment in Ordinary Shares within a period that they would consider to be reasonable***

Investments in Ordinary Shares may be relatively illiquid whilst the Company holds a Standard Listing. There may be a limited number of Shareholders and there may be infrequent trading in the Ordinary Shares on the London Stock Exchange and volatile Ordinary Share price movements. Shareholders should not expect that they will necessarily be able to realise their investment in Ordinary Shares at a valuation that they would regard as reasonable or within a period that they would regard as reasonable. Accordingly, the Ordinary Shares may not be suitable for short-term investment. Admission should not be taken as implying that there will be an active trading market for the Ordinary Shares.

There is currently no market for the Ordinary Shares, notwithstanding the Company's intention to be admitted to trading on the London Stock Exchange. A market for the Ordinary Shares may not develop, which would adversely affect the liquidity and price of the Ordinary Shares.

Investors cannot benefit from information about prior history when making their decision to invest. The price of the Ordinary Shares after issue can also vary due to a number of factors, including but not limited to, general economic conditions and forecasts, the Company's general business condition and the release of its financial reports. Although the Company's current intention is that its securities should continue to trade on the London Stock Exchange or another suitable listing venue, it cannot assure you that it will always do so. In addition, an active trading market for the Ordinary Shares may not develop or, if developed, may not be maintained. Investors may be unable to sell their Ordinary Shares unless a market can be established and maintained, and if the Company subsequently obtains a listing on an exchange in addition to, or in lieu of, the London Stock Exchange, the level of liquidity of the Ordinary Shares may decline.

***Dividend payments on the Ordinary Shares are not guaranteed***

The Board will maintain a regular review of the Company's dividend policy. However, it is not intended that dividends will be paid to Shareholders in the near future (see further paragraph 6, Dividend policy in Part I: Information on the Group, Business and Strategy below). The Company's ability to pay any dividend will depend on a number of factors, including its results of operations, financial condition and profitability, free cash flow and other factors considered relevant by the Directors. The Company can therefore give no assurance that it will be able to pay dividends going forward or as to the amount of any such dividends

***Fluctuations and volatility in the price of Ordinary Shares***

Stock markets have from time to time experienced severe price and volume fluctuations, a recurrence of which could adversely affect the market price for the Ordinary Shares. The market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, some specific to the Company and some which affect listed companies generally, including variations in

the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic, political or regulatory conditions, overall market or sector sentiment, legislative changes in the Company's sector and other events and factors outside of the Company's control.

***The ability of Overseas Shareholders to bring actions or enforce judgments against the Company or the Directors may be limited***

The ability of an Overseas Shareholder to bring an action against the Company may be limited under law. The Company is a public limited company incorporated in England and Wales. The rights of holders of Ordinary Shares are set out in the Articles and are governed by English law. These rights may differ from the rights of shareholders in non-UK corporations. An Overseas Shareholder may not be able to enforce a judgment against some or all of the Directors and executive officers. Where any of the directors of the Company from time to time are not residents of the United Kingdom, it may not be possible for an Overseas Shareholder to effect service of a process upon such directors within the Overseas Shareholder's country of residence or to enforce against such directors' judgments of courts of the Overseas Shareholder's country of residence based on civil liabilities under the country's securities laws. There can be no assurance that an Overseas Shareholder will be able to enforce any judgments in civil and commercial matters or any judgments under the securities law of countries other than the UK against the Directors who are residents of the UK or countries other than those in which judgment is made.

In addition, English or other courts may not impose civil liability on the Directors in any original action based solely on foreign securities laws brought against the Company or the Directors in a court of competent jurisdiction in England or other countries.

***RISKS RELATING TO THE COMPANY'S RELATIONSHIP WITH THE DIRECTORS, US MANAGEMENT AND CONFLICTS OF INTEREST***

***The Directors and US Management will allocate their time to other businesses leading to potential conflicts of interest in their determination as to how much time to devote to the Company's affairs, which could have a negative impact on the Group's ability to complete any further acquisitions***

None of the Directors or US Management are required to commit their full time or more than a minimum of two days per month (including Thomas Evans, the executive director) to the Company's affairs, which could create a conflict of interest when allocating their time between the Group's operations and their other commitments. The Company only intends to have one executive officer or full-time employee. The Directors and US Management are engaged in other business endeavours and are not obligated to devote any significant number of hours to the Group's affairs. If the Directors' or US Managements' other business affairs require them to devote more substantial amounts of time to such affairs, it could limit their ability to devote time to the Group's affairs and could have a negative impact on the Group's ability to complete any further acquisitions.

***The Directors or US Management may in the future enter into related party transactions with the Group, which may give rise to conflicts of interest between the Group and the Directors or US Management***

The Directors or US Management and one or more of their affiliates may in the future enter into other agreements with the Group that are not currently under contemplation. It is possible that the entering into of such an agreement might raise conflicts of interest between the Group and the Directors or US Management.

***Historical results of prior investments made by, or businesses associated with, the Directors and their affiliates may not be indicative of future performance of an investment in the Company***

Shareholders are directed to the information set out in the descriptions of the Directors in Part II: Directors and Corporate Governance. The information set out therein is presented for illustrative purposes only and Shareholders are cautioned that historical results of prior investments made by, or businesses or transactions associated with, the Directors and their affiliates may not be indicative of the future performance of an investment in the Company or the returns the Company will, or is likely to, generate going forward.

## **RISKS RELATING TO TAXATION**

### ***Taxation of returns from assets located outside the UK may reduce any net return to Shareholders***

It is possible that any return the Company receives from any assets, company or future businesses which the Company acquires and which is or are established outside the UK may be reduced by irrecoverable foreign taxes and this may reduce any net return derived by Shareholders from a shareholding in the Company.

### ***Changes in tax law may reduce any net returns for Shareholders***

The tax treatment of holders of Ordinary Shares issued by the Company, any special purpose vehicle that the Company may establish and any company which the Company may acquire are all subject to changes in tax laws or practices or in interpretation of the law in the UK or any other relevant jurisdiction. Any such change may reduce any net return derived by Shareholders from an investment in the Company.

### ***There can be no assurance that the Company will be able to make returns for Shareholders in a tax-efficient manner***

It is intended that the Company will structure the Group, including any company or assets acquired in any acquisition, to maximise returns for Shareholders in as fiscally efficient a manner as practicable. The Company has made certain assumptions regarding taxation. However, if these assumptions cannot be borne out in practice, taxes may be imposed with respect to any of the Company's assets, or the Company may be subject to tax on its income, profits, gains or distributions in a particular jurisdiction or jurisdictions in excess of taxes that were anticipated. This will alter the post-tax returns for Shareholders (or Shareholders in certain jurisdictions). Any change in laws or tax authority practices or interpretation of the law could also adversely affect any post-tax returns of capital to Shareholders or payments of dividends (if any, which the Company does not envisage to the payment of, at least in the short to medium-term). In addition, the Company may incur costs in taking steps to mitigate any such adverse effect on the post-tax returns to Shareholders.

## **NOTE REGARDING RISKS**

The risk factors listed above set out the material risks and uncertainties currently known to the Directors but do not necessarily comprise all of the risks to which the Company is exposed or all those associated with an investment in the Company. In particular, the Company's performance is likely to be affected by changes in the market and/or economic conditions and in legal, accounting, regulatory and tax requirements.

There may be additional risks that the Directors do not currently consider to be material or of which they are currently unaware.

If any of the risks referred to above materialise, the Company's business, financial condition, results or future operations could be materially adversely affected. In such case, the price of its shares could decline and investors may lose all or part of their investment.

## **CONSEQUENCES OF A STANDARD LISTING**

Application will be made for the Ordinary Shares to be admitted to a listing on the Standard Listing

segment of the Official List pursuant to Chapter 14 of the Listing Rules, which sets out the requirements for Standard Listings.

The Company's Ordinary Shares will be listed under Chapter 14 of the Listing Rules (Standard Listing (shares)) and as a consequence a significant number of the Listing Rules will not apply to the Company or the Ordinary Shares. Shareholders will therefore not receive the full protection of the Listing Rules associated with a Premium Listing.

The Company will comply with Listing Principles 1 and 2 as set out in Chapter 7 of the Listing Rules, as required by the UK Listing Authority, and intends to comply with the Premium Listing Principles as set out in Chapter 7 of the Listing Rules notwithstanding that they only apply to companies which obtain a Premium Listing on the Official List. From Admission the Company will be subject to the Market Abuse Regulation.

An applicant that is applying for a Standard Listing of equity securities must comply with all the requirements listed in Chapter 2 of the Listing Rules, which specifies the requirements for listing for all securities. Where an application is made for the admission to the Official List of a class of shares, at least 25% of the shares of the class must be distributed to the public in one or more EEA states. Listing Rule 14.3 sets out the continuing obligations applicable to companies with a Standard Listing and requires that such companies' listed equity shares be admitted to trading on a regulated market at all times. Such companies must have at least 25% of the shares of any listed class in public hands at all times in one or more EEA states and the FCA must be notified as soon as possible if these holdings fall below that level.

The continuing obligations under Chapter 14 also include requirements as to:

- the forwarding of circulars and other documentation to the FCA for publication through to the National Storage Mechanism, and related notification to an RIS;
- the provision of contact details of appropriate persons nominated to act as a first point of contact with the FCA in relation to compliance with the Listing Rules and the Disclosure and Transparency Rules;
- the form and content of temporary and definitive documents of title;
- the appointment of a registrar;
- notifying an RIS in relation to changes to equity and debt capital; and
- compliance with, in particular, Chapters 4, 5 and 6 of the Disclosure, Guidance and Transparency Rules.

As a company with a Standard Listing, the Company will, following Admission, not be required to comply with, inter alia, the provisions of Chapters 6 and 8 to 13 of the Listing Rules, which set out more onerous requirements for issuers with a Premium Listing of equity securities. These include provisions relating to certain listing principles, the requirement to appoint a sponsor, various continuing obligations, significant transactions, related party transactions, dealings in own securities and treasury shares and contents of circulars.

As mentioned above, while the Company has a Standard Listing, it is not required to comply with the provisions of, among other things:

- Chapter 6 of the Listing Rules containing additional requirements for the listing of equity securities, which are only applicable for companies with a Premium Listing;
- Chapter 8 of the Listing Rules regarding the appointment of a listing sponsor to guide the Company in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters. The Company does not have, and does not intend to appoint such a sponsor in connection with its publication of this document, or Admission;
- Chapter 9 of the Listing Rules regarding continuous obligations for a company with Premium Listing, which includes, inter alia, requirements relating to further issues of shares, the ability to issue shares at a discount in excess of 10% of market value, notifications and contents of financial information that are not applicable to the Company;

- Chapter 10 of the Listing Rules relating to significant transactions, meaning that any subsequent additional acquisitions by the Company, will not require shareholder approval under this Chapter (although such approval may be required for the purposes of facilitating the financing arrangements or for other legal or regulatory reasons);
- Chapter 11 of the Listing Rules regarding related party transactions. It should therefore be noted that related party transactions will not normally require Shareholder consent;
- Chapter 12 of the Listing Rules regarding purchases by the Company of its Ordinary Shares; and
- Chapter 13 of the Listing Rules regarding the form and content of circulars to be sent to Shareholders.

**IT SHOULD BE NOTED THAT THE UK LISTING AUTHORITY WILL NOT HAVE THE AUTHORITY TO (AND WILL NOT) MONITOR THE COMPANY'S COMPLIANCE WITH ANY OF THE LISTING RULES WHICH THE COMPANY HAS INDICATED HEREIN THAT IT INTENDS TO COMPLY WITH ON A VOLUNTARY BASIS, NOR TO IMPOSE SANCTIONS IN RESPECT OF ANY FAILURE BY THE COMPANY TO SO COMPLY. HOWEVER, THE FCA WOULD BE ABLE TO IMPOSE SANCTIONS FOR NON-COMPLIANCE WHERE THE STATEMENTS REGARDING COMPLIANCE IN THIS DOCUMENT ARE THEMSELVES MISLEADING, FALSE OR DECEPTIVE.**

## **IMPORTANT INFORMATION, PRESENTATION OF FINANCIAL AND OTHER INFORMATION AND NOTICES TO INVESTORS**

In deciding whether or not to purchase Ordinary Shares, prospective purchasers should rely only on their own examination of the Company.

Purchasers of Ordinary Shares must not treat the contents of this document or any subsequent communications from the Company or any of its respective affiliates, officers, directors, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

Prospective investors should inform themselves as to:

- the legal requirements within their own countries for the purchase, holding, transfer or other disposal of the Ordinary Shares;
- any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the Ordinary Shares which they might encounter; and
- the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of the Ordinary Shares. Prospective 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.

No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied on as having been so authorised. Without prejudice to the Company's obligations under the FSMA, Prospectus Rules, Listing Rules and Disclosure and Transparency Rules, neither the delivery of this document nor any subscription made pursuant to it will, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in it is correct as at any time subsequent to its date.

This document comprises a prospectus relating to the Company prepared in accordance with the Prospectus Rules and has been approved by the FCA under section 87A of FSMA. This document has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Rules. No arrangement has however been made with the competent authority in any other member state of the EEA (or any other jurisdiction) for the use of this document as an approved prospectus in such jurisdiction and accordingly no public offer is to be made in such jurisdiction.

This document does not constitute, and may not be used for the purposes of, an offer to sell or an invitation to subscribe for or the solicitation of an offer to buy or subscribe for, any Ordinary Shares by any person in any jurisdiction: (i) in which such offer or invitation is not authorised; (ii) in which the person making such offer or invitation is not qualified to do so; or (iii) in which, or to any person to whom, it is unlawful to make such offer, solicitation or invitation. The distribution of this document and any offering of the Ordinary Shares in certain jurisdictions may be restricted. Accordingly, persons outside the UK into whose possession this document comes are required by the Company to inform themselves about, and to observe any restrictions as to any offer or sale of Ordinary Shares and the distribution of this document under, the laws and regulations of any territory in connection with any applications for Ordinary Shares, including obtaining any requisite governmental or any other consent and observing any other formality prescribed in such territory.

No action has been taken or will be taken in any jurisdiction by the Company or the Directors that would permit a public offering of the Ordinary Shares in any jurisdiction where action for that purpose is required, nor has any such action being taken with respect to the possession or distribution of this document other than in any jurisdiction where action for that purpose is required. Accordingly, the Ordinary Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisement in connection with the Ordinary Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdictions. Any failure to comply with this restriction may constitute a violation of the securities laws of any such jurisdiction. Neither the Company nor any of the Directors accepts any responsibility for any violation of any of these restrictions by any other person.

An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Company's objectives will be achieved.

It should be remembered that the price of the Ordinary Shares, and any income from such Ordinary Shares, can go down as well as up.

This document should be read in its entirety before making any investment in the Ordinary Shares. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Articles, which prospective investors should review.

#### **FORWARD-LOOKING STATEMENTS**

Some of the statements under "Summary", "Risk Factors", "Part I: Information on the Group, Business and Strategy" and elsewhere in this document include forward-looking statements which reflect the Company's or, as appropriate, the Directors' current views, interpretations, beliefs or expectations with respect to the Company's financial performance, business strategy and plans and objectives of management for future operations. These statements include forward-looking statements both with respect to the Company and the sector and industry in which the Company operates. Statements which include the words "expects", "intends", "plans", "believes", "projects", "anticipates", "will", "targets", "aims", "may", "would", "could", "continue", "estimate", "future", "opportunity", "potential" or, in each case, their negatives, and similar statements of a future or forward-looking nature identify forward-looking statements.

All forward-looking statements address matters that involve risks and uncertainties because they relate to events that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. Accordingly, there are or will be important factors that could cause the Company's actual results, prospects and performance to differ materially from those indicated in these statements. In addition, even if the Company's actual results, prospects and performance are consistent with the forward-looking statements contained in this document, those results may not be indicative of results in subsequent periods. Important factors that may cause these differences include, but are not limited to:

- changes in economic conditions generally;
- impairments in the value of the Company's assets;
- the availability and cost of equity or debt capital for future transactions;
- changes in interest rates and currency exchange rate fluctuations, as well as the success of the Company's hedging strategies in relation to such changes and fluctuations (if such strategies are in fact used); and
- legislative and/or regulatory changes, including changes in taxation regimes.

Risks and uncertainties which are material and known to the Directors are listed in the section of this document headed "Risk Factors", which should be read in conjunction with the other cautionary statements that are included in this document.

Any forward-looking statements in this document reflect the Company's, or as appropriate, the Directors' current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the Company's future business, results of operations, financial conditions and growth strategy. For the avoidance of doubt, nothing in this section entitled "Forward-Looking Statements" seeks to qualify in any way the working capital statement set out in paragraph 10 of Part VII: Additional Information of this document.

These forward-looking statements speak only as of the date of this document. Subject to any obligations under the Prospectus Rules, the Listing Rules and the Disclosure and Transparency Rules and except as required by the FCA, the London Stock Exchange, the City Code or applicable law and regulations, the Company undertakes no obligation publicly to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or individuals acting on behalf of the Company are expressly qualified in their entirety by this paragraph. Prospective investors should specifically consider the factors identified in this document which could cause actual results to differ before making an investment decision.

#### **NOTICE TO US SHAREHOLDERS AND SHAREHOLDERS IN CERTAIN RESTRICTED JURISDICTIONS**

The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the US or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of any offering of any Ordinary Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the US.

The Ordinary Shares have not been and will not be registered under the Securities Act, or under the securities laws or with any securities regulatory authority of any state or other jurisdiction of the United States or of Australia, Canada, Japan, New Zealand, the Republic of Ireland or the Republic of South Africa, or any province or territory thereof. Subject to certain exceptions, the Ordinary Shares may not be taken up, offered, sold, resold, reoffered, pledged, transferred, distributed or delivered, directly or indirectly, and this document may not be distributed by any means including electronic transmission within, into, in or from the United States, Australia, Canada, Japan, New Zealand, the Republic of Ireland or the Republic of South Africa or to for the account of any national, resident or citizen of the United States or any person resident in Australia, Canada, Japan, New Zealand, the Republic of Ireland or the Republic of South Africa. The Ordinary Shares may only be offered or sold in offshore transactions as defined in and in accordance with Regulation S promulgated under the Securities Act. Acquirers of the Ordinary Shares may not offer to sell, pledge or otherwise transfer the Ordinary Shares in the United States, or to any US Person as defined in Regulation S under the Securities Act, including resident corporations, or other entities organised under the laws of the United States, or non-US branches or agencies of such corporations unless such offer, sale, pledge or transfer is registered under the Securities Act, or an exemption from registration is available.

The ability of an Overseas Shareholder to bring an action against the Company may be limited under law. The rights of holders of Ordinary Shares are governed by English law and by the Articles. These rights differ from the rights of shareholders in typical US corporations and some other non-UK corporations.

#### **NOTICE TO EEA SHAREHOLDERS**

In relation to each member state of The EEA which has implemented the Prospectus Directive (each, a "relevant member state") with effect from and including the date on which the Prospectus Directive was implemented in that relevant member state (the "relevant implementation date"), no Ordinary Shares have been offered to the public in that relevant member state prior to the publication of a prospectus in relation to the Ordinary Shares which has been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in the relevant member state, all in accordance with the Prospectus Directive, except that with effect from and including the relevant implementation date, offers of Ordinary Shares may be made to the public in that relevant member state at any time:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of: (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43 million; and (iii) an annual turnover of more than €50 million, as shown in its last annual or consolidated accounts;
- (c) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in such relevant member state; or
- (d) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Ordinary Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purpose of these provisions, the expression an "offer to the public" in relation to any Ordinary Shares in any relevant member state means the communication in any form and by any means of sufficient information on the terms of any Ordinary Shares to be offered so as to enable an investor to decide to purchase any Ordinary Shares, as the same may be varied in that relevant member state by any measure implementing the Prospectus Directive in that relevant member state, and the expression "Prospectus Directive" includes any relevant implementing measure in each relevant member state.

In the case of any Ordinary Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that any Ordinary Shares acquired by it have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Ordinary Shares to the public other than their offer or resale in a relevant member state to qualified investors as so defined or in circumstances in which the prior consent of the Company has been obtained to each such proposed offer or resale. Each of the Company and its respective affiliates, and others, will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

#### **NOTICE TO OVERSEAS SHAREHOLDERS**

An Overseas Shareholder may not be able to enforce a judgment against some or all of the Directors and executive officers. The Company is incorporated under the laws of England and Wales and the majority of the Directors are residents of the United Kingdom. Consequently, it may not be possible for an Overseas Shareholder to effect service of process upon the Directors within the Overseas Shareholder's country of residence or to enforce against the Directors judgments of courts of the Overseas Shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurance that an Overseas Shareholder will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than the UK against the Directors who are residents of the UK or countries other than those in which judgment is made. In addition, English or other courts may not impose civil liability on the Directors in any original action based solely on the foreign securities laws brought against the Company or the Directors in a court of competent jurisdiction in England or other countries.

#### **NOTICE TO ALL SHAREHOLDERS**

Copies of this document will be available on the Company's website, [www.pennpetroenergy.co.uk](http://www.pennpetroenergy.co.uk), from the date of this document until the date which is one month from the date of Admission.

#### **THIRD PARTY INFORMATION**

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 information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## **DATA PROTECTION**

The Company may delegate certain administrative functions to third parties and will require such third parties to comply with data protection and regulatory requirements of any jurisdiction in which data processing occurs. Such information will be held and processed by the Company (or any third party, functionary or agent appointed by the Company) for the following purposes:

- (a) verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- (b) carrying out the business of the Company and the administering of interests in the Company;
- (c) meeting the legal, regulatory, reporting and/or financial obligations of the Company in the United Kingdom or elsewhere; and
- (d) disclosing personal data to other functionaries of, or advisers to, the Company to operate and/or administer the Company.

Where appropriate, it may be necessary for the Company (or any third party, functionary or agent appointed by the Company) to:

- (a) disclose personal data to third party service providers, agents or functionaries appointed by the Company to provide services to prospective investors; and
- (b) transfer personal data outside of the EEA to countries or territories which do not offer the same level of protection for the rights or freedoms of prospective investors as the United Kingdom.

If the Company (or any third party, functionary or agent appointed by the Company) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will use reasonable endeavours to ensure that any third party, agent or functionary to whom the relevant personal data is disclosed or transferred is contractually bound to provide an adequate level of protection in respect of such personal data.

In providing such personal data, investors will be deemed to have agreed to the processing of such personal data in the manner described above. Prospective investors are responsible for informing any third-party individual to whom the personal data relates of the disclosure and use of such data in accordance with these provisions.

## **DEFINED TERMS**

Except for certain names of natural persons and legal entities and capitalised terms that need no further explanation, the capitalised terms used in this document, including capitalised abbreviations, are defined or explained in Part X: Definitions, starting on page 181 of this document.

## **CURRENCY**

Unless otherwise indicated, all references in this document to “GBP”, “£”, “pounds sterling”, “pounds”, “sterling”, “pence” or “p” are to the lawful currency of the United Kingdom; all references to “\$”, “US\$” or “US dollars” are to the lawful currency of the US; and all references to “€” or “euro” are to the lawful currency of the Euro zone countries.

## **NO INCORPORATION OF WEBSITE TERMS**

Except to the extent expressly set out in this document, neither the content of the Company’s website or any other website nor the content of any website accessible from hyperlinks on the Company’s website or any other website is incorporated into, or forms part of, this document.

## **GOVERNING LAW**

Unless otherwise stated, statements made in this document are based on the law and practice currently in force in England and Wales and are subject to changes therein.



#### EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	15 December 2017
Admission and commencement of unconditional dealings in Ordinary Shares	21 December 2017

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

## DIRECTORS, AGENTS AND ADVISERS

Director	<p>Keith Graeme Edelman <i>(Non-Executive Director and Chairman)</i></p> <p>Olof Nils Anders <i>(Senior Non-Executive Director)</i></p> <p>Thomas Martin Evans <i>(Executive Director)</i></p> <p>Philip Tudor Nash <i>(Non-Executive Director and Chief Financial Officer)</i></p> <p>(All c/o the registered office)</p>
Company Secretary	Aarti Maharaj of FHF Corporate Finance Limited
Registered Office	88 Whitfield Street, First Floor, London W1T 4EZ
Solicitors to the Company as to English Law	<p>Birketts LLP 22 Station Road, Cambridge, Cambridgeshire CB1 2JD</p> <p>Fladgate LLP 16 Great Queen Street, London WC2B 5DG</p>
Legal advisors to the Company as to US law	<p>Phelps Dunbar LLP, 365 Canal Street, New Orleans, Louisiana 70130-6534 USA</p> <p>One Allen Centre, 500 Dallas Street, Suite 1300 Houston TX 7702 USA</p>
Auditors and Reporting Accountants	PKF Littlejohn LLP 1 Westferry Circus Canary Wharf London E14 4HD
Competent Person	William W. Jackson, Professional Engineer Texas, 2504 Baffin Bay Ct, Plano, Texas 75075
Petroleum Engineering & Economics	Jackson Petroleum Consultants, Inc. 2504 Baffin Bay Ct, Plano, Texas 75075
Registrar	Computershare Investor Services PLC, The Pavilions, Bridgewater Road, Bristol BS13 8AE
Bankers	Barclays Bank PLC
Website	<a href="http://www.penpetroenergy.co.uk">www.penpetroenergy.co.uk</a>
Ticker	PPP

## **PART I**

### **INFORMATION ON THE GROUP, BUSINESS AND STRATEGY**

#### **1. Introduction**

Pennpetro is an independent oil and gas exploration company with a focus on North America. Pennpetro is incorporated in England and Wales with headquarters in London, England, with an operational office in City of Gonzales, Texas, USA.

Since its foundation in 2016, the Company has acquired through its acquisition in May 2017 of Nobel Petroleum UK Limited and its wholly owned subsidiary, Nobel Petroleum LLC, and subsequent additional primary leasing, an interest in 2,250 acres which form the central part of the City of Gonzales petroleum leases. Drilling of the initial well is now complete and development of the well has turned to the production stage, with proceeds from the sale of oil and gas from the initial well scheduled to become available to the Group from the beginning of 2018.

The Company has the rights to develop other petroleum leases, subject to funding (which may include funding from production cash flow from the initial well by either drilling vertical or horizontal wells into the well-known proven productive formations which produce oil from an area surrounding and adjacent to its acquired petroleum leases. The timing of the development of such other leases is uncertain at this stage but should become clearer as the development of the initial well progresses. It is not the current intention of the Group to develop additional wells until 2019. Practically and geologically, the Company has acquired the central portion of an existing oil field. The Company will potentially in the future seek to acquire additional de-risked petroleum assets.

The Company was incorporated on 6 May 2016 with an initial share capital of £50,000 divided into 5,000,000 Ordinary Shares. Between May 2016 and 31 July 2017, the Company raised a gross amount of £570,000 by the allotment of 10,800,000 Ordinary Shares to certain early stage investors. A further 15,000,000 Ordinary Shares were allotted pursuant to the initiation and strategic arrangements in developing and finalising the acquisition of Nobel Petroleum UK Limited and its wholly owned subsidiary, Nobel Petroleum LLC, together with the services of advisers to underwrite significant expenses of the Admission. The Company commenced operations by the acquisition of Nobel Petroleum UK Limited for the allotment to the vendor, Nobel Petroleum Ireland Limited, of 3,400,000 Ordinary Shares at an agreed price of £0.25 per share together with the issue of a mandatory convertible note in an amount of £4,750,000 (see paragraph 9.6 of Part VII: Additional Information). Additionally, a further 41,600,000 Ordinary Shares have been issued in connection with the acquisition of Nobel UK, at a price of £0.25 per share, to certain parties which provided advisory services or which arranged or participated in the financing of Nobel LLC (see paragraph 9.7 of Part VII: Additional Information). If the Directors consider appropriate and as required, the Company may subsequently seek to raise further capital for the purposes of any further acquisitions.

The Board is responsible for the Company's objectives and business strategy and its overall supervision. The Board will also be responsible for the evaluation of any acquisition opportunities brought to the Company's attention, the structuring and execution of any such further acquisitions and determination and execution of strategy for any acquired company, business or assets. The Board has considerable experience in assessing acquisition targets and in executing such transactions. It is not intended that the Company acquires minority stakes in any petroleum entities but that it acquires control of and operates de-risked petroleum assets.

#### **2. The Group's assets**

The information set out in the table below in relation to the Group's key asset has been extracted from the Competent Person's Report at Part IX of this document:

Project	Operator	Working interest/ percent.	Net revenue interest/ percent.	Area	Objectives	Expiration date
Gonzales Township, Gonzales County, Texas	Nobel Petroleum LLC	50	37.50	2,250 acres	Austin Chalk, Buda Formation, and The Eagle Ford Shale.	approx. 1000 leases 2017 through 2019, subject to re-leasing and/or drilling

Source: Table 1, Competent Person's Report, page 16

The Company, through its indirect wholly owned subsidiary Nobel LLC, will undertake the drilling as operator, of its proven oil and gas asset by way of drilling an initial vertical well to 8,000 feet to intersect the Austin Chalk, Eagle Ford and Buda. Further details of this project are provided below in this Part I (*Appraisal of Well COG#1-H*).

The Company plans to actively manage its existing asset and, when practical, to secure additional oil and gas assets. Active management may, depending on circumstances that exist at the time, include divestments, acquisitions, farm ins, farm outs and exchanges of interests. The Company will also evaluate opportunities to acquire producing or near-producing assets to complement its current asset and will look to expand through investing in new ventures in North America when financially capable.

#### **Summary of Key Asset**

In North America, private property owners have possessory rights of all minerals (including petroleum) beneath the surface of the land they own. Such mineral rights can be leased out by the property owners in exchange for payment plus an agreed royalty interest over any mineral extraction revenues.

The key asset of the Group is the petroleum and mineral rights vested in the leasehold area in the City of Gonzales (which is located in the Gonzales oil field, Texas, USA), held by the Company's operational indirect subsidiary, Nobel LLC. Nobel LLC acquired a 75% working interest in respect of an initial leasehold area of 1,800 acres (increased to 2,250 acres by additional primary leasing), comprising approximately 900 leases within the centre of the township of the City of Gonzales, from Av-Tech pursuant to an agreement dated 16 November 2016 ("Joint Operating Agreement") made between Nobel LLC, Av-Tech and Landex. Av-Tech is a local oil and gas operator who has over the past few years obtained the leases for the entire central portion of the City of Gonzales which resides within the centre of the Gonzales oil field. Nobel LLC subsequently transferred from its 75% working interest, a direct 25% working interest to Sunrise in return for Sunrise agreeing to pay one third of all costs of the acquisition of the initial 75% working interest from Av-Tech together with one third of all costs associated with the drilling and completion of the first two horizontal wells, including the Av-Tech and Landex carry obligations. Should two horizontal wells be drilled, all parties will contribute to subsequent operational costs in their working interest percentages respectively.

Av-Tech and Landex are both parties to the Joint Operating Agreement covering the operational activities over the leasehold area in which Nobel LLC and Sunrise have their combined 75% working interest, known as the "area of mutual interest" ("AMI"). Although they do not themselves participate in the operations at the AMI, Av-Tech retains a 20% interest and Landex has a 5% interest in the AMI and thus they contribute a combined 25% of the operational costs associated with the AMI.

The acquired leases have an initial term of three years with the option for two year extensions which continue (i.e. there is an additional repeating option to continue the lease at the end of each option period). Most of the leases were originally acquired in 2012 and 2013 and as such, were subject to a rolling re-leasing programme during 2017 and 2018. All leases that were due to expire in 2017 have been renewed. Approximately 250 of the leases will expire in 2018 or 2019. Re-leasing of the expired leases is effected by the payment of the agreed surface rentals. The total aggregate amount of surface rental for such leases is estimated to amount to less than \$150,000. The intention is to fund these payments by drawing on the Loan Note. The Company intends to re-lease the leases as they fall due. The re-leasing of the leases is not considered a risk from the Group's perspective as the Directors do not consider that any

such lease would be of any interest to any third party, because (as the relevant leases are expiring at different times and are scattered) the individual leases do not on their own form blocks of significant size enough to enable a permit to be applied for from the Texas Railroad Commission to enable the drilling of a well.

Should any well be drilled within the AMI all leases within the AMI area are automatically extended by a further six months. Once a well is drilled, those leases making up any such drill acreage are extended until the well's production is drained and the well is plugged and abandoned. The lease cannot revert to the land owner within this period. The Group's initial oil well, which has already been drilled, and the additional 7 prospective wells which are the subject of the evaluation covered by the CPR are all located within the AMI.

The Group has acquired further mineral rights under petroleum leases from disparate land owners in respect of land outside of the AMI through work by its own on- ground field teams and owns 100% interest in those particular rights. These leases are on substantially the same terms as the leases within the AMI. In respect of rights under those leases outside the AMI, the Group is responsible for 100% of any development costs, although the Directors expect that the Group will seek, when it proposes to develop such assets, to sell down a proportion of its 100% interest at an enhanced valuation.

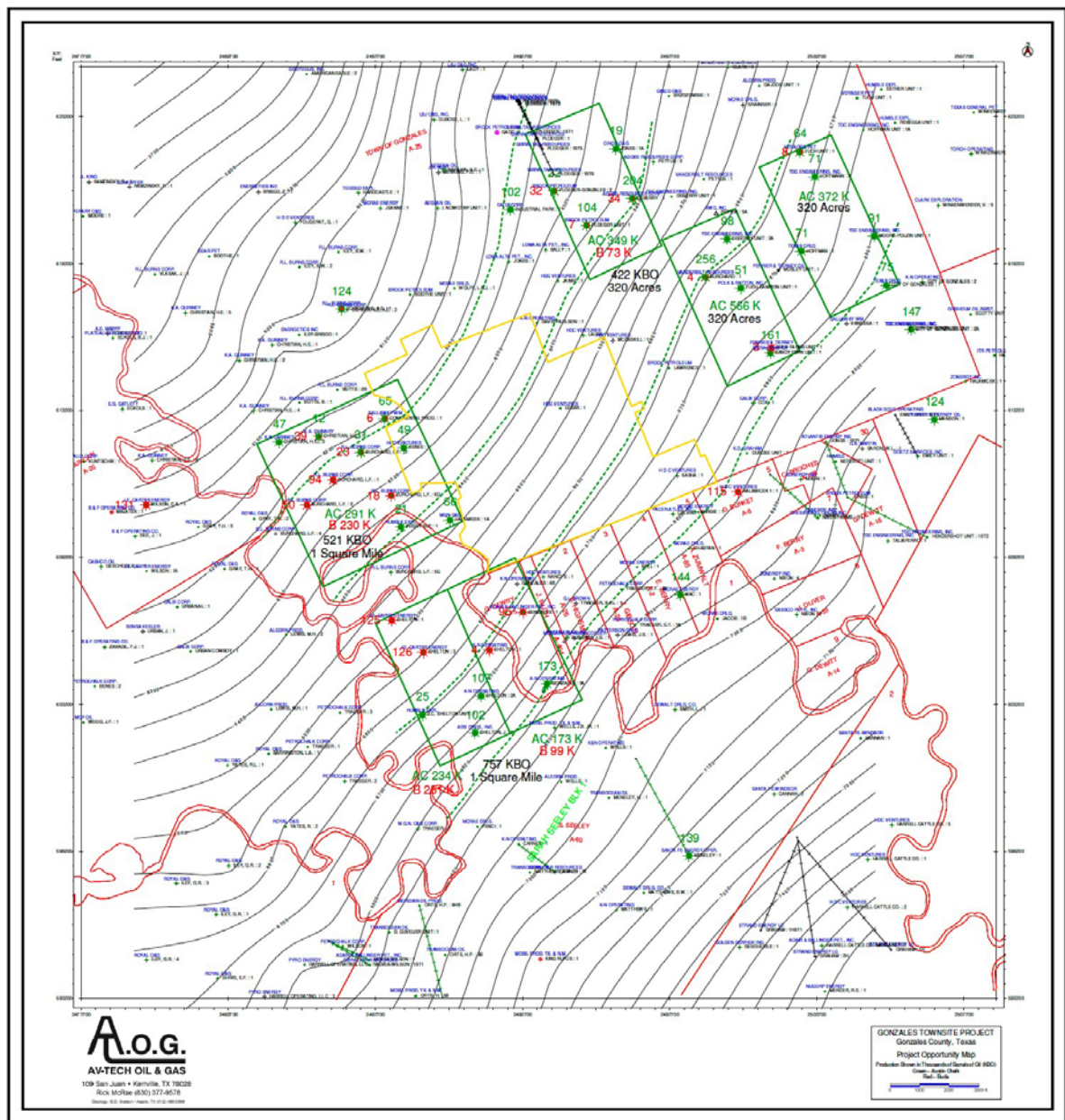
There have been well over one hundred commercial oil and gas wells drilled within a five-mile radius of the AMI and so the Directors are confident that wells within the AMI will be commercially viable.

There is no obligation under the mineral rights leases for Nobel LLC to drill. However, where wells have been drilled and are producing, the land owners have a right to participation in the gross revenues from oil and gas production pursuant to their various independently filed interests under the leases.

The Joint Operating Agreement requires that when the first two lateral wells are drilled, Av-Tech and Landex are not required to contribute to the drilling costs of these two wells and their completion; thereafter Av-Tech and Landex shall contribute proportionally 25% of all ongoing expenses and costs. This obligation is ongoing. In the drilling of vertical wells, and any further lateral wells, Av-Tech and Landex are together obliged to contribute 25% of all drilling and completion costs and all expenses.

As of the date of this document, all rent due and payable under the leases is fully paid up.

Figure 1 is the Project Opportunity Map with an outline of the various Austin Chalk (green) and Buda (red) formations overlying the project area, with Figure 2 showing the topographical map of the City of Gonzales with surrounding oil and gas wells. Figure 3 shows the map of the City of Gonzales Town Site again with the surrounding oil and gas wells. Figure 4 shows the initial planned (subject to the appraisal of the Group's first well, and financing and other commercial considerations at the relevant times) 8 drilling site locations of the project area. Figure 5 shows plat for the initial well drill-site – named #COG 1H - which was spudded for drilling on 4th June 2017 as the final permit application was approved by the Texas Railroad Commission on May 5th 2017.





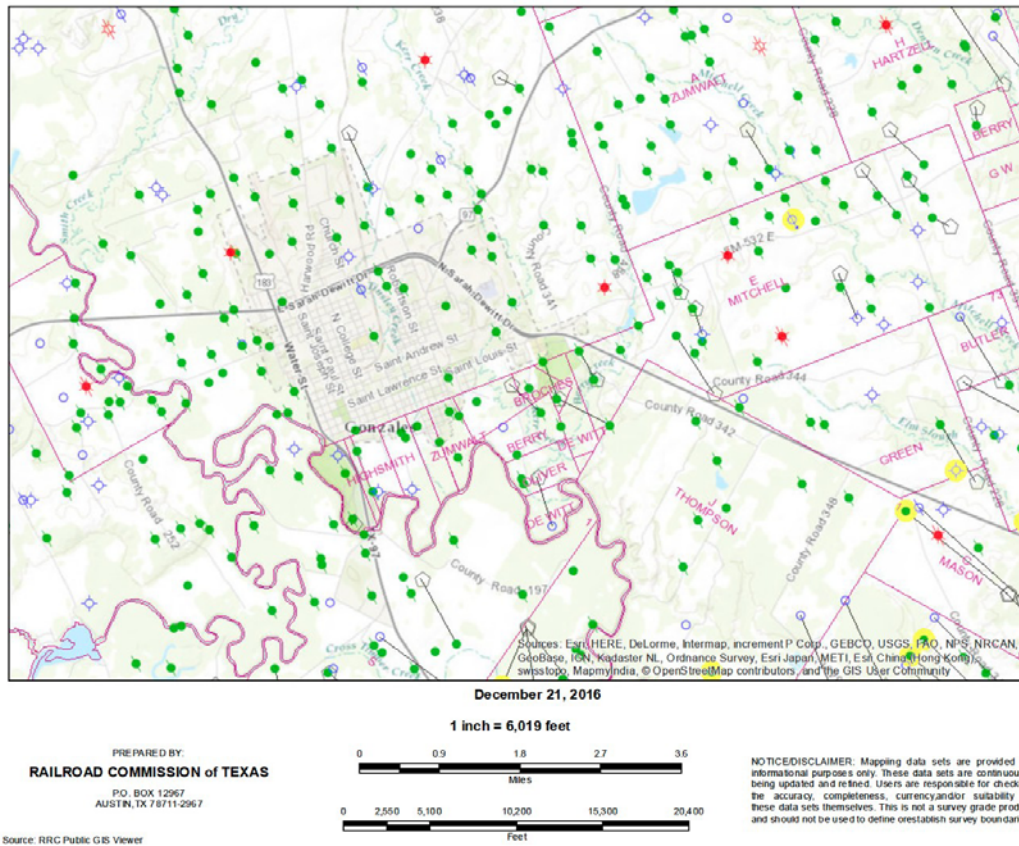


Figure: 3 – (Source: Railroad Commission of Texas) Map of City of Gonzales Town Site showing surrounding oil (green) and gas (red) wells



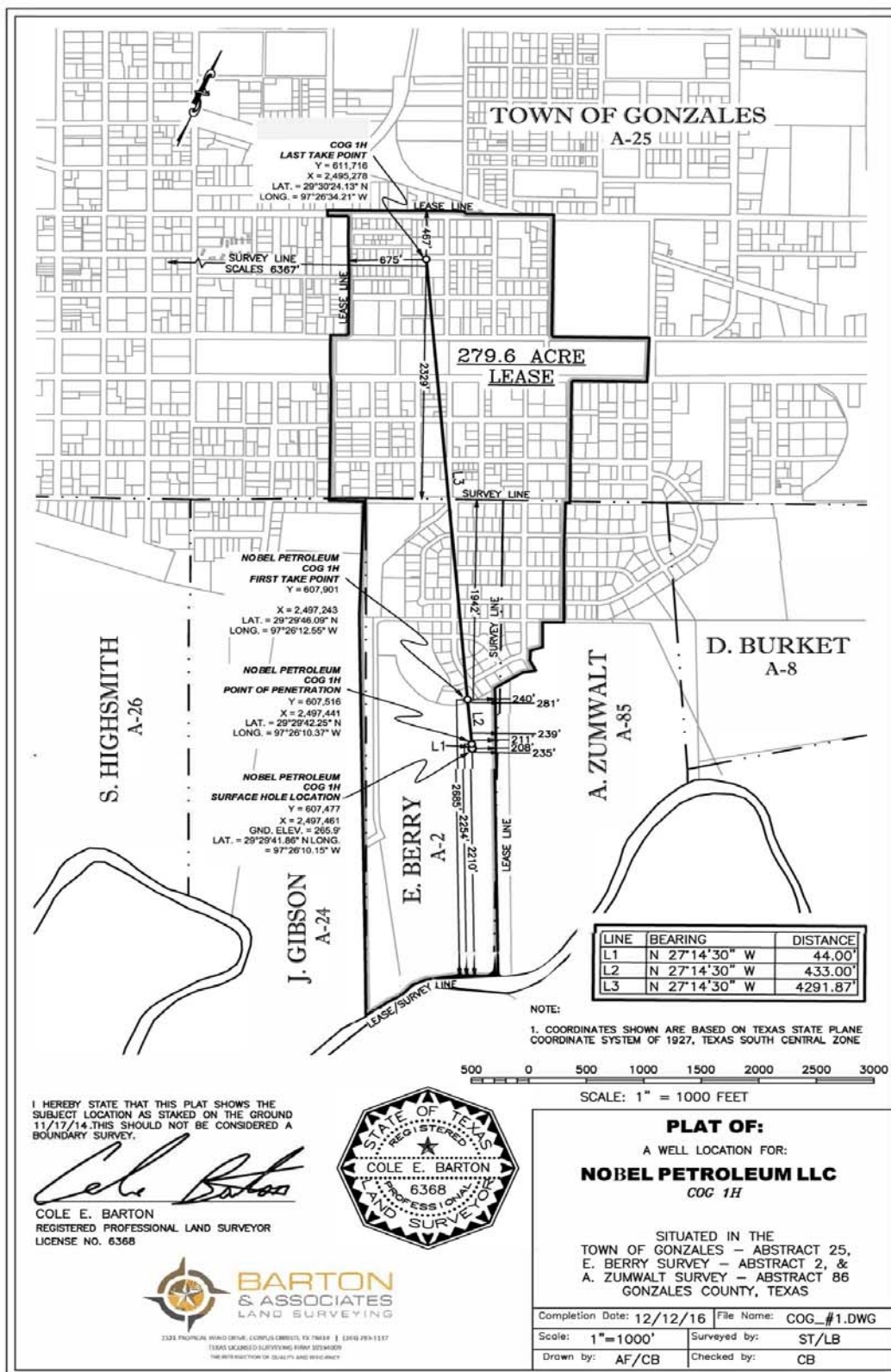


Figure 5 : Location Plat of drilling location for Nobel LLC COG #1-H, the initial oil well  
 (Source: Company materials)



Photo 1 : Raising the oil drilling derrick prepping for rigging up the Nobel COG #1-H oil well on location Gonzales, Texas, June 2017.



Photo 2 : Aerial photograph of Nobel COG #1-H oil well, Gonzales, Texas, showing oil in containment pit in front, July 2017.



Photo 3 : Flaring Gas from Nobel COG#1-H July 2017





Photo 4 : Unison Drilling rig evening drilling operations Nobel Petroleum COG #1-H

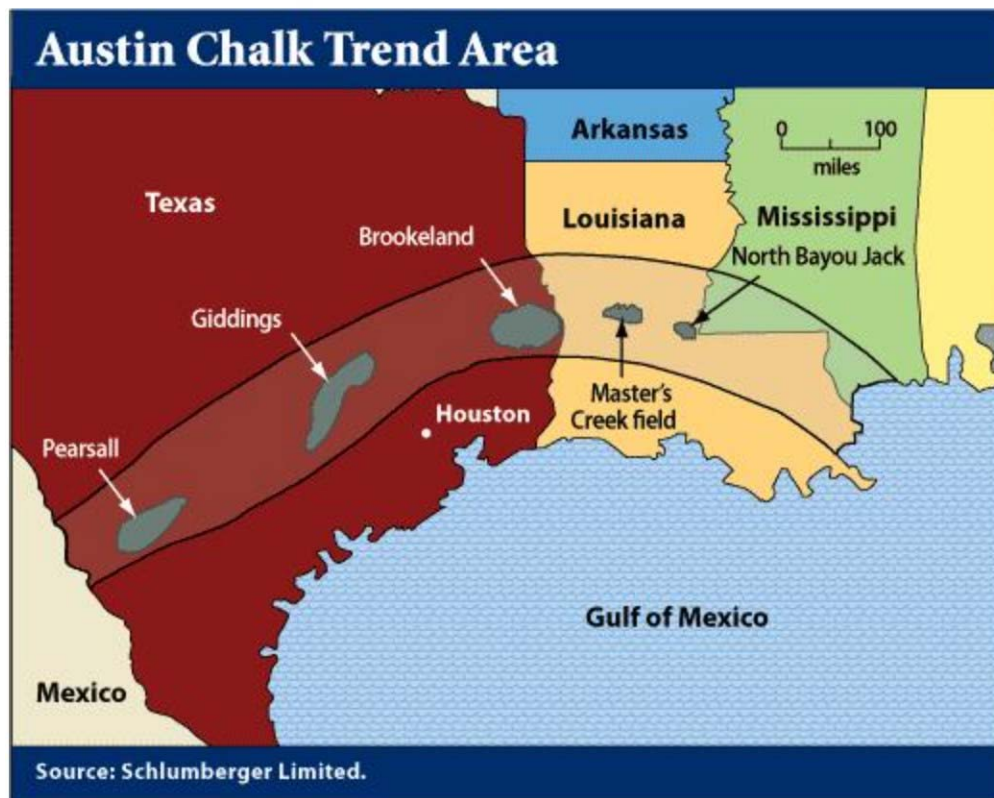


Figure: 6 - Austin Chalk trend area showing main producing fields.  
(Source: Schlumberger Limited)

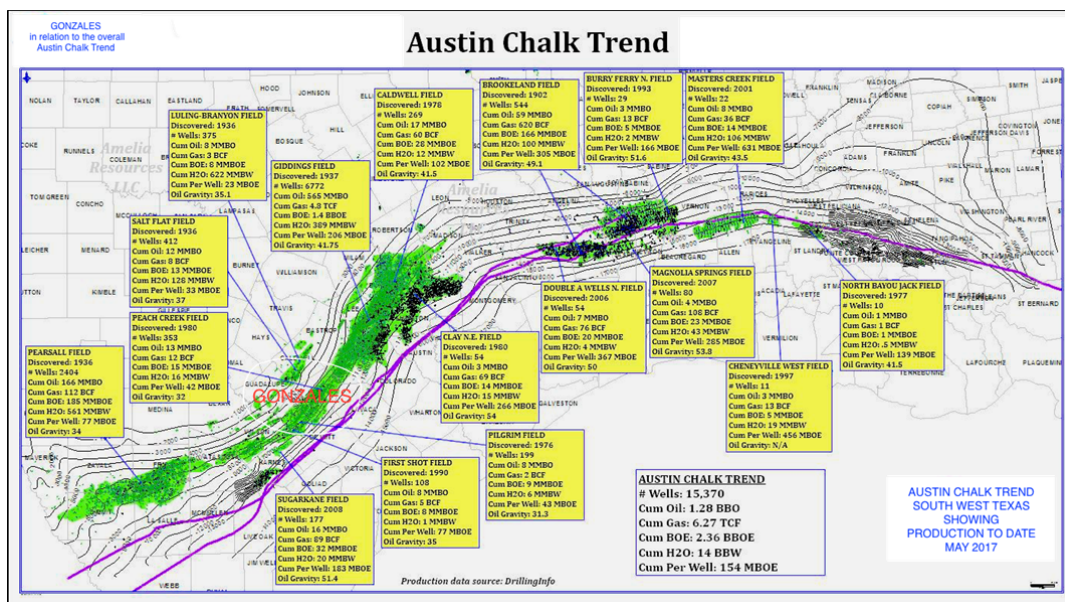


Figure: 7 - Austin Chalk Trend South West Texas showing productive oilfields and production and location of Gonzales (Source: DrillingInfo).

The Texas Austin Chalk Trend has played large in the history of productive oilfields (see Figure 7). By necessity, events in the Giddings Field are provided in much greater detail than other fields in the trend because of the much larger number of wells drilled and much larger amounts of oil and gas reserves developed. The Giddings Field has been the incubator of many new ideas and technological improvements to oil field technologies that have transferred to other oil fields around the world. The Giddings Field is the largest oil field found in Texas during the last fifty years. Additional productive formations called the Eagle Ford Shale, Buda and Georgetown reservoirs immediately underlying the Austin Chalk are considered part of the Austin Chalk Trend. However, Eagle Ford Shale, Buda and Georgetown often have their best productive areas different from the best productive areas of the Austin Chalk and sometimes require different completion techniques. Six main technologies influenced the Austin Chalk's economic development - Acid Treatments, Large Fracture Treatments, Seismic, Horizontal Drilling, Multilateral Wells, and Underbalanced or Controlled Pressure Drilling. With these technologies working together as a drilling and completion system, economic drilling began to occur in the Austin Chalk.

Holifield Energy Company in their reporting state that more than one billion barrels of oil remains to be developed. The Austin Chalk covers a very large geographic area with over one million acres yet to be developed. The single most important factor controlling the total amount of oil to be found and produced in the Austin Chalk is related to the price of oil and gas. For example, if the price of oil is \$50.00 per barrel, then the amount of oil to be produced from the Austin Chalk could well exceed 10 billion barrels. A substantial part of the shallow Austin Chalk trend south of the Giddings field requires oil prices exceeding \$50.00 per barrel. Excluding the current "continued case of high oil prices", it is expected that WTI ("West Texas Intermediate") oil will range in a band between \$45-65 per barrel. This is equivalent to the old OPEC band of \$18-22 per barrel from the 1980s.

**Developments in Other Austin Chalk Fields by Drilling Vertical Wells (1975-1986).** Rising oil prices and fracture treatments encouraged the drilling of many vertical wells. Drilling of Austin Chalk vertical wells in areas outside of Pearsall Field and Giddings Field, for the most part, has had only moderate success since increased activities began in 1975. Many areas in Gonzales County possessed suitable economics in 1980 and 1981 when oil was around \$38.00 per barrel, but vertical drilling became increasingly unprofitable as oil prices declined to and below \$25.00 per barrel. Several hundred wells were drilled by Ray Holifield and Associates (**RH&A**) with its clients in Atascosa, Wilson and Gonzales Counties, of which the Gonzales wells have been more productive. In general, the area between the Pearsall and Giddings Fields contain many millions of barrels of oil but generally requires significantly higher oil prices for drilling to be economical. Vertical drilling of oil and gas wells almost ceased in 1986 when oil prices declined to \$10.00 per barrel.

The future for the Austin Chalk had to be some new method to increase production for less cost. Unfortunately, due to mechanical failures and inefficiencies of the horizontal drilling tools, horizontal drilling in 1986, 1987, and 1988 was marginally economic. Only in 1989 after major improvements in tool development did economic drilling begin to occur frequently. The low reserves being developed from 1986 through 1988 was mostly related to the drilling tools being incapable of drilling more than 1,500 feet laterally. With the impact of deeper horizontal drilling in the Giddings Field to the north of Gonzales by Union Pacific Resources and Chesapeake Energy and its partner Belco Oil & Gas Corp., in 1997 that resulted in the largest flowing horizontal gas wells ever drilled onshore in the U.S., the move for additional acreage and Austin Chalk development projects accelerated within the known South East Texas trends.

It is only now with the advent of being able to develop both extended horizontal drilling and completion techniques from significant shale operations throughout the U.S., that the further economic development of Austin Chalk wells has become more aggressive, both with the recent uplift in oil to above \$40, and the prior decline of oil from \$100 which had resulted in the driving down of drilling rig costs and associated services by over fifty percent, and the rebalancing of the oil pricing mechanism, which has promoted a resurgence within the Austin Chalk, Eagle Ford Shale and Buda formations.

According to the Texas Railroad Commission Oil & Gas Production Data, the total amount of oil produced in Gonzales County in 2015 was 31,788, 840 barrels.

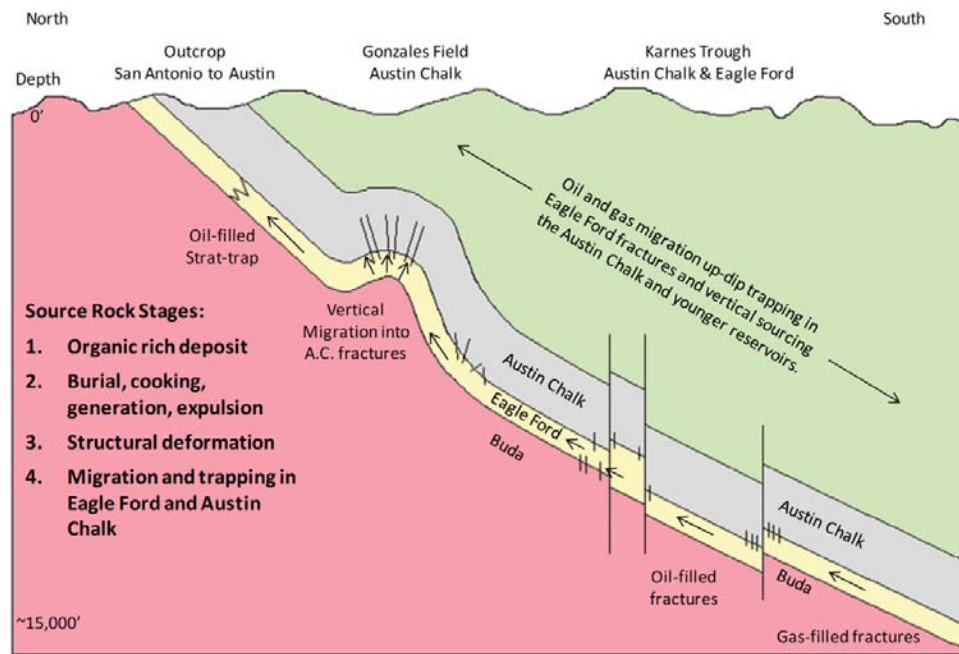


Figure: 8 Austin Chalk and Eagle Ford sources rock and resources (Source: Society of Petroleum Engineers 145117, Annual Technical Congress, November 2011)

The Eagle Ford Shale is classified as a petroleum system in that it is a self-sourced reservoir with seals. Analysis of outcrops and samples from well control identified kerogen types II, II/III, and III. Maturation, expulsion, and migration took place as the Eagle Ford Shale dipped south, where it went through three maturation windows: oil, gas condensate, and dry gas, as shown in Figure 8. The maturation window boundary between gas condensate and dry gas was confirmed from a Petrohawk - conducted analysis of samples by pyrolysis (Tuttle, S. Oil Resource Plays. Society of Independent Professional Earth Scientists: Houston Chapter, 2010). The Hawkville area between the Edwards and Sligo shelf edges is at the transition point between wet gas and dry gas. In the area of the Karnes Trough, the hydrocarbons are primarily oil and condensate.

Migration of Eagle Ford hydrocarbons was primarily along bedding planes during the expulsion phase. Absent of traps, hydrocarbons migrated updip or north, where vertical natural fractures were encountered. These natural fractures were associated with the regional fault trends. Here the hydrocarbons migrated into the extensively fractured Austin Chalk. In addition, in the current area of Eagle Ford Shale exploitation, both structural and stratigraphic traps are found. Traps in the area of the Karnes Trough include natural fractures close to the numerous sealing faults associated with the Karnes Trough structural features. Figure 9 is a depiction of a north-south cross section from the outcrop through the Gonzales field and Karnes Trough. The depiction illustrates trapping of Eagle Ford Shale hydrocarbons during updip migration.

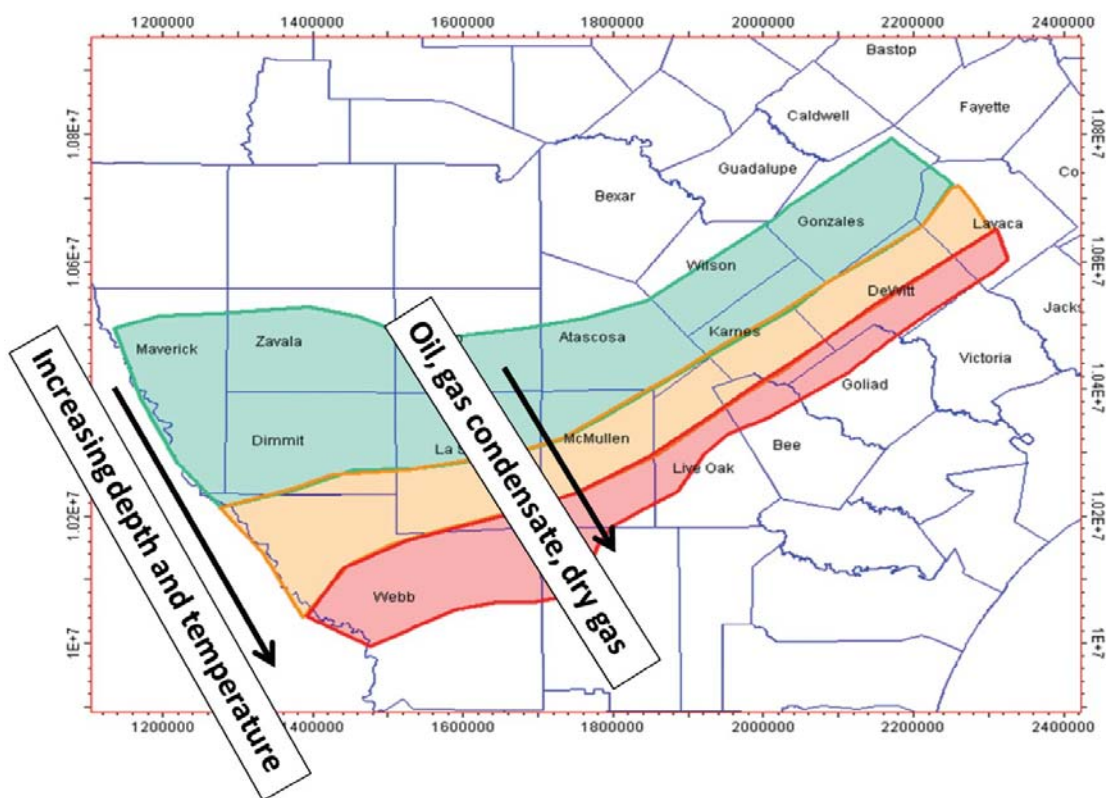


Figure: 9 - Maturation, expulsion, and migration as the Eagle Ford Shale dipped south, going through three maturation windows: oil, gas condensate, and dry gas (Source: Society of Petroleum Engineers 145117, Annual Technical Congress, November 2011)

In a paper entitled, Understanding Production from Eagle Ford-Austin Chalk System by Ron Martin, SPE, Jason Baihly, SPE, Raj Malpani, SPE, Garrett Lindsay, SPE, and W. Keith Atwood, SPE, Schlumberger, delivered to the Society of Petroleum Engineers in 2011, they analysed production data for the Austin Chalk and Eagle Ford Shale formations that were collected and mapped from publicly available sources for comparison purposes. Figure 10 indicates the average daily oil production rate for the maximum month of oil production in the Austin Chalk using green circles. The larger the green circle, the greater the daily production during the maximum month of oil production (Figure 10). The thickness of the Eagle Ford Shale provides the backdrop for Figure 10. Figure 11 indicates the average daily gas production rate for the maximum month of gas production in the Austin Chalk using red circles. The larger the red circle, the greater the daily production during the maximum month of gas production (Figure 11). The thickness of the Eagle Ford Shale provides the backdrop for Figure 9. Austin Chalk oil and gas production (Figures 10 and 11) primarily occurs in the Pearsall and Gonzales fields. Austin Chalk production from the two fields is 13 million bbl of oil and 72 Bcf of gas to date. The two fields were primarily sourced by Eagle Ford oil and gas, which formed downdip in the oil and gas windows (Pearson, K. Geologic Controls on Austin Chalk. Gulf Coast Association of Geological Societies Transaction. 60. 557-570. 2010). Northward migration along bedding planes continued until the hydrocarbons became trapped in the highly fractured Austin Chalk.

Figure 13 depicts the generalised stratigraphic section showing geologic units for which petroleum resources were assessed in the Gulf Coast region. Figure 12 shows the major oil and gas operators with interests in Gonzales developing the Austin Chalk and its underlying formation, the Eagle Ford Shale, overlaid with well drilled activity.

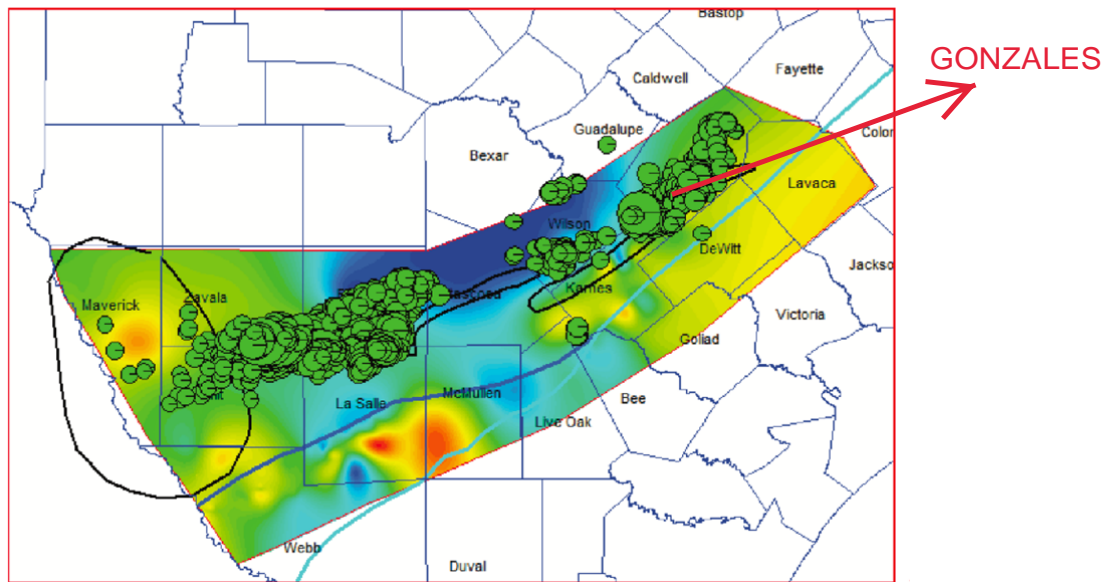


Figure: 10 - Austin Chalk average daily oil production (circles) based on maximum month of oil production, overlying a thickness map of the Eagle Ford Shale (Source: U.S. Energy Information Administration)

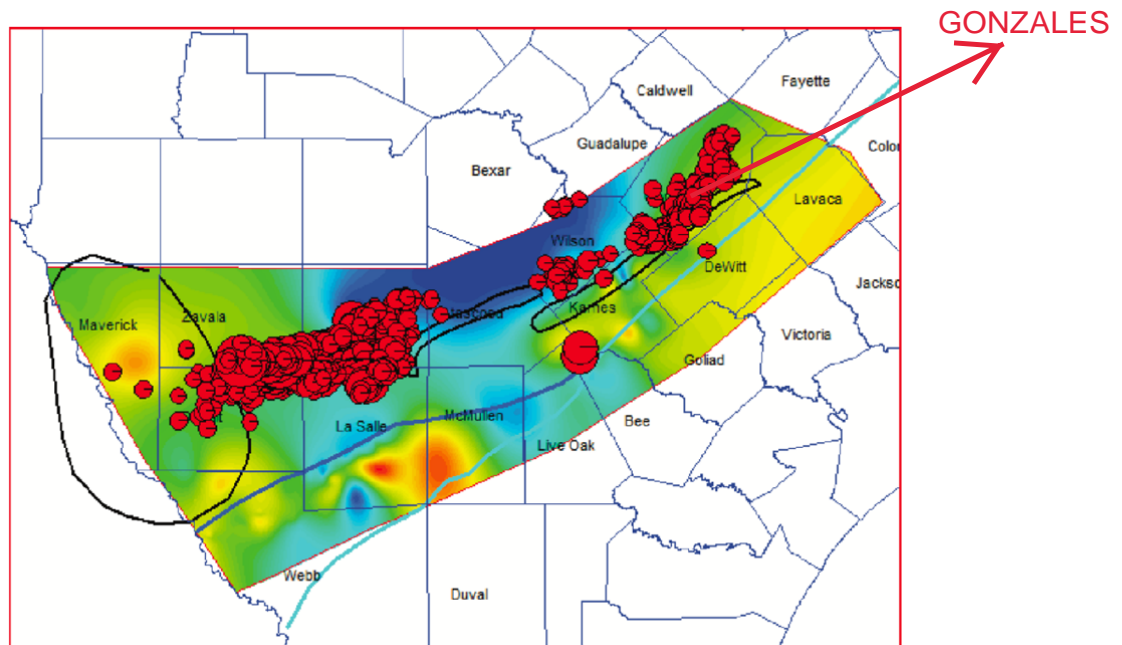


Figure: 11 - Austin Chalk average daily gas production (circles) based on maximum month of gas production, overlying a thickness map of the Eagle Ford Shale (Source: U.S. Energy Information Administration)

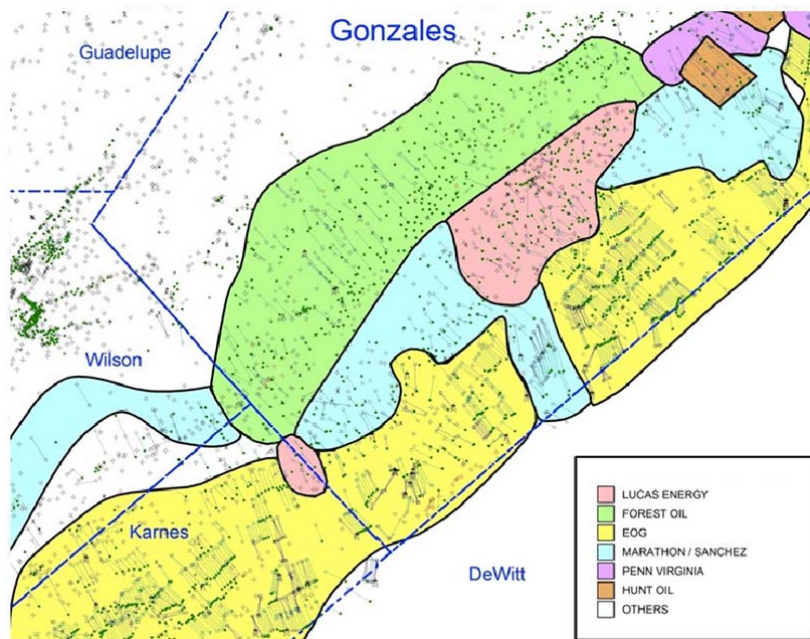


Figure: 12 - Gonzales Eagle Ford/Austin Chalk operators overlying drilled Vertical and Horizontal wells (Source: Lucas Energy)

PERIOD	EPOCH	AGE	GROUP OR FORMATION
CRETACEOUS	LATE	Ma 65.5	Navarro Gp. (Escondido Fm.-Olmos Fm.)
		70.6	Taylor Gp. (San Miguel Fm./ Anacacho Ls./ Ozan Fm./Annona Chalk)
		83.5	Austin Gp./Tokio Fm./ Eutaw Fm.
		88.6	Eagle Ford Fm. Woodbine Fm./Tuscaloosa Gp.
		99.6	Washita Gp. (Buda Ls.)
	EARLY		Fredricksburg Gp. (Edwards Ls./Paluxy Fm.)
			Glen Rose Fm. (Rodessa Fm.)
		112	Pearsall Fm.
			Sligo Fm. (Pettet Fm.)
		125	Hosston Fm. (Travis Peak Fm.)
		134	
		145.5	Cotton Valley Fm.
JURASSIC	LATE	Tithonian	Bossier Fm.
		151	Haynesville Fm./ Gilmer Ls.
		156	Smackover Fm. Norphlet Fm.
	MID.	161	Louann Salt Werner Fm.
		197	
	E.	Hettangian	
TRI. (part)	LATE	Rhaetian Norian Carnian	Eagle Mills Fm.

Figure: 13 - Generalised stratigraphic section showing geologic units for which petroleum resources were assessed in the Gulf Coast region. (Source: US Department of the Interior, US Geological Survey Fact Sheet 2011-3020, March 2011).

Planning permissions are required for the planning to drill a new well or workover of an existing well. An Exploration Plan ("EP") is submitted with geological detail and mapping, thereafter an Application for Permit to Drill ("APD"). Essentially these cover the proposed drilling activities over the Lease, the timing, information concerning the drilling, the location of each well, and other relevant information such as administrative, technical and any environmental issues.

### The Group's resources

The Company has commissioned an independent Competent Person's Report on its oil and gas assets by William W. Jackson ("WWJ"). The full report is set out in Part IX: "Competent Person's Report". The summary tables below have been extracted without material adjustment from the CPR. The following information does not purport to be complete and is derived from, qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing in Part IX: "Competent Person's Report".

WWJ has reviewed the COGLA and proved non-producing reserves have been assigned (1P).

According to William W. Jackson and as reported in Part IX: "Competent Person's Report", as at the effective date of the CPR, the Company's interests in the City of Gonzales Town Site Leases were as follows:

#### Gross / Net Revenue Interest Reserves

##### OIL & CONDENSATE

LEASE AREA	1P (Mbbbl) GROSS	1P (Mbbbl) NET
City of Gonzales Lease	4,000	1,500

According to WWJ, the Company's interests in the COGLA asset have the gross and net (working interest) mean risked resources set out below:

#### Working Interest, Net Revenue Interest

##### OIL / CONDENSATE / MARKETABLE GAS

	WORKING INTEREST (MBBL)	NET REVENUE INTEREST (MBBL)	WORKING INTEREST (MMCF)	NET REVENUE INTEREST (MMCF)
1P	2,000	1,500	1,000	750

### APPRAISAL OF WELL COG#1-H

Drilling of the initial well (#COG 1H) has now commenced. The intention was to drill down vertically for approximately 8,000 ft. It is expected that a determination will be made to either set casing to produce from the Buda Limestone, or to cement off the lower horizons and to drill horizontally into the lower Austin Chalk, or possibly both. The results of the Buda evaluation are that although good oil shows were encountered flowing for a continuous period and gas bubbles to surface, it was determined that in

undertaking a full logging over the interval at TD 7825 and running Di-pole sonic, this would take time to work the data on transition between the Eagleford shale and Buda but that such time in terms of the rig economics would be better to cement off and prep for kickoff and horizontal drilling into the Austin Chalk, the major objective, which has now been implemented. Further details of the relevant evaluation and the context in which it will be made is set out in the Competent Person's Report.

The Group has rights to develop a further seven new wells in the COGLA and has researched this possibility, as set out in the Competent Person's Report.

The Group has adequate funds available to cover the expected cost of drilling the initial well. Drilling of any additional wells is subject to further funding, either by the Group obtaining adequate external funding or utilising the proceeds of the initial well to the extent it is successful during the relevant time-frame. It is not the current intention of the Group to expand its operations to additional wells until 2019.

### **3. Strategy and objectives**

Pennpetro's intention is to become an active independent North American exploration and production company. The key elements of Pennpetro's strategy for achieving this goal are:

- The creation of value through exploration and appraisal success and operational strengths commencing with the Group's COGLA assets.
- Focussing on commercialisation and monetisation of oil and gas discoveries, and potentially utilising cash flows from initial projects (including, subject to further appraisal, COG#1-H) to fund the acquisition or development of future projects.
- Active asset portfolio management.
- Positioning the Company as a competent partner of choice to maximise opportunities and value throughout the E&P lifecycle.

The Directors believe that the acquisition of Nobel Petroleum LLC is a major step forward in the Company's objective of establishing itself within the North American upstream petroleum sector. This acquisition has established the Company as a quality independent petroleum entity within a historically leading oil producing area in the United States,

According to the Competent Persons Report (see Part IX: Competent Person's Report on COGLA), the net revenue interest reserves of oil and condensate for 1P amounts 1,500 Mbbl and marketable gas of 750 MMcf which on future net revenue after costs on a 10% discounted factor is valued at US\$26,946,520 This assessment was carried out according to the Petroleum Resources Management System (PRMS).

#### ***The Upstream Petroleum Sector***

The Company has been established as an oil & gas operator with one initial key asset currently at an early stage of development, and which may make complementary acquisitions of target companies, assets or businesses in the North American upstream petroleum sector – characterised by the process of locating underground or underwater oil reserves and their extraction. As stated, the Company has already initiated its activities within this mandate by having acquired all the shares of Nobel Petroleum UK Limited whose wholly owned subsidiary company, the North American oil company, Nobel Petroleum LLC is the holder of a valuable proven petroleum asset situated onshore within the central zone of the City of Gonzales, Gonzales, Texas. The Company intends in the future to pursue what the Directors consider to be adequately proven, de-risked assets, capable of early production.

### **4. The Group's competitive strengths**

The Directors believe that Pennpetro has the following key strengths:

- Proven track record of US Management's strong record of success.  
Geographically and geologically strong initial asset, in respect of which the Company intends to pursue an active exploration and appraisal drilling campaign over the next 18 months (subject to the appraisal of the results of drilling well COG#1-H and to, amongst other things, financing).

- Control of COGLA oil and gas asset through operatorship and high equity interest.
- Strong geoscience expertise coupled with exploration and drilling successes.
- Focus on securing attractive commercialisation terms for its oil and gas discoveries.
- Proven track record of US Management's active portfolio management to optimise capital efficiency, access relevant skills and grow a portfolio of assets.

The Directors believe that the Group is well-placed to compete against other market participants of a similar size in the upstream petroleum sector due to the collectively strong track record, understanding and experience of its board of Directors and its US management team in identifying, pursuing and maximising the potential of upstream petroleum opportunities, and the Directors' extensive network of contacts, as outlined in this Part I: Information on the Group, Business and Strategy and in Part II: Directors and Corporate Governance. Additionally, the Company has considerable flexibility in how it would be able to finance the consideration for any future acquisition, which will include the potential to incur indebtedness and/or to issue further listed equity (whether to raise additional cash or as transaction consideration).

## **5. Allotments**

The gross proceeds of the allotments already made will be used to pay the expenses of Admission (paragraph 16.2 of Part VII: Additional Information) and the Company's ongoing costs and expenses (as further described in the relevant paragraph of Part III: Share Capital, Liquidity and Capital Resources and Accounting Policies).

## **6. Dividend policy**

The Company intends that its cash resources will be used for the operation and development of its current operations and as such, no dividends are intended to be paid in the near future. Any earnings in the near future are expected to be retained for use in business operations, not being distributed until the Company has an appropriate level of distributable profits.

The Directors will reconsider the Company's dividend policy as the Company advances the development of its operations.

The Directors envisage that, at such time, the Company's dividend policy would be determined based on, and depend on, the results of the Company's operations, financial condition, cash requirements, future prospects, profits available for distribution and other factors deemed to be relevant at the time.

The declaration and payment by the Company of any dividends and the amount thereof will be in accordance with, and to the extent permitted by, all applicable laws and will depend on the results of the Group's operations, its financial position, cash requirements, prospects, profits available for distribution and other factors deemed to be relevant at the time.

## PART II

### DIRECTORS AND CORPORATE GOVERNANCE

#### 1. The Board and the Directors

The Board currently comprises four Directors, who collectively have extensive experience and a proven track record in investment, corporate finance and business acquisition, operation and development with additional involvement in the upstream petroleum sector and are well placed to implement the Company's business objective and strategy. Any further appointments to the Board would be made after due consideration to the Company's requirements and to the availability of candidates with the requisite skills and, where applicable, depth of sector experience.

Details of the Directors are set out below:

**Keith Graeme Edelman**, *Non-executive director and Chairman (age 67)*

Keith Edelman graduated from UMIST (University of Manchester Institute Science and Technology) in 1971 with a BSc (Hons) in Management Sciences. He worked for Rank Xerox, IBM and Fiat before joining Bank of America in 1978. Starting as Planning Manager, EMEA Division and then Finance Director, UK and Nordic Region, he eventually became Managing Director of Bank of America Finance.

In 1983 he joined Grand Metropolitan as a UK Strategic Director/Director of Finance, Foods Division. In 1985 he joined the Ladbroke Group as Corporate Planning Director and completed a number of major acquisitions and disposals for that group these included the acquisitions of Hilton International, Texas Homecare Plc, Thomson T Line Plc and Gable House Properties Plc and disposals of many leisure businesses including Ladbroke Holidays, Seenews, the 20% stake in Central TV, Laskys to name but a few. Following the acquisition of Hilton International he became Chairman of Texas Homecare, a chain of DIY stores. In 1991 he left to become Managing Director of Carlton Communications and in 1993 Group Chief Executive of Storehouse plc which included Mothercare and BHS.

He also held a number of executive and non-executive appointments, including Eurotunnel (Audit & Remuneration Committees 1994–2004), Haberdashers' Aske's School (Governor 1994–2005), where he was a pupil from prep school through A Levels, Include (Director (Charity) 1997 – 2001), Glenmorangie (Chairman 2002–2005), Qualceram Shires plc (Director 2005 to 2009) and Arnotts Holdings (2009-2010). Currently he is Chairman of Revolution Bars Group Plc, Chairman of Bullion by Post Limited, senior Independent Director of Supergroup Plc and a Director of the London Legacy Development Corporation and E20 LLP.

In 2000 he joined Arsenal Football Club as Managing Director, bringing his financial and business experience to the Club. Mr. Edelman was responsible for all commercial and administrative activities at the club. In a period of increased commercialisation of football he completed the first strategic partnership the Club entered into since its formation, selling a 10 percent stake to Granada Media for £77 million. He oversaw the club's re-branding and crest redesign to create copyright protection, and was subsequently involved in a sponsorship deal with Nike, valued at £130 million over 10 years.

He was instrumental in the club's development of its new stadium and he arranged all the funding raising over £380 million of banking facilities. He refinanced these projects finance borrowings with a credit wrapped AAA rated bond and in so doing established Arsenal as the very first Club to achieve an investment grade rating from the world's rating agencies. He also completed one of the largest football sponsorship deals with Emirates Airlines for over £100 million, including naming rights to the Emirates Stadium. He opened the stadium in August 2006 both on time and on budget and set up all the operational aspects of the stadium that has made Emirates so successful. He oversaw the development of Highbury Square and pre-sold over 90% of all units and brought the project in on time and on budget.

In 2007 Keith became club President of the Arsenal Ladies team. He has always been pragmatic about the club's future and did not rule out the club eventually going public or the major shareholders eventually deciding to sell their stakes. He resigned as a Director at Arsenal Holdings plc on 1 May 2008 and continued until May 2009 as a consultant.

**Olof Nils Anders Rapp, *Senior Non-executive director (age 60)***

Olof Rapp joined VistaJet International as Senior Vice President in 2015 after 34 years with Rolls-Royce International and Volvo Truck Corporation. He has vast international experience and has held leading managerial positions in various parts of the world, from South America to Asia (Brazil, Iran, Turkey, Singapore, Thailand and Malaysia). His last position at Rolls Royce was as Regional Director, Malaysia, with overall responsibility for Rolls-Royce's business in Malaysia and Brunei (Civil & Defence Aviation, Marine, Civil Nuclear and Energy) and represented the company at the highest level, leading and facilitating the company's interest and activities. His last position at Volvo was Managing Director of Volvo Malaysia, where he led a successful restructuring of the company.

He was born in Gothenburg, Sweden, and studied International Business at IHM Business School. Olof is actively involved in several start-up companies and serves as a committee member of the Malaysian Swedish Business Association.

**Thomas Martin Evans, *Executive director (age 46)***

Thomas Evans started his career as a financial executive with Extel Financial Ltd, moving to equity sales at Barclays de Zoete Wedd Ltd and RBC Dominion Securities Limited, director CIBC World Markets Limited prior to founding Bishopsgate Capital Management Ltd in 2000 dealing in institutional fund management which was merged with Athanor Capital Partners Ltd assuming the role of Chief Investment Officer, expanding all the combined entities FSA regulated permitted businesses. Established TME Consulting creating UCITS compliant umbrella structure to be marketed to both retail and wholesale clients. CEO and founder of the Caplain group created to acquiring stockbroking and wealth management entities and Aerarius PCC Ltd (Guernsey) fund structure for European investment strategies. Financial Services Authority (UK) Ltd previously approved for the following control functions – CF1 Director, CF3 Chief Executive, CF8 Appointment & Oversight, CF27 Investment Management.

**Philip Tudor Nash, *Non-executive director and Chief Financial Officer (age 46)***

Philip Nash qualified as a Chartered Accountant in 1997 and went on to join Hambros Bank, holding a number of finance positions in its Insurance arm, including Group Financial Controller of Cunningham Lindsey, a leading loss adjusting group. In 2001 he joined Arsenal Football Club as Stadium Project Director, reporting to the CEO. He was involved in all aspects of the successful Emirates Stadium Project including raising finance, financial control, project management and commercial activities. In 2008 Philip joined Liverpool Football Club as CFO and played a significant role in the transformation of the Club. He was involved in the sale of the Club to Fenway Sports Group in 2010. He strengthened the Club's finance and technology functions, improved governance and lead on a variety of major projects including the appraisal of the Anfield Stadium redevelopment. In 2014 Philip worked with Rangers International Football Club PLC which was listed on AIM. He initially joined as a consultant and was subsequently appointed Interim COO and a Board Director. Whilst at the Club, Philip identified and implemented a number of cost saving initiatives and raised over £3m from a share issue. In 2015 he worked with the British Horse Racing Authority, where he developed a three year business plan and led a business transformation program. Philip currently provides business consulting and advisory services to a number of different companies across several industries. Philip holds a Psychology degree from the University of Reading and is a member of the ICAEW.

## **2. US Management**

Nobel Petroleum LLC has a full operational team on the ground working from its offices in the City of Gonzales including the following senior personnel:

- Butch Jackson, who has extensive industry experience and has been working as an independent Petroleum LandMan for most of the major oil and gas independents and integrated oil concerns within the South Texas petroleum area, such as MJM Petroleum, Superior Minerals, Modern Exploration, Inc., Atlas Oil & Gas, Myrna McLeroy & Associates, K & S Oil & Gas, Talaria Oil & Gas and Cougar Resources. He has scouted for most of the premier oil concerns (Marathon, Chesapeake, ConocoPhillips) with regard to undertaking land management operations securing the rights to drill or operate on land owned by individuals, businesses or the government. He leads a team of four persons dealing with the ongoing leasing activities including researching land ownership and negotiating with landowners to buy or lease the land for drilling or pumping.
- Rick McRae founded McRae Energy in 1983 working oil and gas in Texas. His team has drilled and participated in over 250 Austin Chalk/Buda wells ranging from 6,000 to 12,000 feet in depth. Approximately 125 of these were horizontal wells. The company owned its own drilling rigs with approximately 200 employees under Mr. McRae's management, overseeing some 40,000 acres of leases. Mr. McRae acts as retained consultant and is overseeing the initial drilling activities.
- Lou Walters, Harvard Business School, MBA class of 1966, CEO of Av-Tech Oil & Gas, LLC, and the principal owner to Richmond Partnership Limited, a Houston based investment partnership is a retained consultant to Nobel. He is the Founding Chairman of Browning-Ferris Industries, Inc (listed NYSE), Founding Chairman of Tyler Corporation (listed NYSE) and currently serves as Lead Director of Team Industrial Services (listed NYSE). He has undertaken extensive investments within the energy industry and brings in a wide perspective within the energy sector, including as a director of Houston based Post Oak Bank, NA, which recently acquired the State Bank of Texas.

## **3. Strategic decisions**

### ***Members and responsibility***

The Board is responsible for the Company's objectives and business strategy and its overall supervision. Acquisition, divestment and other strategic decisions will all be considered and determined by the Board.

The Board will provide leadership within a framework of appropriate and effective controls. The Board will set up, operate and monitor the corporate governance values of the Company, and will have overall responsibility for setting the Company's strategic aims, defining the business objective, managing the financial and operational resources of the Company and reviewing the performance of the officers and management of the Company's business. The Board will take appropriate steps to ensure that the Company complies with Listing Principles 1 and 2 as set out in Chapter 7 of the Listing Rules and (notwithstanding that they only apply to companies with a Premium Listing) the Premium Listing Principles as set out in Chapter 7 of the Listing Rules.

## **4. Corporate governance**

As a company with a Standard Listing, the Company is not required to comply with the provisions of the Corporate Governance Code. However, in the interests of observing best practice on corporate governance, the Company intends to comply with the provisions of the Corporate Governance Code insofar as is appropriate having regard to the size and nature of the Company and the size and composition of the Board, except that:

- given the size of the Board and the Company's current limited operational status, certain provisions of the Corporate Governance Code (in particular the provisions relating to the composition of the Board and the division of responsibilities between the Chairman and chief executive and executive compensation), are not being complied with by the Company as the Board does not consider these provisions to be appropriate for the Company;
- the Board as a whole will review audit, remuneration and risk matters, on the basis of adopted terms of reference governing the matters to be reviewed and the frequency with which such matters are considered. The Board as a whole will also take responsibility for the appointment of auditors and payment of their audit fee, monitor and review the integrity of the Company's financial statements and take responsibility for any formal announcements on the Company's financial performance;
- the Board as a whole will consider the Board's size, structure and composition and the scale and structure of the Directors' fees, taking into account the interests of Shareholders and the performance of the Company;
- the Corporate Governance Code recommends that the submission of all directors for re-election at annual intervals. The Company will instead require one third of its Board to retire by rotation each year;
- the Board does not comply with the provision of the Corporate Governance Code that at least half of the Board, excluding the Chairman, should comprise non-executive directors determined by the Board to be sufficiently independent;
- the Company has in place procedures ensuring compliance with the new Market Abuse Regulation and the Board will be responsible for taking all proper and reasonable steps to ensure compliance with the Market Abuse Regulation by the Directors; and
- the Company will not seek Shareholder approval at a general meeting in respect of any further acquisitions it may make, unless it is required to do so for the purposes of facilitating the financing arrangements or for other legal or regulatory reasons.

## **5. Conflicts of interest**

### ***General***

Potential areas for Directors' conflicts of interest in relation to the Company include:

- the Directors are required to commit a limited amount of time to the Company's affairs and, accordingly, they may have conflicts of interest in allocating management time among various business activities; and
- the Directors may in the future become affiliated with entities, including special purpose acquisition vehicles, engaged in business activities similar to those conducted by the Company, which may include entities with a focus on target companies or businesses similar to those that may be under examination by the Company.

The Directors are free to become affiliated with other entities engaged in similar business activities as the Company.

The Board considers that it has appropriate procedures in place to adequately manage the potential for Directors to have conflicts of interest.

## **6. Lock-in agreements**

Each of York Energy Group Limited and International Immobiliare Limited have undertaken to the Company that, other than in certain limited circumstances, they will not, and will procure that any associated party will not, dispose of any interest they hold in Ordinary Shares acquired by them on incorporation of the Company (representing approximately 49.79% of the Existing Ordinary Shares) for a period of 9 months following Admission. Further details of the lock-in agreements are set out in paragraph 9.2 of Part VII: Additional Information of this document.

### **PART III**

#### **SHARE CAPITAL, LIQUIDITY AND CAPITAL RESOURCES AND ACCOUNTING POLICIES**

##### **1. Share capital**

The Company was incorporated on 6<sup>th</sup> May 2016 in England and Wales under CA 2006 as a public limited company.

Details of the current issued share capital of the Company are set out in paragraph 3.3 of Part VII: Additional Information. As at Admission, the share capital of the Company will be £709,000, divided into 70,900,000 issued Ordinary Shares of £0.01 each.

All of the issued Ordinary Shares will be in registered form, and capable of being held in certificated or uncertificated form. The Registrar will be responsible for maintaining the share register.

Temporary documents of title will not be issued. The ISIN of the Ordinary Shares is GB00BF2K5076. The SEDOL number of the Ordinary Shares is BF2K507.

##### **2. Financial position**

The financial information in respect of the Company as at 31 December 2016 is set out in Part B of Part V: Financial Information on the Group and is audited.

##### **3. Liquidity and capital resources**

###### ***Sources of cash and liquidity***

The Company's initial source of cash has been from the allotment of shares. It will initially use such cash to fund the expenses of Admission, including the expenses incurred in the incorporation and establishment of the Company, Admission and initial listing fees, legal, registration, printing, advertising and distribution costs and any other applicable expenses. The Company projects these costs to be approximately £200,000 (including irrevocable VAT). The balance of the existing financial resources will be used to fund the costs and expenses to be incurred in connection with Group business. The existing financial resources will be in the form of cash at bank and be available for deployment as necessary in due course.

The Company may raise additional capital from time to time. This may include capital to be raised in connection with any further acquisition. Such capital is expected to be raised through share issues (such as rights issues, open offers or private placings) or borrowings. As at the date of this document, the Company has no borrowings.

The Company may also, to the extent possible and in accordance with all relevant legal and regulatory requirements, make any further acquisition or fund part of any further acquisition through share-for-share exchanges.

In addition to capital raised from new equity, the Group may choose to finance all or a portion of any further acquisition with debt financing. The forms of debt financing to be used by the Group is expected to be initially limited to bank financing, although debt financing through secured loan notes is a future potential possibility.

Debt financing for an acquisition will be assessed with reference to the capacity of the target company or business to support gearing. Any such borrowings are expected to be incurred by the target (which, depending on the structure of an acquisition, may become a subsidiary of the Company in due course). However, the Company retains flexibility to incur borrowings itself if it considers it appropriate in the relevant circumstances. Any costs associated with the debt financing are likely to be paid with the proceeds of such financing.

If debt financing is utilised, there will be additional servicing costs. Furthermore, while the terms of any such financing cannot be predicted, such terms may subject the Company to financial and operating covenants or other restrictions, including restrictions that might limit the Company's ability to make distributions to Shareholders.

### ***Ongoing costs and expenses***

The Company's principal use of its existing financial resources will be to fund the day-to-day expenses to be incurred by the Company.

The Directors expect that it may be necessary to raise further funds in order to complete any further acquisition, including to pay the fees of financial, tax, legal, accounting, technical and other advisers.

The Company's existing financial resources may also be used to investigate, carry out due diligence in respect of, and evaluate potential opportunities for any further acquisition, as described above in paragraph 3 and in the *Strategy and objectives* section of Part I: Information on the Group, Business and Strategy.

The expenses that the Company expects to fund through its existing financial resources total a minimum of £340,000 in the first year, to include:

- all costs relating to raising capital. This will include the expenses incurred in the incorporation and establishment of the Company, Admission and listing fees, legal, registration, printing, advertising and distribution costs and any other application expenses. The Company projects these costs to be approximately £200,000 (including irrevocable VAT);
- Directors' fees, projected at £125,000 in the first 12 months following Admission; and
- operational costs and expenses which will include (but will not be limited to) the fees and expenses of the Registrar, as well as regulatory, audit and licence fees, listing, insurance and other similar ongoing costs.

## **4. Critical accounting policies**

The Company has identified below the IFRS accounting policies that are most critical to the Group's business operations and the understanding of its results. In each case, the application of these policies requires the Directors to make complex judgements based on information and financial data that may change in future periods, the results of which can have a significant effect on the Group's results of operations. As a result, determinations regarding these items necessarily involve the use of assumptions and judgements as to future events and are subject to change. Different assumptions or judgements could lead to materially different results.

### **1. OIL & GAS EXPENDITURE—E&E ASSETS**

The Group applies the successful efforts method of accounting for E&E costs as permitted by IFRS 6 "Exploration for and Evaluation of Mineral Resources".

All costs incurred after the rights to explore an area have been obtained, such as licence acquisition costs, geological and geophysical costs and other direct costs of E&E are accumulated and capitalised as E&E assets, in well, field or licence-specific exploration cost centres as appropriate pending determination.

Costs (other than payments to acquire the legal right to explore) incurred prior to acquiring rights to explore and general exploration costs not specific to any particular licence or prospect are charged directly to the income statement.

E&E assets are not amortised prior to the determination of the results of exploration activity. At completion of evaluation activities, if technical and commercial feasibility is demonstrated then, following recognition of commercial reserves, the carrying value of the relevant E&E asset will be reclassified as a development and production asset, subject to the carrying value of the relevant E&E asset being assessed for impairment.

If on completion of evaluation of prospects or licences, it is not possible to determine technical feasibility and commercial viability or if the legal right to explore expires or if the Group decides not to continue E&E activity, then the costs of such unsuccessful E&E are written off to the income statement in the period of that determination.

The carrying value of E&E assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

The Group may enter into farm-in or farm-out arrangements, where it may introduce partners to share in the development of an asset. For transactions involving assets at the exploration and evaluation phase, the Group adopts an accounting policy as permitted by IFRS 6 such that the Group does not record any expenditure made on its behalf under a "carried interest" by a farm in partner.

Where applicable past costs are reimbursed the value of the cash consideration is credited against costs previously incurred. Farmed-out oil and gas properties are accounted for in accordance with IAS 16.

## **2. INCOME TAXES**

### ***Current tax***

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the relevant balance sheet date.

Current income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the income statement.

### ***Deferred tax***

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Information, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and

- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the relevant balance sheet date.

Deferred income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise deferred income tax is recognised in the income statement.

### ***SHARE-BASED PAYMENTS***

The cost of any future equity-settled transactions with employees will be measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined with reference to the market value of the underlying shares using a pricing model appropriate to the circumstances which requires judgements as to the selection of both the valuation model and inputs. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition or a non-vesting condition, which are treated as vesting irrespective of whether or not the market condition or a non-vesting condition is satisfied, provided that all other vesting conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated on the basis of the extent to which the vesting period has expired and Management's best estimate of the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

For equity-settled share-based payment transactions with third parties, the goods or services received are measured at the date of receipt by reference to their fair value with a corresponding entry in equity. If the Group cannot reliably estimate the fair value of the goods or services received, their value is measured by reference to the fair value of the equity instruments granted

### ***Accounting policies and financial reporting***

The Company's financial year end is 31 December and the first set of financial statements is for the period to 31 December 2016. The Company will present its financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

## **PART IV**

### **TAXATION**

#### **United Kingdom Taxation**

The comments set out below are based on the current UK tax law and what is understood to be current HMRC practice, as at the date of this Document, which are subject to change at any time possibly with retrospective effect. They are intended as a general guide only and apply only to certain Shareholders who are resident (and in the case of individuals, domiciled) in the UK for tax purposes (except to the extent that specific reference is made to Shareholders resident outside the UK), who hold their Ordinary Shares as investments and who are the absolute beneficial owners of those Ordinary Shares and any dividends paid on them. They comprise a summary and do not purport to be a complete analysis or listing of all the potential tax consequences of acquiring or holding Ordinary Shares.

They do not deal with the position of certain classes of Shareholders who are subject to special rules, such as dealers in securities, traders, banks, financial institutions, investment companies, tax-exempt organisations, broker dealers, insurance companies, collective investment schemes persons connected with the Company or Shareholders who have or are deemed to have acquired their Ordinary Shares by virtue of an office or employment. Shareholders who are in doubt as to their position or who are subject to tax in any jurisdiction other than the UK should consult their own professional advisers immediately.

An investment in the Company involves a number of complex tax considerations. Changes in law, practice of a tax or fiscal authority or in the interpretation of law in any of the countries in which the Company (or any subsidiary of the Company) has assets or carries on business, or changes in tax treaties negotiated by those countries, could adversely affect the returns from the Company to investors.

Prospective investors should consult their own independent professional advisers on the potential tax consequences of subscribing for, purchasing, holding or selling Ordinary Shares under the laws of their country and/or state of citizenship, domicile or residence.

#### **Taxation of dividends**

No tax is required to be withheld from dividend payments made by the Company.

##### **Individuals**

An individual Shareholder receiving a dividend from the Company whose total income from dividends in the relevant financial year does not exceed £5,000 (the "Tax Free Dividend Allowance") will not pay any income tax on such dividend. It is expected that the Tax Free Dividend Allowance will be reduced to £2,000 for the tax year 2018/19 onwards.

Based on current law at the date of this Document, an individual Shareholder receiving a dividend from the Company whose total income from dividends in the relevant tax year does exceed £5,000 will be taxed as follows:

- (a) the individual Shareholders will not pay income tax on the first £5,000 of dividend income in any tax year;
- (b) to the extent that the individual's Total Income (as defined below) exceeds the personal allowance but does not exceed the basic rate tax band for that tax year, the individual will be liable to income tax on the Excess Dividend (as defined below) at the rate of 7.5 per cent.;

(c) to the extent that the individual's Total Income (as defined below) exceeds the basic rate band but does not exceed the higher rate tax band for that tax year, the individual will be liable to income tax on the Excess Dividend (as defined below) at the rate of 32.5 per cent.;

(d) to the extent that the individual's Total Income (as defined below) falls within the additional rate band for that tax year, the individual will be liable to income tax on the Excess Dividend (as defined below) at the rate of 38.1 per cent.;

(e) "Total Income" means the total of the individual's dividend income and other taxable income for a tax year; and

(f) "Excess Dividend" means the total of that individual's dividend income in that tax year less £5,000.

For the year 2017/18 in England and Wales, the basic rate band is the first £33,500 of income in excess of any personal allowance, the higher rate band is income between £33,500 and £150,000 in excess of any available personal allowance and the additional rate band applies to income in excess of £150,000 (these bands differ slightly in Scotland).

Where an individual's taxable income exceeds £100,000, their personal allowance is abated by £1 for every £2 of income such that individuals with income in excess of £123,000 will have no personal allowance.

Trustees of interest in possession trusts and representatives of deceased persons receiving dividends from shares are also liable to account for income tax at a rate of 7.5 per cent., unless the dividends are mandated directly to beneficiaries, in which case only the beneficiaries need to account for the income. In either case, the beneficiaries will be taxable at the rates detailed above. Trustees and personal representatives do not qualify for the £5,000 dividend allowance available to individuals.

#### *UK resident corporate Shareholders*

Shareholders within the charge to UK corporation tax which are "small companies" (for the purposes of UK taxation of dividends) will not generally expect to be subject to UK tax on dividends from the Company. Dividends paid on the Ordinary Shares to other Shareholders within the charge to UK corporation tax will generally (subject to anti-avoidance rules) fall within one or more of the classes of dividend qualifying for exemption from corporation tax. In general, dividends paid on shares that are "ordinary share capital" for UK tax purposes and are not redeemable, and dividends paid to a person holding less than 10% of the issued share capital of the payer (or any class of that share capital) are examples of dividends that fall within an exempt class. In the event that the dividends do not qualify for such exemption, Shareholders within the charge to UK corporation tax will be subject to corporation tax on them. Shareholders within the charge to corporation tax are advised to consult their independent professional tax advisers in relation to the implications of the legislation.

#### *Non-UK resident Shareholders*

Shareholders who are not resident in the UK will not generally be subject to UK corporation tax on dividends unless they are carrying on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a corporate Shareholder, a permanent establishment) in connection with which the Ordinary Shares are used, held or acquired. A Shareholder resident outside the UK may be subject to non-UK taxation on dividend income under local law. Shareholders who are not resident for tax purposes in the UK should obtain their own tax advice concerning tax liabilities on dividends received from the Company.

#### **Disposals of Ordinary Shares**

A disposal or deemed disposal of Ordinary Shares by Shareholders for taxation purposes may, depending upon the Shareholder's individual circumstances and subject to any available exemption or relief (such as the annual exempt amount for individuals and indexation for corporate Shareholders), give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains.

Shareholders who are not resident in the UK (and are not temporarily non-resident) generally will not be subject to UK taxation of capital gains on the disposal or deemed disposal of Ordinary Shares unless they are carrying on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a corporate Shareholder, a permanent establishment) in connection with which the Ordinary Shares are used, held or acquired. Non-UK tax resident Shareholders may be subject to non-UK taxation on any gain under local law.

### **UK Inheritance Tax**

The Ordinary Shares will be assets situated in the UK for the purposes of UK inheritance tax. Ordinary Shares beneficially owned by an individual Shareholder may be subject to UK inheritance tax on the death of the Shareholder or, in certain circumstances, on a gift by the Shareholder (even if the Shareholder is not domiciled or deemed domiciled in the UK). Generally, UK inheritance tax is not chargeable on gifts to individuals if the transfer is made more than seven complete years prior to the death of the donor. For UK inheritance tax purposes, a transfer of assets to another individual or trust could potentially be subject to UK inheritance tax, based on the loss of value to the donor.

Particular rules apply to gifts where the donor reserves or retains some benefit. Special rules apply to close companies and to trustees of settlements who hold shares, which could bring them within the charge to UK inheritance tax.

Shareholders should consult an appropriate professional adviser if they intend to make a gift of any kind or intend to hold Ordinary Shares through trust arrangements. They should also seek professional advice in a situation where there is a potential for a double charge to UK inheritance tax and an equivalent tax in another country or if they are in any doubt about their UK inheritance tax position.

### **Stamp Duty and Stamp Duty Reserve Tax**

The statements below summarise the current UK Stamp Duty and SDRT position and are intended as a general guide only. Certain categories of person may not be liable to Stamp Duty or SDRT, and special rules apply to agreements made by certain categories of persons including intermediaries, brokers, dealers and persons connected with depository receipt systems and clearance services) who may be liable to Stamp Duty or SDRT at a higher rate or may, although not primarily liable for tax, be required to notify and account for SDRT under the Stamp Duty Reserve Tax Regulations 1986.

#### *Subsequent transfers outside of Depository Receipt Systems and Clearance Services*

The transfer on sale of Ordinary Shares held in certificated form will generally be liable to ad valorem Stamp Duty at the rate of 0.5% (rounded up to the nearest multiple of £5) of the amount or value of the consideration paid. An exemption from Stamp Duty will be available on an instrument transferring Ordinary Shares where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000. The purchaser normally pays the Stamp Duty. An unconditional agreement to transfer such shares will be generally liable to SDRT, at the rate of 0.5% of the consideration paid, but such liability will be cancelled or a right to a repayment in respect of the SDRT liability will arise if the agreement is completed by a duly stamped transfer within six years of the agreement having become unconditional. SDRT is normally the liability of the purchaser of the shares.

### *Transfers within CREST*

Paperless transfers of Ordinary Shares within CREST are generally liable to SDRT (at a rate of 0.5% of the amount or value of the consideration payable) rather than Stamp Duty, and SDRT on relevant transactions settled within the system or reported through it for regulatory purposes will be collected by CREST. Deposits of shares into CREST will not generally be subject to SDRT unless the transfer into CREST is itself for consideration in money or money's worth, in which case a liability to SDRT will arise, usually at the rate of 0.5% of the amount or value of the consideration.

### *Transfers to and within Depositary Receipt Systems and Clearance Services*

Following the European Court of Justice decision in C-569/0 HSBC Holdings Plc and Vidacos Nominees Limited v The Commissioners for Her Majesty's Revenue & Customs and the First-tier Tax Tribunal decision in HSBC Holdings Plc and The Bank of New York Mellon Corporation v The Commissioners for Her Majesty's Revenue & Customs, HMRC has confirmed that 1.5% SDRT is no longer payable when new shares are issued to a clearance service or depositary receipts system.

Where shares are transferred (but not on issue): (a) to, or to a nominee for, a person whose business is or includes the provision of clearance services; or (b) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts, Stamp Duty or SDRT will generally be payable at the higher rate of 1.5% of the amount or value of the consideration payable (rounded up to the next multiple of £5 in the case of Stamp Duty) or, in certain circumstances, the value of the shares. This liability for Stamp Duty or SDRT will strictly be accountable by the depositary receipts system or clearance service operator or their nominee, as the case may be, but will, in practice, generally be reimbursed by participants in the clearance service or depositary receipts system. Transactions within a clearance service, and transfers and agreements to transfer depositary receipts, are not normally subject to SDRT or Stamp Duty. Clearance services may opt, provided certain conditions are satisfied, for the normal rate of Stamp Duty or SDRT (0.5% of the amount or value of consideration given) to apply to transfers of Ordinary Shares into, and to transactions within, the service instead of the higher rate of 1.5% generally applying to a transfer of Ordinary Shares into the clearance service in which case a liability to SDRT would arise (at the rate of 0.5% of the consideration paid) on any subsequent transfer of Shares whilst in the service.

The statements in this section relating to Stamp Duty and SDRT apply to any Shareholders irrespective of their residence, summarise the current position and are intended as a general guide only. Special rules apply to agreements made by, amongst others, intermediaries.

**PART V**  
**FINANCIAL INFORMATION ON THE GROUP**

**Section A**  
**ACCOUNTANT'S REPORT ON THE SPECIAL PURPOSE HISTORICAL FINANCIAL**  
**INFORMATION OF PENNPETRO ENERGY PLC**

PKF Littlejohn LLP

The Directors  
Pennpetro Energy Plc  
88 Whitfield Street, First Floor  
LONDON W1T 4EZ



15 December 2017

Dear Sirs

**Pennpetro Energy Plc (the “Company”)**

**Introduction**

We report on the historic financial information set out in Section V of Part B (the “Financial Information”) relating to Pennpetro Energy Plc (“the Company”). This Financial Information has been prepared for inclusion in the prospectus dated 15 December 2017 (the “Prospectus”) of Pennpetro Energy Plc on the basis of the accounting policies set out in Note 2 of the Financial Information. This report is required by Annex 1 item 20.1 of Commission Regulation (EC) No. 809/2004 and is given for the purpose of complying with that requirement and for no other purpose.

**Responsibility**

The directors of the Company (the “Directors”) are responsible for preparing the Financial Information in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”).

It is our responsibility to form an opinion on the Financial Information and to report our opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2) (f) to any person as and to the extent there provided, and save for any responsibility that we have expressly agreed in writing to assume, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 to Commission regulation (EC) 809/2004, consenting to its inclusion in the Prospectus.

**Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements

made by those responsible for the preparation of the Financial Information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

### **Opinion**

In our opinion, the Financial Information gives, for the purposes of the Prospectus dated 15 December 2017 a true and fair view of the state of affairs of Pennpetro Energy Plc as at 31 December 2016 and of its loss, cash flows and changes in equity for the period then ended in accordance with IFRS as adopted by the European Union.

### **Declaration**

For the purposes of Prospectus Rule 5.5.3R (2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex I item 1.2 of Commission Regulation (EC) 809/2004.

Yours faithfully

**PKF Littlejohn LLP**  
Reporting Accountants

**PART V**  
**Section B**

**HISTORICAL FINANCIAL INFORMATION ON PENNPETRO ENERGY PLC**

**AUDITED STATEMENT OF COMPREHENSIVE INCOME**

The Statement of Comprehensive Income of the Company is stated below:

	<b>Note</b>	<b>Period ended 31 December 2016 \$</b>
Revenue		-
Administrative expenses	4	(43,320)
Depreciation expense	4	(1,218)
<b>Operating result</b>		<u>(44,538)</u>
Interest received	6	10
Interest expense		(92)
<b>Loss before income tax</b>		<u>(44,620)</u>
Income tax	7	-
<b>Loss for the year period</b>		<u><b>(44,620)</b></u>
<b>Total comprehensive loss for the period</b>		<u><b>(44,620)</b></u>
Loss per paid in capital		<u><u>(0.01)</u></u>

## AUDITED STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position of the Company is stated below:

		<b>As at 31 December 2016 \$</b>
<b>ASSETS</b>	<b>Note</b>	
<b>Non-current assets</b>		
Fixed assets	8	3,653
<b>Total non-current assets</b>		<u><b>3,653</b></u>
<b>Current assets</b>		
Cash and cash equivalents		-
Other receivable	9	347,904
<b>Total current assets</b>		<u><b>347,904</b></u>
<b>Total assets</b>		<u><b>351,557</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Other payables	10	9,268
<b>Total liabilities</b>		<u><b>9,268</b></u>
<b>Equity attributable to owners</b>		
Share capital	11	106,270
Share premium	11	276,797
Foreign exchange reserve	10	3,842
Retained earnings	10	(44,620)
<b>Total equity attributable to owners</b>		<u><b>342,289</b></u>
<b>Total equity and liabilities</b>		<u><b>351,557</b></u>

## AUDITED STATEMENT OF CASH FLOWS

The Statement of Cash Flows of the Company is as follows:

		Period ended 31 December 2016 \$
	<b>Note</b>	
<b>Cash flows from operating activities</b>		
Loss before income tax		(44,620)
Add back:		
Interest received	6	(10)
Depreciation	8	1,218
Foreign exchange loss		(8)
Increase in trade and other receivables		(347,905)
Increase in trade and other payables		9,268
<b>Net cash outflow used in operating activities</b>		<u><b>(382,057)</b></u>
<b>Cash flows from investment activities</b>		-
Purchase of tangible assets	8	(4,870)
Interest received	6	10
<b>Net cash outflow from investment activities</b>		<u><b>(4,860)</b></u>
<b>Cash flows from financing activities</b>		
Cash received from issue of shares	11	383,075
Increase in foreign exchange reserve		3,842
<b>Net cash inflow from financing activities</b>		<u><b>386,917</b></u>
<b>Net increase/(decrease) in cash and cash equivalent</b>		<u>-</u>
Cash and cash equivalents at beginning of period		<u>-</u>
<b>Cash and cash equivalents at end of period</b>		<u><u>-</u></u>

# STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Retained earnings	Foreign exchange reserve	Total equity
	\$	\$	\$	\$	\$
<b>At incorporation</b>	-	-	-	-	-
Equity investment in the period	106,270	276,797	-	-	383,067
Total comprehensive income for the period ended 31 December 2016	-	-	(44,620)	-	(44,620)
Increase in translation reserve	-	-	-	3,842	3,842
<b>As at 31 December 2016</b>	<b>106,270</b>	<b>276,797</b>	<b>(44,620)</b>	<b>3,842</b>	<b>342,289</b>

## **NOTES TO THE HISTORICAL FINANCIAL INFORMATION**

### **1 General information**

The Company was incorporated on 6 May 2016 as Pennpetro Energy Plc in England and Wales with Registered Number 10166359 under the Companies Act 2006. The Company has not yet commenced business, no audited financial statements have been prepared and no dividends have been declared or paid since the date of incorporation.

The address of its registered office is 88 Whitfield Street, First Floor, London W1T 4EZ.

This Financial Information of the Company has been prepared for the sole purpose of publication within this Prospectus. It has been prepared in accordance with the requirements of the Prospectus Rule and has been prepared in accordance with International Financial Reporting Standards and IFRS interpretations Committee (IFRS IC) interpretations as adopted by the European Union ("IFRS") and the policies stated elsewhere within the Financial Information. The Financial Information does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

### **2 Accounting policies**

#### **2.1 Basis of preparation**

The Financial Information have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations (IFRS IC) as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial Information have been prepared under the historical cost convention.

The preparation of financial information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts in the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements, are disclosed in note 3.

The Historical Financial Information is presented in US Dollars, which is the Company's presentational currency and has been prepared under the historical cost convention. The functional currency of the Company is Sterling.

#### **Standards and interpretation issued and not yet effective**

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements, were in issue but not yet effective for the period presented:

- IFRS 9 in respect of Financial Instruments which will be effective for the accounting periods beginning on or after 1 January 2018.
- IFRS 15 in respect of Revenue from Contracts with Customers which will be effective for accounting periods beginning on or after 1 January 2018.

The directors do not expects these new standards to materially impact future periods.

#### **2.2 Going concern**

The Historical Financial Information has been prepared on a going concern basis. The directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the Historical Financial Information.

## **2.3 Property, plant and equipment**

All property, plant and equipment assets are stated at cost less accumulated depreciation.

Depreciation of property, plant and equipment is provided to write off the cost, less residual value, on a straight line basis over the estimated useful lives as follows:

- Office equipment - 4 years

Residual values, remaining useful lives and depreciation methods are reviewed annually and adjusted if appropriate.

Gains or losses on disposal are included in profit or loss.

## **2.4 Financial Assets**

Loans and Receivables

### **(a) Classification**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets. The Company's loans and receivables comprise Trade and Other Receivables (note 11).

### **(b) Recognition and measurement**

Loans and receivables are initially recognised at fair value through profit or loss and are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

### **(c) Impairment of Financial Assets**

#### **(a) Assets Carried at Amortised Cost**

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset, or a group of financial assets, is impaired. A financial asset, or a group of financial assets, is impaired, and impairment losses are incurred, only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event"), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset, or group of financial assets, that can be reliably estimated.

Receivables that are known to be uncollectible are written off by reducing the carrying amount directly. The Company considers that there is evidence of impairment if any of the following indicators are present:

Significant financial difficulties of the debtor

Probability that the debtor will enter bankruptcy or financial reorganisation

Default or delinquency in payments

For loans, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced, and the loss is recognised in the income statement.

Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

Trade receivables that are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet identified. For these receivables appropriate allowances for estimated irrecoverable amounts is recognised. The Company considers that there is evidence of impairment if any of the following indicators are

present:

- Significant financial difficulties of the debtor
- Probability that the debtor will enter bankruptcy or financial reorganisation
- Default or delinquency in payments

## **2.5 Trade payables**

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

## **2.6 Equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

## **2.7 Taxation**

Income tax for the period is based on the taxable income for the year. Taxable income differs from profit as reported in the statement of comprehensive income for the period as there are some items which may never be taxable or deductible for tax and other items which may be deductible or taxable in other periods. Income tax for the period is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted, or substantially enacted, by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

## **2.8 Foreign exchange**

Transactions in foreign currencies are translated to the respective functional currencies. Monetary items denominated in foreign currencies are retranslated at the exchange rates applying at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise, except for:

- exchange differences on foreign currency borrowings which are regarded as adjustments to interest costs, where those interest costs qualify for capitalisation to assets under construction;
- exchange differences on loans to or from a foreign operation for which settlement is neither planned nor likely to occur and therefore forms part of the net investment in the foreign operation, which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

The functional currency of the Company is Pounds Sterling whereas the presentational currency for the Financial Statements is US Dollars. The assets and liabilities of the Company are translated to US Dollars using exchange rates at period end. Income and expense items are translated at the average

exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rate on transaction date is used.

Exchange differences are recognised in other comprehensive income and accumulated in a separate category of equity.

## 2.9 Financial Risk Factors

The Company's activities expose it to a variety of financial risks. The Company's Board monitors and manages the financial risks relating to the operations of the Company.

### (a) Market Risk

#### Foreign exchange risk

The Company operates internationally, and is exposed to foreign exchange risk primarily with respect to the US Dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

### (b) Credit Risk

At the period end the Company held no cash or cash equivalents.

### (c) Liquidity risk

The Company's continued future operations depend on its ability to raise sufficient working capital through the issue of share capital and generate revenue.

## 2.10 Capital Risk Management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders. The Company's capital structure primarily consists of equity attributable to the owners, comprising issued capital, reserves and retained losses.

## 3 Critical accounting estimates and judgements

The Company makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual results may differ from these estimates and assumptions. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## 4 Expense by nature

	2016 \$
Depreciation	1,218
Professional fees	18,301
Accountancy fees	20,336
FX loss	8
Administrative expenses	4,674
	<u>(44,537)</u>

## 5 Auditor Remuneration

Services provided by the Company's auditor and its associates

During the period, the Company obtained the following services from the Company's auditor and its associates

	2016 \$
Fees payable to the Company's auditor for the audit of the financial statements	<u>9,268</u> <b>9,268</b>
Non-audit services	12,500
<b>Total</b>	<u><b>21,768</b></u>

## 6 Staff remuneration

There has been no staff or directors remuneration during the period.

## 7 Investment income

	2016 \$
Interest received	<u>10</u> <b>10</b>

## 8 Income tax expense

	2016 \$
Tax charge for the period	<u>-</u> <b>-</b>

Corporation tax is calculated at 20% of the estimated assessable profit for the year.

	2016 \$
Loss before taxation	<u>(44,620)</u>
Expected tax charge at 20%	(8,924)
Unutilised tax losses carried forward	<u>8,924</u> <b>-</b>

No deferred tax has been recognised in the period to 31 December 2016.

## 9 Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

There were no share options or warrants issued at the period end.

Reconciliations are set out below.

Basic EPS	31 December 2016		
	Earnings	Weighted average number of shares	Per-share amount
	\$		\$
Earnings attributable to ordinary shareholders	(44,620)	8,600,000	(0.01)
Effect of dilutive securities	-	-	-

## 10 Property, plant and equipment

	Office equipment	Total
	\$	\$
<b>Cost</b>		
At incorporation	-	-
Additions	4,870	4,870
<b>Cost as at 31 December 2016</b>	<b>4,870</b>	<b>4,870</b>
<b>Depreciation</b>		
Accumulated depreciation b/f	-	-
Depreciation charge for the period	1,218	1,218
<b>Accumulated depreciation at 31 December 2016</b>	<b>1,218</b>	<b>1,218</b>
<b>Carrying amount</b>		
At 31 December 2016	<b>3,653</b>	<b>3,653</b>

## 11 Trade and other receivables

	2016
	\$
<b>Amounts falling due within 1 year:</b>	
Other receivables	347,904
	<b>347,904</b>

Other receivables are held in Pound Sterling and translated to US Dollar at the yearend rate.

## 12 Trade and other payables

	2016 \$
<b>Amounts falling due within 1 year:</b>	
Accruals	9,268
	<u>9,268</u>

Accruals are held in Pound Sterling and translated to US Dollar at the yearend rate.

## 13 Share capital and premium

	2016 £	2016 \$
<b>Ordinary share capital</b>		
8,600,000 Ordinary A shares of £0.01 each	93,913	106,270
	<u>93,913</u>	<u>106,270</u>

	Number of shares	Shares \$	Share premium \$	Total \$
At incorporation	-	-	-	-
Issued of fully paid shares	8,600,000	106,270	276,797	383,067
<b>At 31 December 2016</b>	<u>8,600,000</u>	<u>106,270</u>	<u>276,797</u>	<u>383,067</u>

During the period, the Company issued 8,600,000 ordinary share of £0.01 (\$0.012) nominal value for various considerations.

## 14 Reserves

	Retained Earnings \$	Foreign exchange reserve \$	Total \$
At incorporation	-	-	-
Additions	(44,620)	3,842	(40,778)
<b>As at 31 December 2016</b>	<u>(44,620)</u>	<u>3,842</u>	<u>(40,778)</u>

The Company's functional and presentational currency are not the same. As a result a foreign exchange reserve is created to manage any differences occurring on translation at the period end.

## 15 Related Party transactions

The Company was not party to any related party transactions during the period.

## 16 Controlling party

The Directors do not believe there to be one ultimate controlling party as a result of no one shareholder owning a majority interest. .

## 17 Events after the report date

Since the report date the Company has issued 62,300,000 fully paid shares. The following summarises the changes that have occurred in the share capital of the Company from 31st

December 2016 to 14 December 2017 (being the latest practicable date prior to publication of this prospectus):

- On the 19th August 2016 the issued share capital of the Company was £86,000 divided into 8,600,000 shares.
- On the 30th May 2017 the Company issued 10,000,000 shares to Griffin Capital Trust Limited, or as directed by it under the Griffin Capital Trust Limited block. The allotment was made as consideration for Griffin acting on behalf of the Company in a non-exclusive corporate financial and advisory capacity further details of which can be found at paragraph 9.4 of Part VII.
- On the 31st May 2017 the Company issued 5,000,000 shares to FHF Securities (A'Asia) Limited. This allotment was made pursuant to an agreement, a material contract summarised in paragraph 9.3 of Part VII, which provides that FHF are to advise, assist and generally act for the Company in relation to the proposed listing on the London Stock Exchange.
- On the 30th May 2017 the Company issued 3,400,000 shares to Nobel Petroleum Ireland Limited. This allotment was in part consideration for the acquisition of the entire issued share capital in Nobel Petroleum UK Limited by the Company pursuant to the share purchase agreement dated 17th May 2017 further outlined at paragraph 9.5 of Part VII.
- On the 30th May 2017 the Company issued 41,600,000 shares to various companies and individuals to satisfy invoices related to the provisions of historical advisory, broker, financing and arrangement of financing services provided by them to the Company, and pursuant to subscription agreements with the Company, as described in more detail at paragraph 9.7 of Part VII.
- Between the 26th May 2017 and 12th June 2017 the Company issued 2,300,000 shares at different prices per share to various individuals, for cash. These allotments were to raise further working capital for the Company to assist with the listing on the London Stock Exchange.

## **18 Auditors**

No audited financial statements have been prepared and laid before members.

**PART V**  
**Section C**

**FINANCIAL INFORMATION ON THE COMPANY**

**ACCOUNTANT'S REPORT ON THE SPECIAL PURPOSE HISTORICAL FINANCIAL INFORMATION  
OF NOBEL PETROLEUM UK LIMITED**

PKF Littlejohn LLP

The Directors  
Pennpetro Energy Plc  
88 Whitfield Street, First Floor  
LONDON W1T 4EZ



15 December 2017

Dear Sirs

**Nobel Petroleum UK Limited (the "Company")**

**Introduction**

We report on the historic financial information set out in Section V of Part D (the "Financial Information") relating to Nobel Petroleum UK Limited ("the Company"). This Financial Information has been prepared for inclusion in the prospectus dated 15 December 2017 (the "Prospectus") of Pennpetro Energy Plc on the basis of the accounting policies set out in Note 2 of the Financial Information. This report is required by Annex 1 item 20.1 of Commission Regulation (EC) No. 809/2004 and is given for the purpose of complying with that requirement and for no other purpose.

**Responsibility**

The directors of the Company (the "Directors") are responsible for preparing the Financial Information in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). It is our responsibility to form an opinion on the Financial Information and to report our opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2) (f) to any person as and to the extent there provided, and save for any responsibility that we have expressly agreed in writing to assume, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 to Commission regulation (EC) 809/2004, consenting to its inclusion in the Prospectus.

**Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the Financial Information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Information is free from material misstatement whether caused by fraud or other irregularity or error. Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

**Opinion**

In our opinion, the Financial Information gives, for the purposes of the Prospectus dated 15 December 2017 a true and fair view of the state of affairs of Nobel Petroleum UK Limited as at 31 December 2016 and

of its loss, cash flows and changes in equity for the period then ended in accordance with IFRS as adopted by the European Union.

#### **Declaration**

For the purposes of Prospectus Rule 5.5.3R (2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex I item 1.2 of Commission Regulation (EC) 809/2004.

Yours faithfully

**PKF Littlejohn LLP**  
Reporting Accountants

## PART V

### Section D

#### HISTORICAL FINANCIAL INFORMATION ON NOBEL PETROLEUM UK LIMITED

##### STATEMENT OF COMPREHENSIVE INCOME

The Statement of Comprehensive Income of the Company is stated below:

	Note	Period ended 31 December 2016 \$
Revenue		-
Administrative expenses	4	-
<b>Loss before income tax</b>		<u>-</u>
Income tax	7	-
<b>Loss for the year period</b>		<u>-</u>
<b>Total comprehensive loss for the period</b>		<u>-</u>

##### STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position of the Company is stated below:

	Note	As at 31 December 2016 \$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents		123
Other receivable	9	1,235,000
<b>Total current assets</b>		<u>1,235,123</u>
<b>Total assets</b>		<u><b>1,235,123</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Amounts owed to group undertakings	10	1,235,000
<b>Total liabilities</b>		<u><b>1,235,000</b></u>
<b>Equity attributable to owners</b>		
Share capital	7	123
Share premium	7	-
<b>Total equity attributable to owners</b>		<u><b>123</b></u>
<b>Total equity and liabilities</b>		<u><b>1,235,123</b></u>

## STATEMENT OF CASH FLOWS

The Statement of Cash Flows of the Company is as follows:

	31 December 2016 \$
Note	
Cash flows from operating activities	-
Cash flows from investment activities	-
Cash flows from financing activities	-
Proceeds from the issue of equity	123
<b>Net increase/(decrease) in cash and cash equivalent</b>	<b>123</b>
Cash and cash equivalents at beginning of period	-
<b>Cash and cash equivalents at end of period</b>	<b>123</b>

### Material non-cash transactions:

In November and December 2016 Nobel Petroleum Ireland Limited advanced \$1,235,000 to Nobel Petroleum LLC on behalf of the Company.

## STATEMENT OF CHANGES IN EQUITY

	Share capital \$	Share premium \$	Retained earnings \$	Total equity \$
<b>At incorporation</b>	-	-	-	-
Total transactions with owners, recognised directly in equity				
Equity investment in the period	123	-	-	123
<b>As at 31 December 2016</b>	<b>123</b>	<b>-</b>	<b>-</b>	<b>123</b>

## NOTES TO THE HISTORICAL FINANCIAL INFORMATION

### 1. General information

The Company was incorporated on 7 July 2016 as Nobel Petroleum UK Limited in England and Wales with Registered Number 10268085 under the Companies Act 2006. The Company has not yet commenced business, no audited financial statements have been prepared and no dividends have been declared or paid since the date of incorporation.

The address of its registered office is Suite 417 28 Brompton Road, London SW7 3SS.

This Financial Information of the Company has been prepared for the sole purpose of publication within this Prospectus. It has been prepared in accordance with the requirements of the Prospectus Rule and

has been prepared in accordance with International Financial Reporting Standards and IFRS interpretations Committee (IFRS IC) interpretations as adopted by the European Union ("IFRS") and the policies stated elsewhere within the Financial Information. The Financial Information does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

## **2. Accounting policies**

### **1. Basis of preparation**

The Financial Information have been prepared in accordance with IFRS as adopted by the European Union.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts in the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements, are disclosed in note 3.

The financial information is presented in US Dollars, which is the Company's presentational currency and has been prepared under the historical cost convention. The functional currency of the Company is Sterling.

### **Standards and interpretation issued and not yet effective**

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements, were in issue but not yet effective for the period presented:

1. IFRS 9 in respect of Financial Instruments which will be effective for the accounting periods beginning on or after 1 January 2018.
2. IFRS 15 in respect of Revenue from Contracts with Customers which will be effective for accounting periods beginning on or after 1 January 2018.

The directors do not expect these new standards to materially impact future periods.

### **1. Going concern**

The financial Information has been prepared on a going concern basis. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the Historical Financial Information.

### **2. Financial instruments**

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial instruments are recognised initially at fair value plus transactions costs that are directly attributable to the acquisition or issue of the financial instrument, except for financial assets at fair value through profit or loss, which are initially measured at fair value, excluding transaction costs (which is recognised in profit or loss).

Equity instruments for which fair value is not determinable, are measured at cost and are classified as available-for-sale financial assets.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risk and rewards of ownership.

### **Available-for-sale financial assets**

Available-for-sale financial assets comprise equity investments. Subsequent to initial recognition, available-for-sale financial assets are stated at fair value. Movements in fair values are taken directly to equity, with the exception of impairment losses and foreign exchange gains or losses which are recognised in profit or loss. Fair values are based on prices quoted in an active market if such a market is available. If an active market is not available, the Company establishes the fair value of financial instruments by using a valuation technique, usually discounted cash flow analysis. When an investment is disposed of, any cumulative gains and losses previously recognised in equity are recognised in profit or loss. Dividends are recognised in profit or loss when the right to receive payments is established.

### **Trade receivables**

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method where material, less provision for impairment.

Trade receivables that are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet identified. For these receivables, appropriate allowances for estimated irrecoverable amounts is recognised. The Company considers that there is evidence of impairment if any of the following indicators are present:

1. Significant financial difficulties of the debtor
2. Probability that the debtor will enter bankruptcy or financial reorganisation
3. Default or delinquency in payments

### **Cash and cash equivalents**

Cash equivalents comprise short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of three months or less is normally classified as being short-term. Bank overdrafts are shown within borrowing in current liabilities.

### **Trade payables**

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method where material.

### **Impairment of financial assets**

All financial assets measured at amortised cost are assessed for indicators of impairment at each reporting date. These impairment losses are recognised in profit or loss, unless the financial asset is measured at fair value and the fair value adjustments are recognised in other comprehensive income, in which case the impairment is recognised in other comprehensive income to the extent that fair value adjustments exist. Any excess is recognised in profit or loss.

#### **1. Equity**

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### **2. Taxation**

Income tax for the period is based on the taxable income for the year. Taxable income differs from profit as reported in the statement of comprehensive income for the period as there are some items which may never be taxable or deductible for tax and other items which may be deductible or taxable in other

periods. Income tax for the period is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### 3. Foreign exchange

Transactions in foreign currencies are translated to the respective functional currencies. Monetary items denominated in foreign currencies are retranslated at the exchange rates applying at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise, except for:

- exchange differences on foreign currency borrowings which are regarded as adjustments to interest costs, where those interest costs qualify for capitalisation to assets under construction;
- exchange differences on transactions entered into to hedge foreign currency risks (assuming all hedge accounting tests are met); and
- exchange differences on loans to or from a foreign operation for which settlement is neither planned nor likely to occur and therefore forms part of the net investment in the foreign operation, which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

The functional currency of the Company is Pounds Sterling whereas the presentational currency for the Financial Information is US Dollars. The assets and liabilities of the Company are translated to US Dollars using exchange rates at period end. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rate on transaction date is used.

Exchange differences are recognised in other comprehensive income and accumulated in a separate category of equity.

### 4. Critical accounting estimates and judgements

The Company makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual results may differ from these estimates and assumptions. The Company makes an estimate of the recoverable value of other debtors. When assessing impairment of other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. The directors considered no impairment was necessary.

### 5. Trade and other receivables

2016  
\$

#### Amounts falling due within 1 year:

Other receivables	1,235,000
	<u>1,235,000</u>

Other receivables is a short term interest free loan made to Nobel Petroleum LLC in US\$ repayable on demand.

### 6. Trade and other payables

2016  
\$

Amounts falling due within 1 year:

Amounts owed to group undertakings	1,235,000
	<b><u>1,235,000</u></b>

See note 8 for details of amounts due to group undertakings

## 7. Share capital and premium

				<b>2016</b>
				<b>\$</b>
<b>Ordinary share capital</b>				
100 Ordinary shares of £1 each				123
				<b><u>123</u></b>
	<b>Number of</b>		<b>Share</b>	<b>Total</b>
	<b>shares</b>	<b>Shares</b>	<b>premium</b>	
		<b>\$</b>	<b>\$</b>	<b>\$</b>
At incorporation	<u>100</u>	<u>123</u>	<u>-</u>	<u>123</u>
At 31 December 2016	<u><u>100</u></u>	<u><u>123</u></u>	<u><u>-</u></u>	<u><u>123</u></u>

On incorporation, the Company issued 100 ordinary share of £1 nominal value for £100 (US\$123).

## 8. Related Party transactions

Nobel Petroleum Ireland Limited provided an interest free loan of US\$ 1,235,000 repayable on demand.

## 9. Financial instruments

The carrying amount of the Company's financial current assets and liabilities as at 31 December 2016 are as follows:

Financial assets

	<b>2016</b>
	<b>\$</b>
Other receivable	1,235,000
Cash and bank balances	<u>123</u>
	<b><u>1,235,123</u></b>

Financial liabilities at amortised cost

Amounts owed to group undertakings	1,235,000
	<b><u>1,235,000</u></b>

## 10. Controlling party

The Directors consider Nobel Petroleum Ireland Limited as the ultimate controlling party as a result of share ownership.

## 11. Events after the report date

On 1<sup>st</sup> March 2017 the loan due from Nobel Petroleum LLC was assigned to Nobel Petroleum Ireland Limited in full satisfaction for the loan advanced to the Company and then on the same date assigned to Petroquest Energy Limited.

## **12. Auditors**

No audited financial statements have been prepared and laid before members.

## PART V

### Section E

#### ACCOUNTANT'S REPORT ON THE SPECIAL PURPOSE HISTORICAL FINANCIAL INFORMATION OF NOBEL PETROLEUM LLC

PKF Littlejohn LLP

The Directors  
Pennpetro Energy Plc  
88 Whitfield Street, First Floor,  
LONDON W1T 4EZ



15 December

2017

Dear Sirs

**Nobel Petroleum LLC (the "Company")**

#### Introduction

We report on the historic financial information set out in Section V of Part F (the "Financial Information") relating to Nobel Petroleum LLC ("the Company"). This Financial Information has been prepared for inclusion in the prospectus dated 15 December 2017 (the "Prospectus") of Pennpetro Energy Plc on the basis of the accounting policies set out in Note 2 of the Financial Information. This report is required by Annex 1 item 20.1 of Commission Regulation (EC) No. 809/2004 and is given for the purpose of complying with that requirement and for no other purpose.

#### Responsibility

The directors of the Company (the "Directors") are responsible for preparing the Financial Information in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

It is our responsibility to form an opinion on the Financial Information and to report our opinion to you. Save for any responsibility arising under Prospectus Rule 5.5.3R (2) (f) to any person as and to the extent there provided, and save for any responsibility that we have expressly agreed in writing to assume, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 to Commission regulation (EC) 809/2004, consenting to its inclusion in the Prospectus.

#### Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the Financial Information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

### **Opinion**

In our opinion, the Financial Information gives, for the purposes of the Prospectus dated 15 December 2017 a true and fair view of the state of affairs of Nobel Petroleum LLC as at 31 December 2016 and of its loss, cash flows and changes in equity for the period then ended in accordance with IFRS as adopted by the European Union.

### **Declaration**

For the purposes of Prospectus Rule 5.5.3R (2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex I item 1.2 of Commission Regulation (EC) 809/2004.

Yours faithfully

**PKF Littlejohn LLP**  
Reporting Accountants

**PART V**  
**Section F**

**HISTORICAL FINANCIAL INFORMATION ON NOBEL PETROLEUM LLC**

**STATEMENT OF COMPREHENSIVE INCOME**

The Statement of Comprehensive Income of the Company is stated below:

	Note	Period ended 31 December 2016 \$
Revenue		-
Administrative expenses	4	(17,823)
<b>Loss before income tax</b>		<u>(17,823)</u>
Income tax		-
<b>Loss for the year period</b>		<u>(17,823)</u>
<b>Total comprehensive loss for the period</b>		<u>(17,823)</u>

**STATEMENT OF FINANCIAL POSITION**

The Statement of Financial Position of the Company is stated below:

	Note	As at 31 December 2016 \$
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property plant and equipment	6	1,160,158
<b>Total non-current assets</b>		<u>1,160,158</u>
<b>Current assets</b>		
Cash and cash equivalents		71,134
Other receivable	7	28,112
Amounts due from related parties	7	1,100
<b>Total current assets</b>		<u>100,346</u>
<b>Total assets</b>		<u><b>1,260,504</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	8	42,227
Amounts owed to group undertakings	8	1,235,000
<b>Total liabilities</b>		<u><b>1,277,227</b></u>
<b>Equity attributable to owners</b>		
Capital	9	1,000
Retained earnings	10	(17,723)
<b>Total equity attributable to owners</b>		<u><b>(16,723)</b></u>

**Total equity and liabilities**

**1,260,504**

## **STATEMENT OF CASH FLOWS**

The Statement of Cash Flows of the Company is as follows:

	<b>Note</b>	<b>31 December 2016 \$</b>
<b>Cash flows from operating activities</b>		-
Net loss		(17,823)
Increase in trade and other receivables	7	(27,112)
Increase in trade and other payables	8	42,227
<b>Net cash absorbed from operating activities</b>		<b><u>(3,708)</u></b>
<b>Cash flows from investment activities</b>		
Purchase of PPE	6	(1,160,158)
<b>Net cash absorbed from investing activities</b>		<b><u>(1,160,158)</u></b>
<b>Cash flows from financing activities</b>		-
Increase in amounts due from related parties	8	1,235,000
<b>Net cash generated from financing activities</b>		<b><u>1,235,000</u></b>
<b>Net increase/(decrease) in cash and cash equivalent</b>		<b><u>71,134</u></b>
Cash and cash equivalents at beginning of period		-
<b>Cash and cash equivalents at end of period</b>		<b><u>71,134</u></b>

## **STATEMENT OF CHANGES IN EQUITY**

	<b>Capital \$</b>	<b>Retained earnings \$</b>	<b>Total equity \$</b>
<b>At incorporation</b>	-	-	-
Issue of shares	1,000	-	1,000
Capital contribution	-	100	100
Loss for the period	-	(17,823)	(17,823)
<b>As at 31 December 2016</b>	<b>1,000</b>	<b>(17,723)</b>	<b>(16,723)</b>

## **NOTES TO THE HISTORICAL FINANCIAL INFORMATION**

### **1 General information**

The Company was incorporated on 6 July 2016 as Nobel Petroleum LLC in the State of Louisiana, United States of America, with Registered Charter Number 42441284K under the Act.

The address of its registered office is 3867 Plaza Tower Drive, Baton Rouge, Louisiana 70816-4378.

This Financial Information of the Company has been prepared for the sole purpose of publication within this Prospectus. It has been prepared in accordance with the requirements of the Prospectus Rule and has been prepared in accordance with International Financial Reporting Standards and IFRS interpretations Committee (IFRS IC) interpretations as adopted by the European Union ("IFRS") and the policies stated elsewhere within the Financial Information. The Financial Information does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

### **2 Accounting policies**

#### **2.1 Basis of preparation**

The Financial Information have been prepared in accordance with IFRS as adopted by the European Union.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts in the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements, are disclosed in note 3.

The financial information is presented in US Dollars, which is the Company's presentational currency and has been prepared under the historical cost convention. This is also the functional currency of the Company.

#### **Standards and interpretation issued and not yet effective**

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements, were in issue but not yet effective for the period presented:

- IFRS 9 in respect of Financial Instruments which will be effective for the accounting periods beginning on or after 1 January 2018.
- IFRS 15 in respect of Revenue from Contracts with Customers which will be effective for accounting periods beginning on or after 1 January 2018.

The directors do not expect these new standards to materially impact future periods.

#### **2.2 Going concern**

The financial Information has been prepared on a going concern basis. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the Historical Financial Information.

#### **2.3 Property, plant and equipment**

Following evaluation of successful exploration wells, if commercial reserves are established and the technical feasibility of extraction demonstrated, and once a project is sanctioned for commercial development, then the related capitalised exploration costs are transferred into a single field cost centre within 'producing properties' within property, plant and equipment after testing for impairment. Where results of exploration drilling indicate the presence of hydrocarbons which are ultimately not considered commercially viable, all related costs are written off to the Statement of Comprehensive Income.

The net book values of 'producing properties' are depreciated on a unit of production basis at a rate calculated by reference to proven and probable reserves and incorporating the estimated future cost of developing and extracting those reserves.

All costs incurred after the technical feasibility and commercial viability of producing hydrocarbons has been demonstrated are capitalised within 'drilling costs and equipment' on a well by well basis. Subsequent expenditure is capitalised only where it either enhances the economic benefits of the development/producing asset or replaces part of the existing development/producing asset. Any costs remaining associated with the part replaced are expensed.

Net proceeds from any disposal of an exploration asset are initially credited against the previously capitalised costs. Any surplus proceeds are credited to the Statement of Comprehensive Income.

All property, plant and equipment other than oil and gas assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation of property, plant and equipment is provided to write off the cost, less residual value, on a straight-line basis over the estimated useful lives as follows once brought into commercial use:

- Oil and gas properties – 10 years
- Office equipment – 4 years

Oil and gas producing properties held in property, plant and equipment are mainly depreciated on a unit of production basis at a rate calculated by reference to proven and probable reserves and incorporating the estimated future cost of developing and extracting those reserves.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year-end.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the Income Statement.

## **2.4 Financial instruments**

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial instruments are recognised initially at fair value plus transactions costs that are directly attributable to the acquisition or issue of the financial instrument, except for financial assets at fair value through profit or loss, which are initially measured at fair value, excluding transaction costs (which is recognised in profit or loss).

Equity instruments for which fair value is not determinable, are measured at cost and are classified as available-for-sale financial assets.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risk and rewards of ownership.

**Available-for-sale financial assets**

Available-for-sale financial assets comprise equity investments. Subsequent to initial recognition, available-for-sale financial assets are stated at fair value. Movements in fair values are taken directly to equity, with the exception of impairment losses and foreign exchange gains or losses which are recognised in profit or loss. Fair values are based on prices quoted in an active market if such a market is available. If an active market is not available, the Company establishes the fair value of financial instruments by using a valuation technique, usually discounted cash flow analysis. When an investment is disposed of, any cumulative gains and losses previously recognised in equity are recognised in profit or loss. Dividends are recognised in profit or loss when the right to receive payments is established.

## **Trade receivables**

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method where material, less provision for impairment.

Trade receivables that are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet identified. For these receivables, appropriate allowances for estimated irrecoverable amounts is recognised. The Company considers that there is evidence of impairment if any of the following indicators are present:

- Significant financial difficulties of the debtor
- Probability that the debtor will enter bankruptcy or financial reorganisation
- Default or delinquency in payments

## **Cash and cash equivalents**

Cash equivalents comprise short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of three months or less is normally classified as being short-term. Bank overdrafts are shown within borrowing in current liabilities.

## **Trade payables**

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method where material.

## **Impairment of financial assets**

All financial assets measured at amortised cost are assessed for indicators of impairment at each reporting date. These impairment losses are recognised in profit or loss, unless the financial asset is measured at fair value and the fair value adjustments are recognised in other comprehensive income, in which case the impairment is recognised in other comprehensive income to the extent that fair value adjustments exist. Any excess is recognised in profit or loss.

### **2.5 Equity**

Ordinary shares issued are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### **2.6 Taxation**

Income tax for the period is based on the taxable income for the year. Taxable income differs from profit as reported in the statement of comprehensive income for the period as there are some items which may never be taxable or deductible for tax and other items which may be deductible or taxable in other periods. Income tax for the period is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### **2.7 Foreign exchange**

Transactions in foreign currencies are translated to the respective functional currencies. Monetary items denominated in foreign currencies are retranslated at the exchange rates applying at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise, except for:

- exchange differences on foreign currency borrowings which are regarded as adjustments to interest costs, where those interest costs qualify for capitalisation to assets under construction;
- exchange differences on transactions entered into to hedge foreign currency risks (assuming all hedge accounting tests are met); and
- exchange differences on loans to or from a foreign operation for which settlement is neither planned nor likely to occur and therefore forms part of the net investment in the foreign operation, which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

Exchange differences are recognised in other comprehensive income and accumulated in a separate category of equity.

### 3 Critical accounting estimates and judgements

The Company makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual results may differ from these estimates and assumptions. The Company makes an estimate of the recoverable value of other debtors. When assessing impairment of other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. The directors considered no impairment was necessary.

#### ***Estimated impairment of producing properties and capitalised drilling costs & equipment***

At 31 December 2016, mineral leases and capitalised drilling costs & equipment on producing properties have a total carrying value of \$1,157,849 (Note 6). Management tests annually whether the assets have future economic value in accordance with the accounting policies. These assets are also subject to an annual impairment review by an independent consultant.

The recoverable amount of each property has been determined based on a value in use calculation which requires the use of certain estimates and assumptions such as long-term commodity prices (i.e. oil and gas prices), discount rates, operating costs, future capital requirements and mineral resource estimates. These estimates and assumptions are subject to risk and uncertainty and therefore a possibility that changes in circumstances will impact the recoverable amount.

#### ***Decommissioning***

Where the Group has decommissioning obligations in respect of its assets, the full extent to which the provision is required depends on the legal requirements at the time of decommissioning, the costs and timing of any decommissioning works and the discount rate applied to such costs.

### 4 Expense by nature

	2016 \$
Legal and professional fees	12,700
	107

Office rent	4,425
Utilities	474
Bank charges	224
	<u>(17,823)</u>

## 5 Staff remuneration

There has been no staff or director's remuneration during the period.

## 6 Fixed assets

	Oil and gas property	Office equipment \$	Total \$
<b>Cost</b>			
At incorporation		-	-
Additions	1,157,849	2,309	1,160,158
<b>Cost as at 31 December 2016</b>	<b>1,157,849</b>	<b>2,309</b>	<b>1,160,158</b>
<b>Depreciation</b>			
Accumulated depreciation b/f	-	-	-
Depreciation charge for the period	-	-	-
<b>Accumulated depreciation at 31 December 2016</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Carrying amount</b>			
At 31 December 2016	<b>1,157,849</b>	<b>2,309</b>	<b>1,160,158</b>

## 7 Trade and other receivables

	2016 \$
<b>Amounts falling due within 1 year:</b>	
Other receivables	28,112
Unpaid share capital	1,100
	<u>29,212</u>

Unpaid share capital of \$1,100 is in relation to capital contribution of \$100 and initial share capital of \$1,000 remaining unpaid to date.

## 8 Trade and other payables

	2016 \$
<b>Amounts falling due within 1 year:</b>	
Trade and other payables	42,227
Amounts owed to group undertakings	1,235,000
	<u>1,277,227</u>

See note 13 for details of amounts due to group undertakings

## 9 Capital

	2016 \$
<b>Ordinary Capital</b>	
1000 Ordinary shares of \$1 each	1,000

				<u>1,000</u>
	<b>Number of shares</b>	<b>Shares</b>	<b>Share premium</b>	<b>Total</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>
At incorporation	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
At 31 December 2016	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>

On incorporation, the Company issued 1,000 ordinary shares of \$1 nominal value for \$1,000.

#### 10 Retained earnings

	<b>Total</b>
	<b>\$</b>
At incorporation	-
Members contribution	100
Loss for the period	(17,823)
At 31 December 2016	<u>(17,723)</u>

#### 11 Financial instruments

The carrying amount of the Company's financial current assets and liabilities as at 31 December 2016 are as follows:

##### Financial assets

	<b>2016</b>
	<b>\$</b>
Other receivables	29,212
Cash and bank balances	<u>71,134</u>
	<b><u>100,346</u></b>

##### Financial liabilities at amortised cost

Amounts owed to group undertakings	<u>1,235,000</u>
	<b><u>1,235,000</u></b>

#### 12 Controlling party

The Directors consider Nobel Petroleum UK Limited as the ultimate controlling party as a result of share ownership.

#### 13 Related Party transactions

Nobel Petroleum UK Limited provided an interest free loan of \$ 1,235,000 repayable on demand.

#### 14 Auditors

No audited financial statements have been prepared and laid before members.

## PART V

### Section G

#### UNAUDITED PROFORMA CONSOLIDATED NET ASSET STATEMENT FOR ENLARGED GROUP

Set out below is an unaudited pro forma statement of net assets of Pennpetro Energy Plc ("the Company"), Nobel Petroleum UK Limited and Nobel Petroleum LLC (together "the Enlarged Group") as at 31 December 2016. The unaudited pro forma statement of net assets of the Enlarged Group for the period ending 31 December 2016 has been prepared on the basis set out in the notes below and in accordance with the requirements of item 20.2 of Annex I and items 1 to 6 of Annex II of the Prospectus Rules to illustrate the impact of the Acquisition as if it had taken place on 31 December 2016.

The unaudited pro forma statement of net assets has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and does not, therefore, represent the Enlarged Group's actual financial position or results. The statement of net assets may not, therefore, give a true picture of the Enlarged Group's financial position or results nor is it indicative of the results that may or may not be expected to be achieved in the future. The unaudited pro forma statement of net assets is based on the unaudited net assets of the Enlarged Group's as at 31 December 2016 as shown in Part V Section B, D and F (*Historical Financial Information*). No adjustments have been made to take account of trading, expenditure or other movements subsequent to 31 December 2016, being the date of the last published balance sheet of the Company.

The unaudited pro forma information does not constitute financial statements within the meaning of section 434 of the Companies Act. Investors should read the whole of this Prospectus and not rely solely on the summarised financial information contained in this Part.

**Unaudited pro forma statement of net assets at 31 December 2016**

	Pennpetro Energy Plc	Nobel Petroleum UK Limited	Nobel Petroleum LLC		
	Net assets as at 31 December 2016	Net assets as at 31 December 2016	Net assets as at 31 December 2016		Unaudited pro forma adjusted aggregated net assets of the Enlarged Group on admission
	(Note 1)	(Note 2)	(Note 3)	(note 4)	
	\$	\$	\$	\$	\$
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	3,653	-	1,160,158	-	1,163,811
	3,653	-	1,160,158	-	1,163,811
<b>Current assets</b>					
Trade and other receivables	347,904	1,235,000	29,212	(1,235,000)	377,116
Cash and cash equivalents	-	123	71,134		71,257
Current assets	347,904	1,235,123	100,346	(1,235,000)	448,373
<b>Total assets</b>	351,557	1,235,123	1,260,504	(1,235,000)	1,612,184
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	9,268	-	42,227		51,495
Current borrowings	-	1,235,000	1,235,000	(1,235,000)	1,235,000
<b>Current liabilities</b>	9,268	1,235,000	1,277,227	(1,235,000)	1,286,495
<b>Total liabilities</b>	9,268	1,235,000	1,277,227	(1,235,000)	1,286,495
<b>Total assets less total liabilities</b>	342,289	123	(16,723)	-	325,689

**Notes**

The pro forma statement of net assets has been prepared on the following basis:

1. The audited net assets of the Company as at 31 December 2016 have been extracted without adjustment from the Historic Financial Information to which is set out in Part V Section B of this document.
2. The net assets of Nobel Petroleum UK Limited as at 31 December 2016 have been extracted without adjustment from the unaudited interim Financial Statements included in Part V Section D of this document.
3. The net assets of Nobel Petroleum LLC as at 31 December 2016 have been extracted without adjustment from the unaudited interim Financial Statements included in Part V Section F of this document.
4. An adjustment has been made to eliminate the intercompany balance between Nobel Petroleum UK Limited and Nobel Petroleum LLC as at 31 December 2016.
5. No adjustments have been made to reflect the trading or other transactions, other than described above of:
  - iv. the Company since 31 December 2016;
  - v. Nobel Petroleum UK Limited since 31 December 2016;
  - vi. Nobel Petroleum LLC since 31 December 2016.
6. As at 14 December 2017 (the latest practical date prior to the publication of this prospectus) the exchange rate between the US\$ and £ was 1.34 US\$ to £1.
7. The pro forma statement of net assets does not constitute financial statements.

## Unaudited pro forma income statement for the period ended 31 December 2016

Set out below is an unaudited pro forma income statement of Pennpetro Energy Plc (“the Company”), Nobel Petroleum UK Limited and Nobel Petroleum LLC (together “the Enlarged Group”) for the period to 31 December 2016. The unaudited pro forma income statement of the Enlarged Group for the period ending 31 December 2016 has been prepared on the basis set out in the notes below and in accordance with the requirements of item 20.2 of Annex I and items 1 to 6 of Annex II of the Prospectus Rules to illustrate the impact of the Acquisition as if it had taken place on 31 December 2016.

The unaudited pro forma income statement has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and does not, therefore, represent the Enlarged Group’s actual financial position or results. Such information may not, therefore, give a true picture of the Enlarged Group’s financial position or results nor is it indicative of the results that may or may not be expected to be achieved in the future. The unaudited pro forma income statement is based on the unaudited expenses of the Enlarged Group’s as at 31 December 2016 as shown in Part V Section B, D and F (Historical Financial Information). No adjustments have been made to take account of trading, expenditure or other movements subsequent to 31 December 2016, being the date of the last published income statement of the Company.

The unaudited pro forma income statement does not constitute financial statements within the meaning of section 434 of the Companies Act. Investors should read the whole of this Prospectus and not rely solely on the summarised pro forma income statement contained in this Part.

	<b>The Company</b>	<b>Nobel Petroleum UK Limited</b>	<b>Nobel Petroleum LLC</b>	<b>Unaudited pro forma adjusted aggregated income statement of the Enlarged Group on Admission</b>
	<b>Income statement as at 31 December 2016 (Note 1)</b>	<b>Income statement as at 31 December 2016 (Note 2)</b>	<b>Income statement as at 31 December 2016 (Note 3)</b>	
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue	-	-	-	-
Administration expenses	(44,537)	-	(17,823)	(62,360)
<b>Operating loss</b>	<b>(44,537)</b>	<b>-</b>	<b>(17,823)</b>	<b>(62,360)</b>
Interest expense	(93)	-	-	(93)
Other income	10	-	-	10
<b>Loss before tax</b>	<b>(44,620)</b>	<b>-</b>	<b>(17,823)</b>	<b>(62,443)</b>
Tax	-	-	-	-
<b>Loss from continuing operations</b>	<b>(44,620)</b>	<b>-</b>	<b>(17,823)</b>	<b>(62,443)</b>
<b>Other comprehensive income</b>				
Items that may be subsequently reclassified to profit or loss	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>(44,620)</b>	<b>-</b>	<b>(17,823)</b>	<b>(62,443)</b>

## Notes

The pro forma income statement has been prepared on the following basis:

1. The audited income statement of the Company as at 31 December 2016 has been extracted without adjustment from the Historic Financial Information to which is set out in Part V Section B of this document.
2. The unaudited income statement of Nobel Petroleum UK Limited as at 31 December 2016 has been extracted without adjustment from the Historic Financial Information to which is set out in Part V Section D of this document.
3. The unaudited income statement of Nobel Petroleum LLC as at 31 December 2016 has been extracted without adjustment from the unaudited interim Financial Statements included in Part V Section F of this document.
4. No adjustments have been made to reflect the trading or other transactions of the Enlarged Group since 31 December 2016.

## **PART V**

### **Section H**

#### **REPORT ON THE UNAUDITED PRO FORMA STATEMENTS**

PKF Littlejohn LLP



The Directors  
Pennpetro Energy Plc  
88 Whitfield Street, First Floor,  
LONDON W1T 4EZ

15 December

2017  
Dear Sirs

#### **Introduction**

We report on the unaudited pro forma information at 31 December 2016 ('the Pro Forma Financial Information') set out in Part V (G) of the Company's Prospectus dated 15 December 2017, which has been prepared on the basis described in Part V (G) of this document, for illustrative purposes only, to provide information about how the Acquisition might have affected the net assets and income statement presented on the basis of the accounting policies adopted by the Company in preparing the audited financial information for the period ended 31 December 2016. This report is required by Annex I, item 20.2 of Commission Regulation (EC) No 809/2004 and is given for the purpose of complying with that requirement and for no other purpose.

#### **Responsibilities**

It is the responsibility of the Directors of the Company to prepare the Pro Forma Financial Information in accordance with Annex I, item 20.2 of Commission Regulation (EC) No 809/2004.

It is our responsibility to form an opinion, in accordance with Annex I, item 20.2 of Commission Regulation (EC) No 809/2004, as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you in accordance with Annex II, item 7 of Commission Regulation (EC) No 809/2004.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to Shareholders of the Company as a result of the inclusion of this report in the Prospectus, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statements, required by and given solely for the purposes of complying with Prospectus Rule 5.5.3R (2)(f), consenting to its inclusion in the Prospectus.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

**Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we have performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

**Opinion**

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

**Declaration**

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex I, item 1.2 of Commission Regulation (EC) No 809/2004.

Yours faithfully

**PKF Littlejohn LLP**  
Reporting Accountants

**PART V**  
**Section I**

**UNAUDITED INTERIM FINANCIAL INFORMATION ON PENNPETRO ENERGY PLC**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2017**

The Directors have prepared the Interim Financial Statements on the activities of Pennpetro Energy PLC for the six months ended 30 June 2017 on the basis set out in note 1 to the Interim Financial Statements. The Interim Financial Statements contained in this Part V, which have been prepared solely for the purposes of the Admission Document, are unaudited. The Directors are responsible for the Interim Financial Statements contained in this Part V.

## STATEMENT OF COMPREHENSIVE INCOME

The Statement of Comprehensive Income of the Company is stated below:

		Period ended 30 June 2017 \$	Period ended 30 June 2016 \$
	Note		
Revenue		-	-
Administrative expenses		(239,079)	(14,258)
Depreciation expense		(1,127)	-
<b>Operating result</b>	2	(240,206)	(14,258)
Interest received		10	1
Interest expense		(57)	(29)
<b>Loss before income tax</b>		(240,253)	(14,286)
Income tax		-	-
<b>Loss for the year period</b>		(240,253)	(14,286)
<b>Total comprehensive loss for the period</b>		(240,253)	(14,286)
Loss per paid in capital		(2.26)	(0.15)

## STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position of the Company is stated below:

		As at 30 June 2017 \$	As at 30 June 2016 \$
<b>ASSETS</b>	<b>Note</b>		
<b>Non-current assets</b>			
Fixed assets		4,879	-
Investment in subsidiary	4	21,055,140	-
<b>Total non-current assets</b>		<u>21,060,019</u>	<u>-</u>
<b>Current assets</b>			
Cash and cash equivalents		985,177	64,696
Share subscription receivable		-	90,979
Other receivable		-	61,326
<b>Total current assets</b>		<u>985,177</u>	<u>217,001</u>
<b>Total assets</b>		<u><b>22,045,196</b></u>	<u><b>217,001</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Other payables	3	395,350	9,748
<b>Total liabilities</b>		<u><b>395,350</b></u>	<u><b>9,748</b></u>
<b>Equity attributable to owners</b>			
Share capital	6	921,487	93,578
Share premium	6	14,845,693	127,371
Foreign exchange reserve		(6,036)	590
Other reserves	5	6,173,575	-
Retained earnings		(284,873)	(14,286)
<b>Total equity attributable to owners</b>		<u><b>21,649,846</b></u>	<u><b>207,253</b></u>
<b>Total equity and liabilities</b>		<u><b>22,045,196</b></u>	<u><b>217,001</b></u>

## STATEMENT OF CASH FLOWS

The Statement of Cash Flows of the Company is as follows:

		Period ended 30 June 2017 \$	Period ended 30 June 2016 \$
<b>Cash flows from operating activities</b>	<b>Note</b>		
Loss before income tax		(240,253)	(14,286)
Add back:			
Interest received		(10)	(1)
Depreciation		1,127	-

(Increase) / decrease in trade and other receivables	155,162	(61,326)
Increase in trade and other payables	386,082	9,748
Professional fees settled in shares	126,770	-
<b>Net cash outflow used in operating activities</b>	<b>428,878</b>	<b>(65,865)</b>
<b>Cash flows from investment activities</b>		
Purchase of tangible assets	(3,894)	-
Interest received	10	1
<b>Net cash outflow from investment activities</b>	<b>(3,884)</b>	<b>1</b>
<b>Cash flows from financing activities</b>		
Cash received from issue of shares *	354,956	135,570
Capital raising costs	(10,902)	-
<b>Net cash inflow from financing activities</b>	<b>344,054</b>	<b>135,570</b>
<b>Net increase/(decrease) in cash and cash equivalent</b>	<b>769,048</b>	<b>69,706</b>
Cash and cash equivalents at beginning of period	192,742	-
Effect of foreign exchange	23,387	(5,010)
<b>Cash and cash equivalents at end of period</b>	<b>985,177</b>	<b>64,696</b>

\* There has been a material value of ordinary shares issued during the period that were not settled in cash. These shares were issued for the purpose of acquiring the new subsidiary (Nobel UK), as well as to settle professional fees.

#### STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Retained earnings	Foreign exchange reserve	Other reserves	Total equity
	\$	\$	\$	\$	\$	\$
<b>At incorporation</b>	-	-	-	-	-	-
Equity investment in the period	97,610	132,859	-	-	-	230,469
Total comprehensive income for the period ended 30 June 2016	-	-	(14,286)	-	-	(14,286)
Effect of foreign exchange	(4,032)	(5,488)	-	590	-	(8,930)
<b>As at 30 June 2016</b>	<b>93,578</b>	<b>127,371</b>	<b>(14,286)</b>	<b>590</b>	<b>-</b>	<b>207,253</b>
Equity investment in the period	18,980	170,818	-	-	-	189,798
Total comprehensive income for the period ended 31 December 2016	-	-	(30,334)	-	-	(30,334)

Effect of foreign exchange	(784)	(7,056)	-	3,252	-	(4,588)
<b>As at 31 December 2016</b>	<b>111,774</b>	<b>291,133</b>	<b>(44,620)</b>	<b>3,842</b>	<b>-</b>	<b>362,129</b>
Equity investment in the period	92,542	389,184	-	-	-	481,726
Shares issued for purchase of subsidiary	697,235	13,817,930	-	-	-	14,515,165
Convertible instruments issued for purchase of subsidiary	-	-	-	-	6,021,575	6,021,575
Capital raising costs	-	(10,902)	-	-	-	(10,902)
Total comprehensive income for the period ended 30 June 2017	-	-	(240,253)	-	-	(240,253)
Effect of foreign exchange	19,936	358,348	-	(9,878)	152,000	520,406
<b>As at 30 June 2017</b>	<b>921,487</b>	<b>14,845,693</b>	<b>(284,873)</b>	<b>(6,036)</b>	<b>6,173,575</b>	<b>21,649,846</b>

## NOTES TO THE HISTORICAL FINANCIAL INFORMATION

### 1 Basis of preparation

As permitted, the Company has chosen not to adopt IAS 34 “Interim Financial Statements” in preparing this interim financial information. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The interim financial information set out above does not constitute statutory accounts within the meaning of the Companies Act 2006. It has been prepared on a going concern basis in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the European Union. The accounting policies applied in preparing the interim financial information are consistent with those that have been adopted in the Company’s 2016 audited financial statements.

Statutory financial statements for the year ended 31 December 2016 were approved by the Board of Directors on 8 September 2017 and delivered to the Registrar of Companies. The report of the auditors on those financial statements was unqualified.

#### *Going Concern*

The financial statements have been prepared on a going concern basis. The directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### *Critical Accounting Estimates and Judgements*

The Company makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual results may differ from these estimates and assumptions. There are no estimates and assumptions

that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## 2 Expense by nature

	Period ended 30 June 2017 \$	Period ended 30 June 2016 \$
Depreciation	1,127	-
Professional fees	221,178	4,090
Accountancy fees	9,507	10,168
Travel and entertainment	6,188	-
Other administrative expenses	2,206	-
	<b>240,206</b>	<b>14,258</b>

## 3 Other payables

	As at 30 June 2017 \$	As at 30 June 2016 \$
<b>Amounts falling due within 1 year:</b>		
Accrued expenditure	19,496	9,748
Corporate loan	375,854	-
	<b>395,350</b>	<b>9,748</b>

Other payables are held in Pound Sterling and translated to US Dollar at the yearend rate.

## 4 Investment in subsidiary

	As at 30 June 2017 \$	As at 30 June 2016 \$
Fair value of shares issued former shareholders of Nobel UK	14,261,625	-
Fair value of convertible instruments issued to former shareholders of Nobel UK	6,021,575	-
Fair value of shares issued for acquisition-related services	253,540	-
Effect of foreign exchange	518,400	-
	<b>21,055,140</b>	<b>-</b>

The Company acquired 100% of the allocated shares of Nobel UK on 17 May 2017. 45,000,000 ordinary shares valued at £0.25 were issued to former shareholders of Nobel LLC, as well as mandatory convertible notes to acquire a further 19,000,000 ordinary shares also valued at £0.25.

The valuation of this investment was based on the consideration agreed with the vendor Nobel Petroleum Ireland Limited, against which a discount was negotiated.

## 5 Other reserves

As at 30 June 2017	As at 30 June 2016
-----------------------	-----------------------

	\$	\$
Fair value of convertible instruments issued to former shareholders of Nobel UK	6,021,575	-
Effect of foreign exchange	152,000	-
	<b>6,173,575</b>	<b>-</b>

Other reserves comprise the fair value of convertible instruments issued as part of the acquisition of Nobel UK on 17 May 2017. These instruments have a 0% interest rate and are mandatorily convertible to 19,000,000 ordinary shares.

## 6 Share capital and share premium

	2017 \$	2016 \$
<b>Ordinary share capital</b>		
Ordinary A shares of £0.01 each	921,487	93,578
	<b>921,487</b>	<b>93,578</b>

	Number of shares	Share capital \$	Share premium \$	Total \$
At incorporation	-	-	-	-
Issue of fully paid shares	7,200,000	97,610	132,859	230,469
Effect of foreign exchange		(4,032)	(5,488)	(9,520)
At 30 June 2016	<u>7,200,000</u>	<u>93,578</u>	<u>127,371</u>	<u>220,949</u>
Issue of fully paid shares	1,400,000	18,980	170,818	189,798
Effect of foreign exchange		(784)	(7,056)	(7,840)
At 31 December 2016	<u>8,600,000</u>	<u>111,774</u>	<u>291,133</u>	<u>402,907</u>
Issue of fully paid shares	2,300,000	29,157	325,799	354,956
Shares issued for professional fees	5,000,000	63,385	63,385	126,770
Shares issued for purchase of subsidiary	55,000,000	697,235	13,817,930	14,515,165
Capital raising costs		-	(10,902)	(10,902)
Effect of foreign exchange		19,936	358,348	378,284
At 30 June 2017	<u>70,900,000</u>	<u>921,487</u>	<u>14,845,693</u>	<u>15,767,180</u>

During the period ended 30 June 2017, the Company issued 2,300,000 ordinary shares of £0.01 nominal value for various considerations. Capital raising costs of \$10,902 were paid in relation to these private placements.

The Company also issued 55,000,000 ordinary shares of £0.01 nominal value for the purchase of Nobel UK, being 45,000,000 shares issued under the acquisition agreement and 10,000,000 shares issued in consideration for professional fees directly associated with the acquisition. A further 5,000,000 shares were issued as consideration for professional fees that were not directly associated with this acquisition.

## **PART VI**

### **OPERATING AND FINANCIAL REVIEW OF THE GROUP**

The following discussion of the financial condition and results of operations of the Group should be read in conjunction with Part V (Historical Financial Information on the Group) relating to the period ending 31 December 2016 and with the information relating to the Group referred to elsewhere in this prospectus. The discussion includes forward-looking statements that reflect the current view of the Directors and involve risks and uncertainties. The actual results of the Group could differ materially from those contained in any forward-looking statements as a result of factors discussed below and elsewhere in this prospectus, particularly in the section entitled “Risk Factors.”

#### **1. OVERVIEW**

The Company was incorporated in England and Wales on 6 May 2016, as a public limited company under CA 2006. On 17 May 2017, the Company acquired Nobel Petroleum UK Limited and its wholly-owned subsidiaries Nobel Petroleum LLC and Nobel Petroleum USA, Inc. Except in connection with the Company's setup including making various share allotments, the acquisition of Nobel Petroleum UK Limited as further described at Paragraph 1 of Part I (*Information on the Group, Business and Strategy*) and work undertaken in connection with Admission, including the preparation of this prospectus, and establishing the structure of the Group, the Company has not, to date, traded nor carried out any significant business activities. Except for these early-stage Company activities and the drilling of the first well at the COG as further described at Paragraph 1 of Part I (*Information on the Group, Business and Strategy*), no other activities have been carried out by the Group.

#### **2. COMPARABILITY OF HISTORICAL FINANCIAL INFORMATION**

The Company has since its inception, including in respect of the financial information as at 31 December 2016 as set out in Part V (B) prepared its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Since the acquisition of Nobel Petroleum UK Limited, the Group has reported on the same basis.

#### **3. SIGNIFICANT FACTORS AFFECTING RESULTS OF OPERATIONS**

Whilst, except for the initial activities described in “1. Overview” above, the Group has not carried out operations since its incorporation, the principal factors that have affected the Company's financial condition during the period under review have been the following:

- the costs of the acquisition of Nobel Petroleum UK Limited, including the costs of relevant legal and accounting advice; and
- preparation for Admission, including this prospectus, and associated costs and expenses and time expended by the Directors on this.

The principal factors that the Directors expect will affect the Group's results of operations and financial condition in the future include the following:

- the ability of the Group to fulfil the business plan and strategy as set out in Part I, paragraph 3 (*Strategy and Objectives*); and
- oil and gas prices, which have fluctuated significantly in the past and could significantly impact the Group.

Certain risk and other factors which may affect the business of the Group are discussed in the section entitled “Risk Factors.”

#### 4. LIQUIDITY AND CAPITAL RESOURCES

##### 4.1 Cash flows

	Note	Period ended 31 December 2016 \$
<b>Cash flows from operating activities</b>		
Loss before income tax		(44,620)
Add back:		
Interest received	6	(10)
Depreciation	8	1,218
Foreign exchange loss		(8)
Increase in trade and other receivables		(155,162)
Increase in trade and other payables		9,268
<b>Net cash outflow used in operating activities</b>		<b>(189,315)</b>
<b>Cash flows from investment activities</b>		-
Purchase of tangible assets	8	(4,870)
Interest received	6	10
<b>Net cash outflow from investment activities</b>		<b>(4,860)</b>
<b>Cash flows from financing activities</b>		
Cash received from issue of shares	11	383,067
<b>Net cash inflow from financing activities</b>		<b>383,067</b>
<b>Net increase/(decrease) in cash and cash equivalent</b>		<b>188,892</b>
Cash and cash equivalents at beginning of period		-
<b>Cash and cash equivalents at end of period</b>		<b>188,892</b>

##### 4.2 Contingent liabilities

The Group did not have any contingent liabilities or unprovided for binding commitments as at 31 December 2016, other than matters disclosed in this document.

#### 5. CAPITALISATION AND INDEBTEDNESS

The following tables show the Company's (i) capitalisation as at **31 December 2016** and (ii) indebtedness (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness), as at **30 September 2017**. The amounts are shown in US dollars.

##### 5.1 Capitalisation

Shareholder equity	\$
Share capital	106,270
Share premium	276,797
Foreign exchange reserve	3,842
Retained earnings	(44,620)
<b>Total equity attributable to owners</b>	<b>342,289</b>

The information above has been extracted without material adjustment from the financial statements for the Company for the period to 31 December 2016 and which are set out in Part V(B) of this document. As at 14 December 2017, being the latest practicable date prior to the publication of this document, there has been no material change to the Company's capitalisation since 31 December 2016 other than those set out in section 3.3 of Part VII: Additional Information.

## 5.2 Indebtedness

The Company did not have any indebtedness (other than any relating to trade payables in the ordinary course of business) as at 30 September 2017, as shown in the following table:

<i>Total current debt</i>	\$
Guaranteed	-
Secured	-
Unguaranteed/Unsecured	-
<i>Total Non-Current Debt</i>	
Guaranteed	-
Secured	-
Unguaranteed/Unsecured	-
<b>Total gross financial indebtedness</b>	-

The information above has been extracted without material adjustment from the unaudited accounting records of the Company as at 30 September 2017.

Since then, the Company has issued the Mandatory Convertible Note of principal value £4.75M but which is convertible into Ordinary Shares and which is summarised in paragraph 9.6 of Part VII (*Additional Information*).

Nobel Petroleum LLC has issued a 24 month \$5M zero coupon loan note to Nobel Petroleum UK Limited of which approximately US\$3.6M has been drawn down. This loan note was subsequently transferred on 1 March 2017 to Petroquest Energy Limited and its terms are summarised in paragraph 9.8 of part VII.

## 6. BALANCE SHEET

The following table summarises the Company's financial position as at 31 December 2016.

(in US\$)	<b>As at 31 December 2016</b>
Cash and cash equivalents	192,742
Other receivable	155,162
<i>Current assets</i>	<u>347,904</u>
Intangible assets	Nil
Property, plant and equipment	3,653
<i>Current liabilities</i>	9,268
<i>Non-current liabilities</i>	Nil
<i>Share capital</i>	93,913
<b><i>Shareholders' equity / Net assets</i></b>	<b><u>342,289</u></b>

### 6.1 Cash and cash equivalents

Cash equivalents comprise short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of three months or less is normally classified as being short-term. Bank overdrafts are shown within borrowing in current liabilities.

### 6.2 Property, plant and equipment

All property, plant and equipment assets are stated at cost less accumulated depreciation.

Depreciation of property, plant and equipment is provided to write off the cost, less residual value, on a straight-line basis over the estimated useful lives as follows:

- Office equipment - 4 years

Residual values, remaining useful lives and depreciation methods are reviewed annually and adjusted if appropriate.

Gains or losses on disposal are included in profit or loss.

### 6.3 Current liabilities

These consist of trade and other payables.

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

## **7 BUSINESS RISK**

The Group, except to the extent set out above, is currently non-trading. The risks to which the Group and its business are subject are considered in the section headed "Risk Factors" of this document. The Group's functional currency and the currency presented in its accounts is US dollars. The Group does not currently undertake any currency hedging transactions.

## **8. OFF-BALANCE SHEET ARRANGEMENTS**

No member of the Group has entered into, nor are any party to, any off-balance sheet arrangements.

## **9. CRITICAL ACCOUNTING POLICIES**

Given the Group's operational and trading history to date is limited, as outlined above, the Directors do not consider as at the date of this prospectus that there are particular IFRS accounting policies that are critical to the Group's business operations and the understanding of its results.

## **10. RECENT DEVELOPMENTS**

Since 31 December 2016 the following significant events have occurred in the Group's operations:

- The Company acquired Nobel Petroleum UK Limited on 17 May 2017.
- The Company issued in aggregate 62,300,000 Ordinary Shares as set out at paragraph 15 of Part V(B) under the heading Notes to the Historical Financial Information.

## PART VII

### ADDITIONAL INFORMATION

#### 1. Responsibility

The Company and each of the Directors whose names appear on page 39 of this document accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the 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 its import.

#### 2. The Company

- 2.1. The Company's legal and commercial name is Pennpetro Energyplc.
- 2.2. The Company was incorporated in England and Wales on 6<sup>th</sup> May 2016 under the name of Pennpetro Energy Plc with registered number 10166359 as a public limited company under CA 2006. The domicile of the Company is the United Kingdom.
- 2.3. The principal legislation under which the Company operates is CA 2006. The liability of the members is limited to the amount, if any, unpaid on the shares respectively held by them.
- 2.4. The Company's registered office is at 88 Whitfield Street, London W1T 4EZ and the telephone number is 020 3239 0033.
- 2.5. To date, the Company's activities have been focused on the acquisition of Nobel Petroleum UK Limited and matters relating to Admission and other than the acquisition of Nobel Petroleum UK Limited the Company does not have any significant investments or investments in progress, although its US subsidiary, Nobel LLC, has commenced the drilling of the initial oil well in COG.
- 2.6. The Company has one direct wholly owned subsidiary company: Nobel Petroleum UK Limited, an English private limited company, which wholly owns Nobel Petroleum LLC and Nobel Petroleum USA Inc., which are both incorporated in the United States of America.
- 2.7. On 19 July 2016, the Company adopted the Articles in substitution for and to the exclusion of the Company's existing articles of association.

#### 3. Share Capital

- 3.1. In accordance with CA 2006, the Company has no limit on its authorised share capital.
- 3.2. On incorporation of the Company 5,000,000 Ordinary Shares were subscribed for and issued and allotted to the founders of the Company in accordance with CA 2006 at a price of £0.01 per share which was fully paid up. The issued and fully paid up share capital of the Company at the date of this document is 70,900,000 Ordinary Shares.
- 3.3. The following issues of Ordinary shares occurred thereafter:
  - 3.3.1 on various dates between 7 June 2016 and 19 August 2017, a total of 3,600,000 Ordinary Shares were issued to subscribers for cash, and fully paid up;
  - 3.3.2 on 30 May 2017, a total of 10,000,000 fully paid Ordinary Shares were issued to Griffin Asset Trust Limited, the custodian of Griffin Capital Trust Limited ("Griffin"), or as directed by Griffin, in consideration of the provision of services by Griffin to the Company, as were documented in the agreement between the Company and Griffin as described at paragraph 9.4 of this Part VII, below;
  - 3.3.3 on 30 May 2017, 41,600,000 fully paid Ordinary Shares were issued to a number of parties in consideration for amounts due to them in respect of historical advisory, broker, introducer, financing and arrangement of financing services provided by them to the Company;

- 3.3.4 on 30<sup>th</sup> May 2017, 3,400,000 fully paid Ordinary Shares were issued as partial consideration for the acquisition of Nobel Petroleum UK Limited, pursuant to the agreement for sale and purchase of Nobel Petroleum UK Limited as described at paragraph 9.5 below;
- 3.3.5 on 31 May 2017, 5,000,000 fully paid Ordinary Shares were issued to FHF Securities (A'Asia) Limited ("FHF") in consideration of the provision of services by FHF, as documented in the agreement between the Company and FHF described at paragraph 9.3 of this Part VII below; and
- 3.3.6 on various dates between 31 May 2017 and 12 June 2017, a total of 2,300,000 Ordinary Shares were issued to subscribers for cash, and fully paid up.
- 3.4. The issued share capital of the Company at the date of this document and on Admission will be as follows:

	<b>Number of Ordinary Shares allotted and fully paid</b>	<b>Nominal value of Ordinary Shares</b>
Current	70,900,000	£0.01
On Admission	70,900,000	£0.01

The Directors do not have any current authorities to issue and allot any Ordinary Shares, and pre-emption rights have not been dis-applied.

- 3.5. The provisions of section 561(1) CA 2006 (to the extent not disapplied pursuant to sections 570-571 CA 2006) confer on shareholders certain rights of pre-emption in respect of the allotment of equity securities (as defined in section 560 CA 2006) which are, or are to be, paid up in cash and will apply to the issue of new share capital of the Company.
- 3.6. All the Ordinary Shares will be listed on the Official List and will be traded on the main market of the London Stock Exchange. The Ordinary Shares are not listed or traded (and no application has been or is being made for the admission of the Ordinary Shares to listing or trading) on any other stock exchange or securities market.
- 3.7. Each Ordinary Share ranks in full for all dividends and distributions declared made or paid after their issue and otherwise pari passu in all respects with each other and has the same rights (including voting and dividend rights and rights on a return of capital).
- 3.8. The Company has issued a mandatory convertible note of principal value of £4,750,000 which is convertible into up to 19,000,000 Ordinary Shares and which is described in paragraph 9.6 below. The Company intends to issue options over shares to its Directors and management, details of which are set out in paragraph 3.10 below. Save for those matters, there are no rights and/or obligations over the Company's unissued share or loan capital nor do there exist any undertakings to increase the Company's share or loan capital.
- 3.9. It is a term of the appointment of the Directors that the Company will establish an option pool for the benefit of the Directors and management, consisting of 5% of the diluted share capital at the time of Admission, which amounts to an option pool over 4,694,736 Ordinary Shares. The relevant terms provide that the allocation, issue price and other terms of the options will be the subject of discussions with the Board and Company's advisors but it is anticipated that the initial issue price will be 35p, which is a modest premium to the expected price of the Ordinary Shares on Admission of 25p. This option scheme has not yet been established but it is expected that it will be shortly after Admission.
- 3.10. Save as set out in paragraphs 3.9 or 3.10 above, no share of the Company or any subsidiary is under option or has been agreed conditionally or unconditionally to be put under option.

- 3.11. The Company does not have in issue any securities not representing share capital nor any shares which are held by or on behalf of the Company itself or its subsidiary, and save as set out in paragraph 9.6 below, there are no outstanding convertible securities issued by the Company.
- 3.12. The Ordinary Shares may be held in either certificated form or under the CREST system.
- 3.13. Except as disclosed in this paragraph and as referred to in paragraph 9 below, since the date of incorporation of the Company: (i) there has been no change in the amount of the issued share or loan capital of the Company; and (ii) no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share capital of the Company.
- 3.14. To the best of the Directors' knowledge, no shareholder exercises or could exercise control over the Company.
- 3.15. The ISIN number in respect of the Ordinary Shares is GB00BF2K5076. The Ordinary Shares are and will be created and issued under CA 2006 and are denominated in pounds sterling.
- 3.16. The registrars of the Company are Computershare Investor Services Plc. They will be responsible for maintaining the register of members of the Company.

#### **4. Objects of the Company**

The Company's objects are unrestricted.

#### **5. Articles of association**

The rights attaching to the Ordinary Shares, as set out in the Articles contain, amongst others, the following provisions:

##### ***Votes of members***

- 5.1. Subject to any special terms attached to any class of shares, on a show of hands every member who being an individual is present in person or by proxy or, being a corporation is present by a duly authorised representative, has one vote, and on a poll every such member has one vote for every share of which he is the holder.
- 5.2. Unless the directors of the Company determine otherwise, a member of the Company is not entitled in respect of any shares held by him to vote at any general meeting of the Company if any amounts payable by him in respect of those shares have not been paid or if the member has a holding of at least 0.25% of any class of shares of the Company and has failed to comply with a notice under section 793 CA2006.

##### ***Variation of rights***

- 5.3. If at any time the capital of the Company is divided into different classes of shares, the rights attached to any class may be varied or abrogated with the consent in writing of the holders of at least three fourths in nominal value of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of that class but not otherwise.

##### ***Transfer of shares***

- 5.4. All transfers of certificated shares will be effected in any usual form or in such other form as the board approves and must be signed by or on behalf of the transferor and, in the case of a partly paid share, by or on behalf of the transferee. The transferor is deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of it. Transfers of uncertificated shares may be effected by means of a relevant system (i.e., CREST) unless the CREST Regulations provide otherwise.

- 5.5. The directors of the Company may, in their absolute discretion and without assigning any reason, refuse to register the transfer of a share in certificated form if it is not fully paid or if the Company has a lien on it, or if it is not duly stamped, or if it is by a member who has a holding of at least 0.25% of any class of shares of the Company and has failed to comply with a notice under section 793 CA 2006. In respect of partly paid shares any such refusal must not prevent the dealings in shares being on an open and proper basis.
- 5.6. The Articles contain no restrictions on the free transferability of fully paid Ordinary Shares provided that the transfers are in favour of not more than four transferees, the transfers are in respect of only one class of share and the provisions in the Articles, if any, relating to registration of transfers have been complied with.

#### ***Payment of dividends***

- 5.7. Subject to the provisions of CA 2006 and to any special rights attaching to any shares, the Shareholders are to distribute amongst themselves the profits of the Company according to the amounts paid up on the shares held by them, provided that no dividend will be declared in excess of the amount recommended by the directors of the Company. A member will not be entitled to receive any dividend if he has failed to Comply with a notice under section 793 CA 2006. Interim dividends may be paid if profits are available for distribution and if the directors of the Company so resolve.

#### ***Unclaimed dividends***

- 5.8. Any dividend unclaimed after a period of 12 years from the date of its declaration will be forfeited and will revert to the Company.

#### ***Untraced Shareholders***

- 5.9. The Company may sell any share if, during a period of 12 years, at least three dividends in respect of such shares have been paid, no cheque or warrant in respect of any such dividend has been cashed and no communication has been received by the Company from the relevant member. The Company must advertise its intention to sell any such share in both a national daily newspaper and in a newspaper circulating in the area of the last known address to which cheques or warrants were sent. Notice of the intention to sell must also be given to the London Stock Exchange.

#### ***Return of capital***

- 5.10. On a winding-up of the Company, the balance of the assets available for distribution will, subject to any sanction required by CA 2006, be divided amongst the members.

#### ***Borrowing powers***

- 5.11. Subject to the provisions of CA 2006, the directors of the Company may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets, including its uncalled or unpaid capital, and to issue debentures and other securities and to give guarantees.

#### ***Directors***

- 5.12. No shareholding qualification is required by a director of the Company.
- 5.13. The Directors are entitled to fees, in addition to salaries, at the rate decided by them. The Directors are also entitled to be repaid all travelling, hotel and other expenses incurred by them in connection with the business of the Company.

- 5.14. At each annual general meeting of the Company, one-third of the Directors shall retire from office. Any Director appointed by the Board shall retire from office at the next following annual general meeting but shall not be taken into account in determining the rotation of retirement of Directors. A retiring Director shall be eligible for reappointment.
- 5.15. The Directors may from time to time appoint one or more of their body to be the holder of an executive office on such terms as they think fit.
- 5.16. Except as provided in paragraphs 5.17 and 5.18 below, a Director may not vote or be counted in the quorum present on any motion in regard to any contract, transaction, arrangement or any other proposal in which he has any material interest, which includes the interest of any person connected with him, otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company. Subject to CA 2006, the Company may by ordinary resolution suspend or relax this provision to any extent or ratify any transaction not duly authorised by reason of a contravention of it.
- 5.17. In the absence of some other material interest than is indicated below, a Director is entitled to vote and be counted in the quorum in respect of any resolution concerning any of the following matters:
- 5.17.1. the giving of any security, guarantee or indemnity to him in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiaries;
  - 5.17.2. the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
  - 5.17.3. any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he is or is to be interested as a participant in its underwriting or sub- underwriting;
  - 5.17.4. any contract, arrangement, transaction or other proposal concerning any other company in which he is interested provided that he is not the holder of or beneficially interested in 1% or more of any class of the equity share capital of such company, or of a third company through which his interest is derived, or of the voting rights available to members of the relevant company, any such interest being deemed to be a material interest, as provided in paragraph 5.16 above, in all circumstances;
  - 5.17.5. any contract, arrangement, transaction or other proposal concerning the adoption, modification or operation of a superannuation fund or retirement, death or disability benefits scheme under which he may benefit and which has been approved by or is subject to and conditional upon approval by HMRC;
  - 5.17.6. any contract, arrangement, transaction or other proposal concerning the adoption, modification or operation of an employee share scheme which includes full time executive Directors of the Company and/or any subsidiary or any arrangement for the benefit of employees of the Company or any of its subsidiaries and which does not award to any director of the Company any privilege or advantage not generally accorded to the employees to whom such a scheme relates; and
  - 5.17.7. any contract, arrangement, transaction or proposal concerning insurance which the Company proposed to maintain or purchase for the benefit of Directors or for the benefit or persons including the Directors.

- 5.18. If any question arises at any meeting of the directors of the Company, as to the materiality of a director's interest or as to the entitlement of any director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question must be referred to the chairman of the meeting and his ruling in relation to any other Director will be final and conclusive except in a case where the nature or extent of the interest of such Director has not been fully disclosed.
- 5.19. The Directors may provide or pay pensions, annuities, gratuities and superannuation or other allowances or benefits to any director, ex-director, employee or ex-employee of the Company or any of its subsidiaries or to the spouse, civil partner, children and dependants of any such Director, ex-Director, employee or ex-employee.

#### ***CREST***

- 5.20. The Directors may implement such arrangements as they think fit in order for any class of shares to be held in uncertificated form and for title to those shares to be transferred by means of a system such as CREST in accordance with the Uncertificated Securities Regulations 2001 and the Company will not be required to issue a certificate to any person holding such shares in uncertificated form.

#### ***Disclosure notice***

- 5.21. The Company may by notice in writing require a person whom the Company knows or has reasonable cause to believe to be or, at any time during the three years immediately preceding the date on which the notice is issued, to have been interested in shares comprised in the Company's relevant share capital:
- 5.21.1. to confirm that fact or (as the case may be) to indicate whether or not it is the case; and
  - 5.21.2. where he holds or has during that time held an interest in shares so comprised, to give such further information as may be required in the notice.

#### ***General meetings***

- 5.22. An annual general meeting must be called by at least 21 days' notice and all other general meetings must be called by at least 14 days' notice.
- 5.23. Notices must be given in the manner stated in the articles to the members, other than those who under the provisions of the articles or under the rights attached to the shares held by them are not entitled to receive the notice, and to the auditors.
- 5.24. No business may be transacted at any general meeting unless a quorum is present which will be constituted by two persons entitled to vote at the meeting each being a member or a proxy for a member or a representative of a corporation which is a member. If within 10 minutes (or such longer period as the chairman may decide) a quorum is not present, the meeting, if convened on the requisition of, or by, members, will be dissolved. In any other case, it shall stand adjourned to such time (within 14-28 days from then) and place as the chairman shall appoint.

- 5.25. At a general meeting a resolution put to the vote will be decided on a show of hands unless, before or on the declaration of the show of hands, a poll is demanded by the chairman or by at least 2 members present in person or by proxy and entitled to vote or by a member or members entitled to vote and holding or representing by proxy at least one tenth of the total voting rights of all the members having the right to vote at the meeting. Unless a poll is demanded as above, a declaration by the chairman that a resolution has been carried, or carried by a particular majority, or lost, or not carried by a particular majority, and an entry to that effect in the book containing the minutes of the proceedings of general meetings of the Company is conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
- 5.26. No member is entitled to vote at any general meeting either personally or by proxy or to exercise any privilege as a member, unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.
- 5.27. The appointment of a proxy must be in any usual form, or such other form as may be approved by the Directors and, if it is not in electronic form, must be signed by the appointor or by his agent duly authorised in writing or if the appointor is a corporation, must be either under its common seal or signed by an officer or agent so authorised. The Directors may, but will not be bound to, require evidence of authority of such officer or agent. The appointment of a proxy if in electronic form must be submitted by or on behalf of the appointer and authenticated.
- 5.28. The proxy will be deemed to include the right to demand or join in demanding a poll and generally to act at the meeting for the member giving the proxy.
- 5.29. The Directors may direct that members or proxies wishing to attend any general meeting must submit to such searches or other security arrangements or restrictions as the Directors consider appropriate in the circumstances and may, in their absolute discretion, refuse entry to, or eject from, such general meeting any member or proxy who fails to submit to such searches or otherwise to comply with such security arrangements or restrictions.

## 6. Substantial Shareholders

- 6.1. Except for the interests of those persons set out in this paragraph and in paragraph 8.1 below, the Directors are not aware of the interests of the Directors which, at the date of this document and immediately following Admission, would amount to 3% or more of the Company's issued share capital:

	<b>Ordinary Shares at the date of this document</b>	<b>Percentage of Existing Ordinary Shares at the date of this document</b>	<b>Ordinary Shares at the date of Admission</b>	<b>Percentage of Existing Ordinary Shares at the date of Admission</b>
York Energy Group Limited	19,000,000	26.80	19,000,000	26.80
International Immobiliare Limited	16,300,000	22.99	16,300,000	22.99
FHF Securities (A'Asia) Limited*	5,000,000	7.05	5,000,000	7.05
Griffin Asset Management Limited*	4,000,000	5.64	4,000,000	5.64
Nobel Petroleum Ireland Limited	3,400,000	4.80	3,400,000	4.80
FHF Corporate Finance Limited	3,300,000	4.65	3,300,000	4.65

Invictorium Limited	3,200,000	4.51	3,200,000	4.51
Mrs. B. Shaw	3,200,000	4.51	3,200,000	4.51
Mrs. P. Evans	3,100,000	4.37	3,100,000	4.37

\*Under the common control of Mr. P. Henderson

- 6.2. No major holder of Ordinary Shares, either as listed above, or as set out in paragraph 8 below, has voting rights different from other holders of Ordinary Shares.
- 6.3. So far as the Company is aware, there are no arrangements in place the operation of which may at a subsequent date result in a change of control of the Company.
- 6.4. In accordance with Listing Rule 14.2.2 at Admission at least 25% of the Ordinary Shares will be in public hands (as defined in the Listing Rules).

## 7. The Directors

- 7.1. The Directors and their respective functions are as follows:

Keith Graeme Edelman, appointed 2 May 2017	(Chairman and Non-Executive Director)
Olof Nils Anders Rapp, appointed 6 May 2016	(Senior Non-Executive Director)
Thomas Martin Evans, appointed 17 June 2016	(Executive Director)
Philip Tudor Nash, appointed 15 June 2017	(Financial Director and Non-Executive Director)

- 7.2. The business address of each of the Directors is 88 Whitfield Street, First Floor, London W1T 4EZ.

## 8. Directors' interests in the Company including service agreements

- 8.1. The interests of the Directors and persons connected with them, within the meaning of sections 252 and 253 CA 2006, in the share capital of the Company, at the date of this document and immediately following Admission, all of which are beneficial, are:

Name	Ordinary Shares at the date of this document	Percentage of Existing Ordinary Shares	Ordinary Shares on Admission	Percentage of Share Capital on Admission
KEITH EDELMAN	1,000,000	1.41	1,000,000	1.41
OLOF RAPP	2,000,000	2.82	2,000,000	2.82
TOM EVANS	5,000,000 <sup>1</sup>	7.05	5,000,000 <sup>1</sup>	7.05

<sup>1</sup>By virtue of being a director of FHF Securities (A'Asia) Limited the holder of 5,000,000 shares.

- 8.2. Except as disclosed in paragraph 8.1, none of the Directors nor any person connected with them, within the meaning of sections 252 and 253 CA 2006, is interested in the share capital of the Company, or in any related financial products referenced to the Ordinary Shares.
- 8.3. There are no outstanding loans or options granted by the Company to any Director, nor has any guarantee been provided by the Company for their benefit.

- 8.4. The Company has entered letters of appointment with the Directors as set out in the table below. Each letter of appointment is conditional upon Admission and provides for the payment of the relevant annual fee monthly in arrears. The Director is expected to devote at least two days a month to perform his duties for the Company. The appointment is for an initial term of 36 months and is terminable on six months' notice on either side. No compensation is payable for loss of office and the appointment may be terminated immediately if, among other things, the relevant Director is in material breach of the terms of the appointment. It is a term of the Director's appointment that the Company will establish an option pool for the benefit of the Directors and management over 5% of the diluted share capital. Further details of this is set out in paragraph 3.10 above:

<b>Director</b>	<b>Date of Appointment Letter</b>	<b>Office</b>	<b>Annual fee</b>
Keith Edelman	2 May 2017	Chairman and Non-executive Director	£35,000
Olof Rapp	6 May 2016	Non-executive Director	£30,000
Thomas Evans	17 June 2016	Executive Director	£30,000
Philip Nash	14 June 2017	Chief Finance Officer and Non-executive Director	£30,000

- 8.5. No remuneration has been paid and no benefits in kind granted to the Directors for the period from incorporation to Admission. It is estimated that the aggregate remuneration payable to the Directors from the date of Admission to the date 12 months from Admission under arrangements that are in force and that will come into effect on Admission will amount to £125,000.
- 8.6. Except as set out above, there are no liquidated damages or other compensation payable by the Company upon early termination of the contracts of the Directors. None of the Directors has any commission or profit sharing arrangements with the Company.
- 8.7. Except as provided for in paragraph 8.4 above, the total emoluments of the Directors will not be varied as a result of Admission.
- 8.8. Except as disclosed in this paragraph 8, there are no existing or proposed service contracts between the Company and any of the Directors which are not terminable on less than 12 months' notice, nor have any of their letters of appointment or service contracts been amended in the six months prior to the date of this document.
- 8.9. There are no pension, retirement or similar benefits established by the Company, nor are any such arrangements proposed.
- 8.10. In addition to their directorships of the Company, the Directors are or have been members of the administrative, management or supervisory bodies or partners of the following companies or partnerships (which, unless otherwise stated, are incorporated in the UK) within the five years prior to the publication of this document:

<b>Director</b>	<b>Current appointments</b>	<b>Previous appointments</b>
Keith Graeme Edelman	Revolution Bars Group Plc Supergroup Plc London Legacy Development Corporation DIII LLP DIV LLP E20 Stadium LLP Stonebury Properties Limited Jewellery Quarter Bullion Limited Phoenix Capital Advisors Limited	Thorntons Plc Goals Soccer Centres Plc London Residential Investments Limited Beal Limited Olympic Park Legacy Limited Clarion UK Topco Limited Clarion Events N.I.R.A.H Holdings Limited N.I.R.A.H Limited J E Beale Plc
Olof Nils Anders Rapp	Adalta Partners Sdn Bhd EightTech Solutions Sdn Bhd	Navigante Fastighets Förvaltning AB Rolls-Royce Malaysia Sdn

	Malaysian Swedish Business Association	Bhd European Malaysian Chamber of Commerce and Industry Volvo East Asia Pte Ltd Volvo Malaysia Sdn Bhd
Thomas Martin Evans	Pennpetro East Cameron Bonds Limited Pennpetro East Cameron II Bonds Limited New Asia Telecoms Limited FHF Securities (A'Asia) Limited Nobel Petroleum UK Limited Nobel Petroleum LLC Nobel Petroleum USA, Inc.	Holborn Capital Limited Caplain Limited Caplain Group Limited Caplain Capital Limited FHF Securities Limited
Philip Tudor Nash	Big Pitcher Sports Limited Y3 Investments Limited	Rangers International Football Club PLC Rangers Retail Limited Garrion Security Services Ltd Stanley Park Company Ltd Liverpool FC Foundation Trading Company Limited LFC Financial Services Limited L.F.C. TV Limited Liverpool Limited L.F.C. Leisure Limited L.F.C. Limited L.F.C. Services Limited LFC Travel Limited Liverpool Football Club Limited L.F.C. Television Limited L.F.C Properties Limited Liverpool FC.TV Limited Anfield Arena Limited The Liverpool Football Club and Athletic Grounds Limited

8.11. Other than as disclosed in paragraph 8.12, no Director has:

- 8.11.1 had any convictions in relation to fraudulent offences or unspent convictions in relation to indictable offences;
- 8.11.2 had a bankruptcy order made against him or entered into an individual voluntary arrangement;
- 8.11.3 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 or other 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;
- 8.11.4 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;
- 8.11.5 been 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

- 8.11.6 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.
- 8.12. Keith Edelman was a Director of Metro Racing Limited which was placed into solvent members' liquidation on 16th June 2010. He has also been a Director of two companies which never traded, Nirah Holdings Limited which was dissolved on 11th February 2016, and Nirah Limited which was dissolved on 30th September 2014.
- 8.13. 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.
- 8.14. In the case of those Directors who have roles as directors of companies other than the Company or are otherwise interested in other companies or businesses, although there are no current conflicts of interest, it is possible that the general duties under chapter 2 of part 10 CA 2006 and fiduciary duties owed by those Directors to companies or other businesses of which they are directors or otherwise interested in from time to time may give rise to conflicts of interest with the duties owed to the Company. Except as mentioned above and in paragraph 5 of Part II: Directors and Corporate Governance, 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.
- 8.15. Except for the Directors and the US management referred to in paragraph 2 of Part 1, Information on the Group, Business and Strategy, the Board does 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.

## **9. Material Contracts**

In addition to the contracts between the Company's indirect subsidiary, Nobel Petroleum LLC, and Av-Tech, as summarised and described at paragraph 2, "Summary of asset" in Part I of this prospectus, the following material contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Group in the period since incorporation or are other contracts that contain provisions under which the Group has an obligation or entitlement which is material to the Group as at the date of this document.

### **9.1. Registrar Agreement**

The Company and Computershare Investor Services Plc (the "Registrar") have entered into an agreement with the Registrar dated 15 November 2017 ("**Registrar Agreement**"), pursuant to which the Registrar has agreed to act as registrar to the Company and to provide transfer agency services and certain other administrative services to the Company in relation to its business and affairs. The Registrar is entitled to receive an annual fee for the provision of its services under the Registrar Agreement. The annual fee will be calculated on the basis of the number of holders of shares in the Company and the number of transfers of such shares subject to a minimum annual fee of £3,480. Under the Agreement the Registrar can vary the fees payable on each anniversary of the commencement date. If the Company does not agree to this fee increase then the Registrar may, on giving six months' notice in writing, terminate the agreement.

The Registrar Agreement will continue for a fixed term of 3 years, and thereafter may be terminated upon the expiry of six months' notice given by either party. The Agreement provides for termination if either party persistently breaches any term of the Agreement or commits a material breach and fails to remedy such breach within 21 days of receiving notice or upon an insolvency event of either party or upon either party no longer being able to lawfully perform its obligations under the Agreement. The Company has agreed to indemnify the Registrar against, and hold it harmless from, any damages, losses, costs, claims or expenses incurred by the Registrar in connection with or arising out of the Registrar's performance of its obligations in accordance with the terms of the Registrar Agreement, save to the extent that the same arises from some act of fraud or wilful default on the part of the Registrar. The Registrar may delegate the carrying out of certain matters which the Registrar considers appropriate without giving prior written notice to the Company.

## **9.2. Lock-in agreements**

Under lock-in agreements dated 14 December 2017 and 14 December 2017 respectively, executed as deeds, each of York Energy Group Limited and International Immobiliare ("Holders") agreed with the Company not to dispose of, and to procure that no party associated with the respective Holders disposes of, any of the Existing Ordinary Shares for a period of 9 months from the date of Admission, subject to certain limited exceptions (such as disposals pursuant to a takeover of the Company, a court order or the death of any Holders).

## **9.3. Agreement with FHF Securities (A'Asia) Limited**

The Company entered into an agreement with FHF Securities (A'Asia) Limited ("FHF") dated 19 July 2016. Under this agreement FHF are to assist with, advise on and generally act for the Company in relation to the proposed listing on the London Stock Exchange. In acting as an adviser FHF will review the work carried out by the Company's lawyers, assist with the preparation of historical financial information and provide support, as required, with the necessary documentation to be submitted to the UKLA for their approval. The agreement provides that in consideration for these services FHF will receive £220,000. This was paid as to £120,000 on signature of the agreement and the issue to FHF of five million new fully paid Ordinary Shares as consideration for £100,000.

## **9.4. Agreement with Griffin Capital Trust Limited**

Under an agreement dated 19 July 2016, between the Company and Griffin Capital Trust Limited ("Griffin") the Company instructed Griffin to act on behalf of the Company in a non-exclusive corporate financial and advisory capacity with a view to various acquisitions, in the first instance with regard to Nobel Petroleum UK Limited and arranging its potential acquisition on suitable terms. Pursuant to this agreement, Griffin is entitled to receive ten million Ordinary Shares as consideration for services. Further, Griffin will be paid a monthly fee for providing assistance and advice as the non-exclusive financial and transactional advisor. After 12 months from the commencement date of this agreement or 12 months from the date of admission of the Company's shares to the London Stock Exchange the Company may terminate it by giving 3 months' notice in writing to Griffin.

## **9.5 Nobel Purchase Agreement**

Under an agreement dated 17 May 2017, between the Company (as the Purchaser) and Nobel Petroleum Ireland Limited (as the Seller), the Company acquired from the Seller all of the issued capital of Nobel Petroleum UK Limited, being 100 fully paid ordinary shares, in consideration of the issue of 3,400,000 Ordinary Shares and the issue of the mandatory convertible note to the Seller, which is convertible into up to 19,000,000 Ordinary Shares and which is summarised below.

## **9.6 Mandatory Convertible Note**

Pursuant to the Nobel Purchase Agreement described above, Nobel Petroleum Ireland Limited was issued with a mandatory convertible note ("Note") of principal amount £4.75M as part of the consideration for the sale of Nobel Petroleum UK Limited. This note is convertible at any time into 19,000,000 Ordinary Shares, calculated at the conversion price of £0.25 per Ordinary Share. The conversion can be exercised at any time in respect of up to such number of Ordinary Shares that does not cause the Company to be in breach of its obligations under Listing Rules 14.2.2 or 14.3.2 to ensure that at least 25% of the Company's Ordinary Shares are in public hands or triggering an obligation under section 85 CA 2006 to publish a prospectus, as more particularly described in such provisions. If the Note is not fully converted, the Company is required to issue a replacement note in respect of the balance of the Principal amount, which shall be convertible into the relevant balance of Ordinary Shares when those terms so allow. The Note contains certain covenants applying to the Company. It also contains events of default following which the Company would be required to redeem the Note. The Note is transferrable in whole or in part.

#### **9.7 Subscription Agreements**

Pursuant to certain subscription agreements with the Company, the Company issued in aggregate 41,600,000 Ordinary Shares between 17 May 2017 and 31 May 2017 to York Energy Group Limited, International Immobiliare Limited, Mrs. B. Shaw and Mrs. P. Evans, at an issue price of £0.25 per share, in order to settle sums owed by the Company to the relevant subscribers for advisory, introduction, broking and financing services provided to the Group. The resulting share issuances are set out in paragraph 6.1 above.

#### **9.8 Loan Note**

Nobel Petroleum LLC issued a term loan note of principal amount of up to US\$5,000,000 dated 30 November 2016 to Nobel Petroleum UK Limited in order to finance the drilling of the initial well at COGLA. The loan note is due for redemption on 30 December 2019 out of revenue provided from the free cash-flow payable to Nobel LLC from the initial oil well (COG#1-H). To date, Nobel Petroleum LLC has drawn down approximately US\$3.6M of the loan note. Nobel Petroleum UK Limited transferred the whole of the loan note on 1 March 2017 to Nobel Petroleum Ireland Limited, which in turn on the same date transferred it to Petroquest Energy Limited. The terms of the loan note provide that the principal outstanding shall be redeemed on the redemption date without interest but shall attract interest on any amount not so redeemed then at a rate of 4% above the published rate of Barclays Bank PLC. The terms of the loan note were varied on 1 September 2017 so that the redemption date was extended from 30 December 2018 to 30 December 2019 and on 21 September so that the obligation to repay was limited to the repayment out of the relevant revenue from the initial oil well. The loan note is not convertible by its terms into equity. The loan note is redeemable early at the option of the holder following the happening of certain default events, including Nobel LLC being in default of the terms of the loan note or Nobel LLC becoming insolvent. If the loan note is not fully redeemed on 30 December 2019, Nobel LLC will not be thereby in default of the terms of the loan note if the revenue earned from the initial well was less than the amount paid in redemption but the principal amount not redeemed will remain due for payment as and when the relevant revenue permits and will attract interest as stated above. It is the current intention of the Group to repay the loan note before additional drilling is funded from the revenue from the initial well.

### **10. Working capital**

The Company is of the opinion that the working capital available to the Group, taking into account its existing financial resources, is sufficient for the Group's present requirements, that is, for at least the next 12 months from the date of this document.

### **11. Litigation**

There are no, and have not been, any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) since the

incorporation of the Company which may have, or have had, significant effects on the Company's or within the previous 12 months which may have, or have had, significant effects on the Group's financial position or profitability.

There are no, and have not been, any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) within the previous 12 months which may have, or have had, significant effects on Nobel LLC.

There are no, and have not been, any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) within the previous 12 months which may have, or have had, significant effects on Nobel UK.

## **12. Intellectual property**

The Company 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 Company's business or profitability other than the COGLA licence, referred to in Part I of this document and the CPR.

## **13. Premises**

The Company does not own any premises or hold any leasehold interests in any properties.

## **14. Employees**

The Company has not had any employees since incorporation.

## **15. Related Party Transactions**

The Company 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.

## **16. No significant change and narrative statement**

Save for the changes in the financial position of the Group in consequence of the matters set out in paragraphs 9.5 (*Nobel Purchase Agreement*), 9.6 (*Mandatory Convertible Note*) and 9.7 (*Subscription Agreements*) of this Part VII Additional Information, the Directors' letters of appointment as set out in paragraph 8.4 of this Part VII: Additional Information (comprising £125,000 per annum in aggregate) and the expenses of the Company referred to in paragraph 3 of Part III of approximately £340,000 (all of which have caused or may cause a significant change in the financial position of the Company due to the Company being a newly established company which has not commenced trading):

(i) there has been no significant change in the trading or financial position of the Company or the Group since 31 December 2016, being the date as at which the financial information contained in Part V: Financial Information on the Company and the Group has been prepared;

(ii) there has been no significant change in the trading or financial position of Nobel LLC since 31 December 2016, being the date as at which the financial information contained in Part V: Financial Information on Nobel LLC has been prepared; and

(iii) there has been no significant change in the trading or financial position of Nobel UK since 31 December 2016, being the date as at which the financial information contained in Part V: Financial Information on Nobel UK has been prepared.

## **17. Mandatory bids and compulsory acquisition rules relating to ordinary shares**

- 17.1. Other than as provided by the City Code and Chapter 28 CA 2006, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules that apply to the Ordinary Shares.
- 17.2. The City Code is issued and administered by the Takeover Panel.
- 17.3. The City Code will apply to the Company and the Shareholders will be entitled to the protection afforded by the City Code.
- 17.4. There have been no public takeover bids for the Company's shares.

#### ***Mandatory bid provisions***

- 17.5. Under Rule 9 of the City Code, when: (i) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons in which he is already interested and in which persons acting in concert with him are interested) carry 30% or more of the voting rights of a company subject to the City Code; or (ii) any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30% but not more than 50% of the voting rights of such a company, and such person or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, then, except with the consent of the Takeover Panel, that person, and any person acting in concert with him, must make a general offer in cash to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights to acquire the balance of the shares not held by him and his concert party.
- 17.6. Except where the Takeover Panel permits otherwise, an offer under Rule 9 of the City Code must be in cash and at the highest price paid within the 12 months prior to the announcement of the offer for any shares in the Company by the person required to make the offer or any person acting in concert with him. Offers for different classes of equity share capital must be comparable; the Take Over Panel should be consulted in advance in such cases.

#### ***Squeeze-out***

- 17.7. Under CA 2006, if a "takeover offer" (as defined in section 974 CA 2006) is made for the Ordinary Shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90% in value of the Ordinary Shares to which the offer relates and not less than 90% of the voting rights carried by the Ordinary Shares to which the offer relates, it could, within three months of the last day on which its takeover offer can be accepted, compulsorily acquire the remaining 10%. The offeror would do so by sending a notice to outstanding members telling them that it will compulsorily acquire their Ordinary Shares and then, six weeks later, it would execute a transfer of the outstanding Ordinary Shares in its favour and pay the consideration for the outstanding Ordinary Shares to the Company, which would hold the consideration on trust for outstanding members. The consideration offered to the minority shareholder whose shares are compulsorily acquired must, in general, be the same as the consideration that was available under the original offer unless a member can show that the offer value is unfair.

#### ***Sell-out***

- 17.8. CA 2006 also gives minority members a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Ordinary Shares and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90% in value of the Ordinary Shares and not less than 90% of the voting rights carried by the Ordinary Shares, any holder of Ordinary Shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those Ordinary Shares. The offeror is required to give any member notice of its right to be bought out within one month of that right

arising. The offeror may impose a time limit on the rights of minority members to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three months from the date on which notice is served on members notifying them of their sell-out rights. If a member exercises its rights, the offeror is entitled and bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

## **18. General**

- 18.1. PKF Littlejohn LLP were appointed as the auditors of the Company on 14 September 2016. PKF Littlejohn LLP are registered to carry out audit work by the Institute of Chartered Accountants in England and Wales at the address of, 1 Westferry Circus, Canary Wharf, London E14 4HD.
- 18.2. PKF Littlejohn LLP, which has no material interest in the Company, has given and has not withdrawn its written consent to the issue of this document with the inclusion of the references to its name in the form and context in which it appears and to the inclusion in Part V of this document of their accountants' report in the form and context in which it is included.
- 18.3. William W. Jackson (in his capacity as a competent person), has given and has not withdrawn his written consent to the issue of this document with the inclusion of the references to his name in the form and context in which it appears and to the inclusion in Part IX of this document of his report in the form and context in which it is included and has authorised the contents of those parts of this Prospectus which comprise his report for the purposes of Rule 5.5.3.R(2)(f) of the Prospectus Rules.
- 18.4. No material changes have occurred since the date of the Competent Person's Report the omission of which would make such report misleading.
- 18.5. The Directors are not aware of any environmental issues which may affect the Company's utilisation of its tangible fixed assets (if any).
- 18.6. The Company's accounting reference date is 31 December.
- 18.7. The financial information relating to the Company contained in this document does not constitute statutory accounts for the purposes of section 434 CA2006.
- 18.8. Since incorporation, the Company has not made up any financial statements or published any financial information save for the information contained in Part V of this document.
- 18.9. The Ordinary Shares have been issued and allotted under the laws of England and their currency is in pounds sterling.

## **19. Documents available for inspection**

Copies of the following documents may be inspected at the offices of Fladgate LLP, 16 Great Queen Street, London WC2B 5DG during normal business hours of any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until a date one month following Admission:

- 19.1. the Articles;
- 19.2. the consent letters referred to in paragraphs 18.2 and 18.3 above;
- 19.3. this document;
- 19.4. the letters of appointment of Directors referred to above in paragraph 8.4 of this section; and
- 19.5. the material contracts referred to above in paragraph 9.

## PART VIII

### INDUSTRY OVERVIEW

***The information in the following section has been provided for background purposes. The information has been extracted from a variety of sources released by public and private organisations. The industry information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.***

#### Summary

The outlook for energy use worldwide presented in the *International Energy Outlook 2016* (IEO2016) continues to show rising levels of demand over the next three decades, led by strong increases in countries outside of the Organization for Economic Cooperation and Development (OECD), particularly in Asia. Non-OECD Asia, including China and India, account for more than half of the world's total increase in energy consumption over the 2012 to 2040 projection period. By 2040, energy use in non-OECD Asia exceeds that of the entire OECD by 40 quadrillion British thermal units (Btu) in the IEO2016 Reference case (Figure ES-1).

In the IEO2016 Reference case, total world energy consumption rises from 549 quadrillion Btu in 2012 to 815 quadrillion Btu in 2040, an increase of 48%. Most of the world's energy growth will occur in the non-OECD nations, where relatively strong, long-term economic growth drives increasing demand for energy. Non-OECD energy consumption increases by 71% between 2012 and 2040 compared with an increase of 18% in OECD nations. Energy use in the combined non-OECD region first exceeded that of the OECD in 2007 and by 2012, non-OECD countries accounted for 57% of total world energy consumption. By 2040, almost two-thirds of the world's primary energy will be consumed in the non-OECD economies.

Economic growth—as measured in gross domestic product (GDP)—is a key determinant in the growth of energy demand. The world's GDP (expressed in purchasing power parity terms) rises by 3.3%/year from 2012 to 2040. The fastest rates of growth are projected for the emerging, non-OECD countries, where combined GDP increases by 4.2%/year. In OECD countries, GDP grows at a much slower rate of 2.0%/year over the projection as a result of their more mature economies and slow or declining population growth trends. The strong projected economic growth rates in the non-OECD drive the fast-paced growth in future energy consumption among those nations.

#### ***World energy markets by fuel type***

The IEO2016 Reference case projects increased world consumption of marketed energy from all fuel sources through 2040 (Figure ES-2). Renewables are the world's fastest-growing energy source over the projection period. Renewable energy consumption increases by an average 2.6%/year between 2012 and 2040. Nuclear power is the world's second fastest-growing energy source, with consumption increasing by 2.3%/year over that period.

Even though consumption of non-fossil fuels is expected to grow faster than consumption of fossil fuels, fossil fuels still account for 78% of energy use in 2040. Natural gas is the fastest-growing fossil fuel in the outlook. Global natural gas consumption increases by 1.9%/year. Abundant natural gas resources and robust production—including rising supplies of tight gas, shale gas, and coalbed methane—contribute to the strong competitive position of natural gas. Although liquid fuels—mostly petroleum-based—remain the largest source of world energy consumption, the liquids share of world marketed energy consumption falls from 33% in 2012 to 30% in 2040.

Contributing to the decline are rising oil prices in the long term, which lead many energy users to adopt more energy-efficient technologies and to switch away from liquid fuels when feasible. Coal, the world's slowest-growing energy source, rises by 0.6%/year and is surpassed by natural gas by 2030.

The IEO2016 Reference case projections do not include the potential effects of the recently finalized Clean Power Plan (CPP) regulations in the United States. The U.S. Energy Information Administration's (EIA) preliminary analysis of the proposed CPP showed potential reductions of 21% (about 4 quadrillion Btu) in U.S. coal consumption in 2020 and 24% (almost 5 quadrillion Btu) in 2040 relative to the IEO2016 Reference case projection. With the CPP, U.S. renewable energy use in 2020 would be 7% (about 1 quadrillion Btu) higher than in the IEO2016 Reference case, and in 2040 it would be 37% (4 quadrillion Btu) higher than in the IEO2016 Reference case. U.S. consumption of petroleum and other liquids and of natural gas would be slightly lower with the CPP than in the IEO2016 Reference case. Key tables and figures throughout the report provide results that include the CPP where they differ significantly from the Reference case.

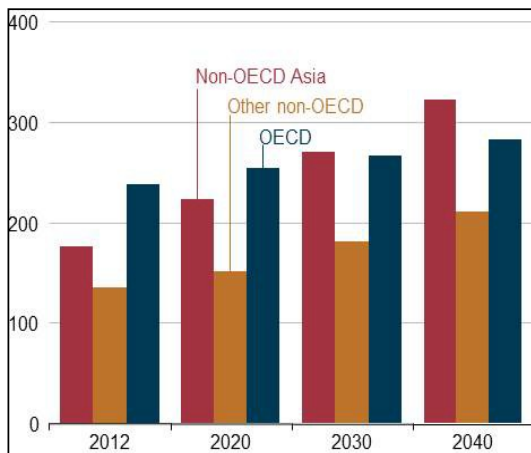


Figure ES-1. World Energy consumption by country grouping, 2012-2040 (quadrillion Btu)

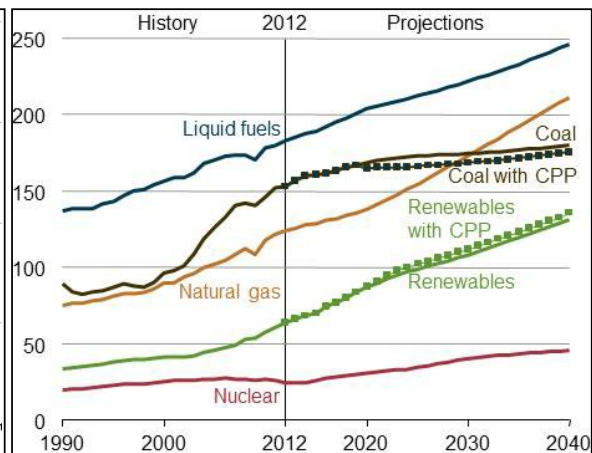


Figure ES-2. Total world energy consumption energy source 1990-2040 (quadrillion Btu)  
Note: Dotted lines for coal and renewables show projected effects of the U.S. Clean Power Plan.

<sup>3</sup> For consistency, OECD includes all members of the organization as of January 1, 2016, throughout all the time series included in this report. OECD member countries as of January 1, 2016, were Austria, Australia, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Slovakia, Slovenia, South Korea, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and the United States. For statistical reporting purposes, Israel is included in OECD Europe.

## LIQUID FUELS

World use of petroleum and other liquid fuels grows from 90 million barrels per day (b/d) in 2012 to 100 million b/d in 2020 and to 121 million b/d in 2040. Most of the growth in liquid fuels consumption is in the transportation and industrial sectors. In the transportation sector, in particular, liquid fuels continue to provide most of the energy consumed. Although advances in non-liquids based transportation technologies are anticipated, they are not enough to offset the rising demand for transportation services worldwide. Liquid fuels consumed for transportation increases by an average of 1.1%/year from 2012 to 2040, and the transportation sector accounts for 62% of the total increase in delivered liquid fuels use. Most of the remaining increase in liquid fuels consumption is attributed to the industrial sector, where the chemicals industry continues to consume large quantities of petroleum feedstocks throughout the projection period. The use of liquids declines for electric power generation.

To satisfy the increase in world liquids demand in the IEO2016 Reference case, liquids production increases by 30.5 million b/d from 2012 to 2040, including the production of crude oil and lease condensate<sup>5</sup> and other liquid fuels.<sup>6</sup> The IEO2016 Reference case assumes that countries in the Organization of the Petroleum Exporting Countries (OPEC) will invest in incremental production capacity to maintain a 39%–43% share of total world liquids production through 2040, consistent with their share over the past 15 years. Increasing volumes of crude oil and lease condensate from OPEC producers contribute 13.2 million b/d to the total increase in world liquids production, and crude oil and lease condensate supplies from non-OPEC countries add another 10.2 million b/d (Figure ES-3).

Other liquids resources from both OPEC and non-OPEC sources grow on average by 1.5%/year over the projection period and currently supply a relatively small portion of total world petroleum and other liquid fuels. In 2012, other liquids accounted for about 16% of total liquid fuels production, and that share is projected to increase modestly to 18% in 2040. Natural gas plant liquids (NGPL) is the largest component of other liquids, accounting for 67% of the other liquid fuels in 2012. The increase in NGPL production in the IEO2016 is directly related to the increase in natural gas production, because NGPL is often a coproduct. In contrast, excluding NGPL, increased production of the remaining other liquids (primarily biofuels, CTL, and GTL) occurs in response to high prices that support expansion of their production with available domestic resources, such as crops, coal, or natural gas. In the IEO2016 Reference case, sustained low oil prices in the early years of the projection make the development of the non-NGPL other liquids less economically attractive. In addition to being price-sensitive, biofuels development, in particular, often depends heavily on policies or mandates to support growth.

### **Natural Gas**

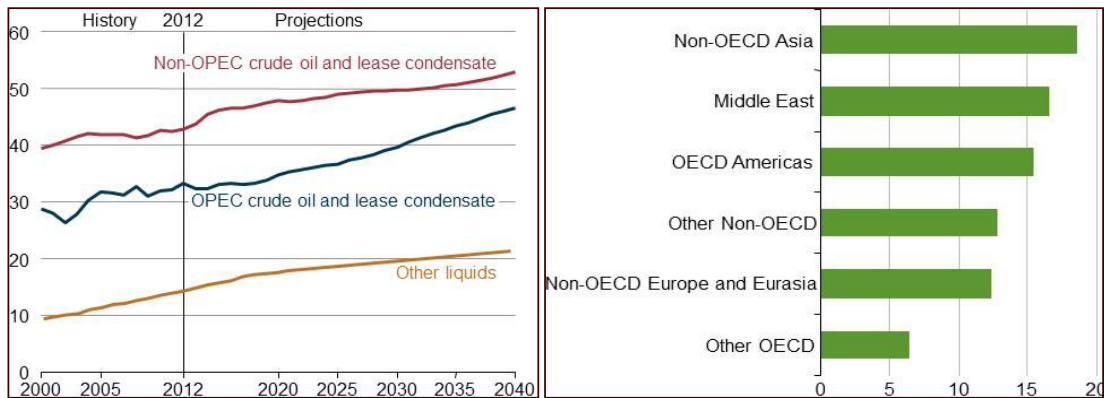
Worldwide natural gas consumption is projected to increase from 120 trillion cubic feet (Tcf) in 2012 to 203 Tcf in 2040 in the IEO2016 Reference case. By energy source, natural gas accounts for the largest increase in world primary energy consumption. Abundant natural gas resources and robust production contribute to the strong competitive position of natural gas among other resources. Natural gas remains a key fuel in the electric power sector and in the industrial sector. In the power sector, natural gas is an attractive choice for new generating plants given its moderate capital cost and attractive pricing in many regions as well as the relatively high fuel efficiency and moderate capital cost of gas-fired plants.

Additionally, as more governments begin implementing national or regional plans to reduce carbon dioxide (CO<sub>2</sub>) emissions, natural gas may displace consumption of the more carbon-intensive coal and liquid fuels.

To meet the rising natural gas demand projected in the IEO2016 Reference case, the world's natural gas producers increase supplies by nearly 69% from 2012 to 2040. The largest increases in natural gas production from 2012 to 2040 occur in non-OECD Asia (18.7 Tcf), the Middle East (16.6 Tcf), and the OECD Americas (15.5 Tcf) (Figure ES-4). In China, production increases by 15.0 Tcf as the country expands development of its shale resources. The United States and Russia increase natural gas production by 11.3 Tcf and 10.0 Tcf, respectively. In Russia, production growth is supported primarily by increasing development of resources in the country's Arctic and eastern regions. U.S. production growth comes mainly from shale resources. China, the United States, and Russia account for nearly 44% of the overall increase in world production of natural gas between 2012 and 2040.

World natural gas trade, both by pipeline and by shipment in the form of liquefied natural gas (LNG), is poised to increase in the future. World LNG trade more than doubles, from 12 Tcf in 2012 to 29 Tcf in 2040. Most of the increase in liquefaction capacity occurs in Australia and North America, where a number of new liquefaction projects are planned or under construction, many of which are expected to become operational within the next decade. Despite the strong growth in LNG trade, flows of natural gas by pipeline still account for most of the global natural gas trade in the IEO2016

Reference case, which includes several new long-distance pipelines and expansions of existing infrastructure through 2040. The largest volumes of natural gas traded internationally by pipeline currently are in the Americas (between Canada and the United States) and in Europe (among many OECD and non-OECD countries).



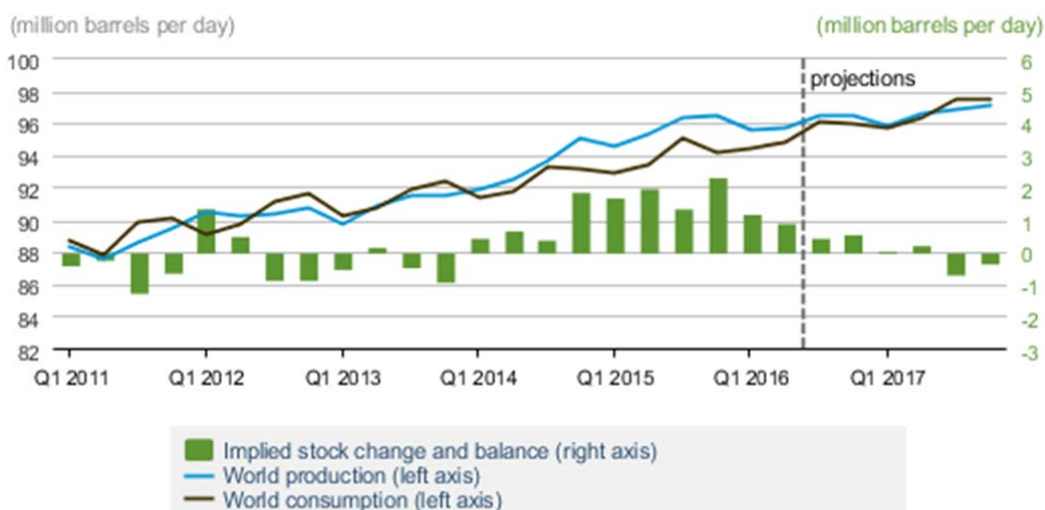
**Figure ES-3. Petroleum and other liquid fuels production, production in by region and type in the 2012-40 TCF**  
**Reference case, 2000–2040 (million barrels per day)**

<sup>4</sup>U.S. Energy Information Administration, *Analysis of the Impacts of the Clean Power Plan* (Washington, DC: May 2015). [www.eia.gov/analysis/requests/powerplants/cleanplan/](http://www.eia.gov/analysis/requests/powerplants/cleanplan/) <sup>5</sup>Crude and lease condensate includes tight oil, shale oil extra-heavy crude oil, field condensate, and bitumen. <sup>6</sup>Other liquid, coal-to-liquids (CTL), kerogen, and refinery gain.

#### Global Petroleum and Other Liquid Fuels

EIA estimates that global petroleum and other liquid fuels inventory builds averaged 0.3 million barrels per day (b/d) in 2016, marking the third consecutive year of inventory builds. However, global oil markets are expected to be in closer balance during the next 18 months. Global liquid fuels inventories are expected to decline by an average of 0.1 million b/d in 2017 and to increase by an average of 0.2 million b/d in 2018.

## World Liquid Fuels Production and Consumption Balance



Source: Short-Term Energy Outlook, August 2016

### Global Petroleum and Other Liquid Fuels Consumption

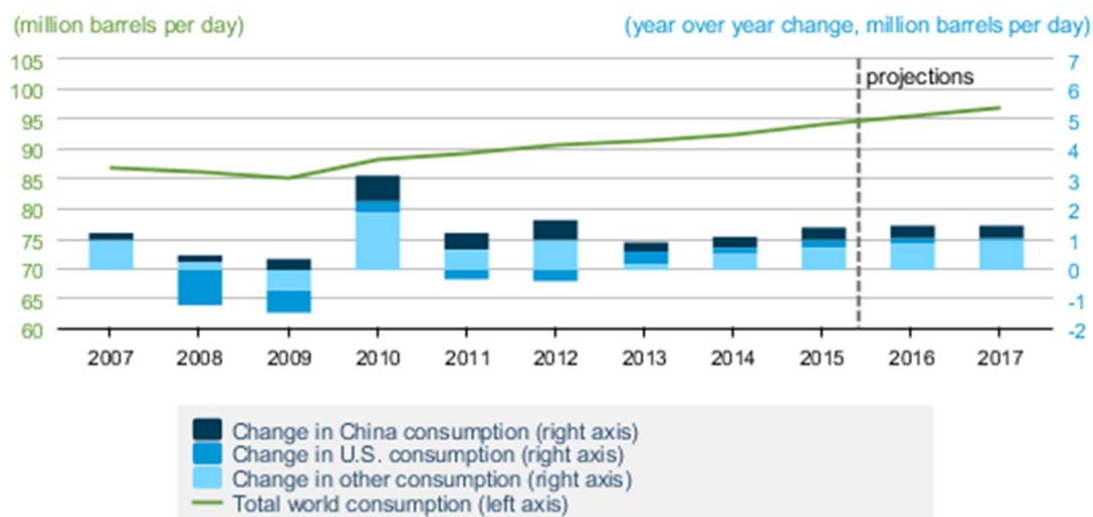
Global consumption of petroleum and other liquid fuels averaged 96.9 million b/d in 2016, an increase of 1.5 million b/d from the 2015 level. Consumption growth is expected to be 1.5 million b/d in 2017 and 1.6 million b/d in 2018, with 1.2 million b/d of the growth in both years coming from countries outside of the Organization for Economic Cooperation and Development (OECD). Forecast growth in the consumption of hydrocarbon gas liquids (HGL) is an important driver of overall growth in global liquid fuels consumption.

China and India are expected to be the largest contributors to non-OECD liquid fuels consumption growth. China's consumption growth is forecast to average more than 0.3 million b/d in both 2017 and 2018, and it is driven by increased use of gasoline, jet fuel, and HGL. Last year's significant rise in the use of HGL in China will continue through 2017 and 2018, albeit at a reduced pace, as new propane dehydrogenation (PDH) plants contribute to rising propane use. Diesel consumption, which declined in 2016 as a result of a slowdown in industrial activity, is expected to be largely unchanged in the forecast.

OECD petroleum and other liquid fuels consumption rose by 0.4 million b/d in 2016. In 2017, EIA forecasts OECD consumption growth to average 0.3 million b/d, as consumption growth in Europe slows. For 2017, forecast liquid fuels consumption growth of 0.3 million b/d in the United States, including 0.1 million b/d of HGL, and 0.1 million b/d in Europe is partially offset by declining consumption in Japan.

In 2018, OECD consumption growth is expected to return to 0.4 million b/d, with the United States accounting for nearly all of this increase. Forecast U.S. growth is mainly the result of increased use of HGL, which is expected to increase by almost 0.3 million b/d. Rising ethane consumption accounts for almost all of this increase, as new ethane crackers are expected to come online during the forecast period.

## World Liquid Fuels Consumption



Source: Short-Term Energy Outlook, August 2016

### Non-OPEC Petroleum and Other Liquid Fuels Supply

OPEC crude oil production averaged 32.7 million b/d in 2016, an increase of 1.0 million b/d from 2015, led by rising production in Iran, Iraq, and, to a lesser extent, Saudi Arabia. OPEC crude oil production is expected to fall by 0.2 million b/d in 2017, as OPEC members have limited production based on the November 2016 agreement. In May 2017, this agreement was extended through the first quarter of 2018. EIA's forecast assumes a further extension of the agreement in 2018 but with lesser compliance. Without a further extension of the agreement, EIA would expect larger inventory builds in 2018 than are included in this forecast.

EIA expects that OPEC crude oil output will rise by 0.5 million b/d in 2018, driven by an increase in output in Iraq. The increase in Iraq's production in 2018 is expected to result from production coming online that was previously scheduled for 2017.

In both 2017 and 2018, EIA expects crude oil production to increase in Libya and Nigeria, which are countries not covered by the supply reduction agreement. In Libya, previously shut-in fields have seen rapid increases in output since the third quarter of 2016. Libya's production reached more than 1.0 million b/d in early July.

OPEC noncrude liquids production averaged 6.6 million b/d in 2016 and is forecast to increase by 0.4 million b/d in 2017 and by 0.2 million b/d in 2018, led by increases in Iran and Qatar.

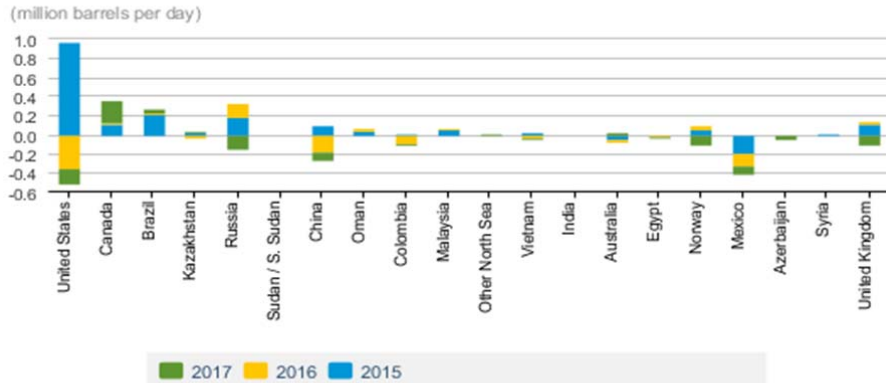
OPEC unplanned crude oil supply disruptions averaged nearly 1.4 million b/d in June, down almost 0.2 million b/d from the May level. Outages in Libya decreased in June because of the reopening and continued ramp-up of the oil fields in the country. Although Libya's production trajectory has been mostly upward, output during May and June were volatile, with unplanned maintenance, industrial action, and power failures all contributing to outages. Nonetheless, Libya's crude oil production averaged 0.9 million b/d in June, the highest level since October 2014.

Unplanned oil production outages in Nigeria also decreased in June, as Forcados crude oil resumed production following nearly six months offline. Forcados production is typically about 0.2 million b/d, and although cargoes have begun loading Forcados crude oil, EIA expects the full return of the stream to

occur sometime in the fourth quarter of 2017. For June 2017, EIA estimates that roughly half of the Forcados volume resumed production.

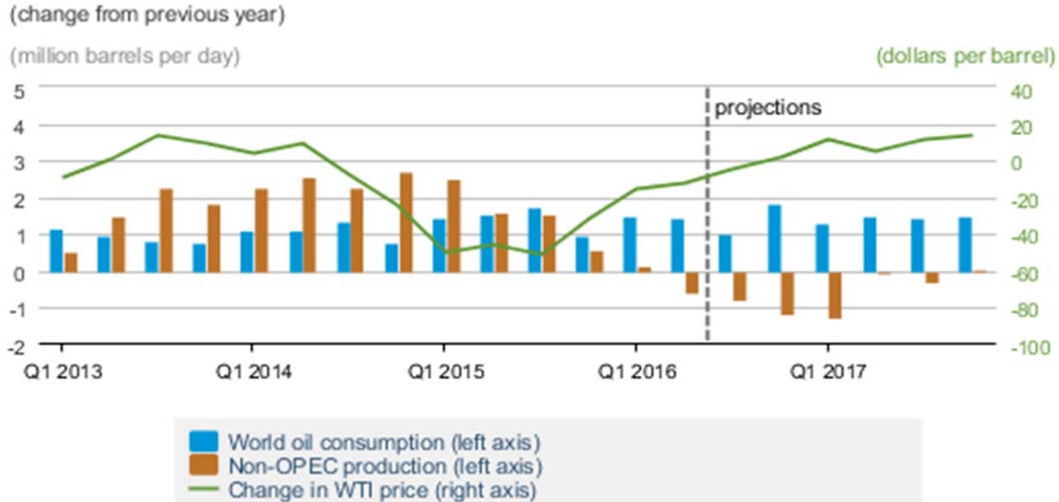
Average OPEC surplus crude oil production capacity is expected to be 2.1 million b/d in 2017 and 1.4 million b/d in 2018. Surplus capacity is typically an indicator of market conditions, and surplus capacity below 2.5 million b/d indicates a relatively tight oil market. However, high current and forecast levels of global oil inventories make the forecast low surplus capacity less significant.

### Non-OPEC Crude Oil and Liquid Fuels Production Growth



eia Source: Short-Term Energy Outlook, August 2016

### World Consumption and Non-OPEC Production Growth



eia Source: Short-Term Energy Outlook, August 2016

### OPEC Petroleum and Other Liquid Fuels Supply

OPEC crude oil production averaged 31.8 million b/d in 2015, an increase of 0.8 million b/d from 2014, led by rising production in Iraq and Saudi Arabia. Forecast OPEC crude oil production rises by 0.7 million b/d in 2016, with Iran accounting for most of the increase and by an additional 0.6 million b/d in 2017. The forecast does not assume a collaborative production cut among OPEC members and other producers, as major OPEC producers are expected to continue their strategy of maintaining market share.

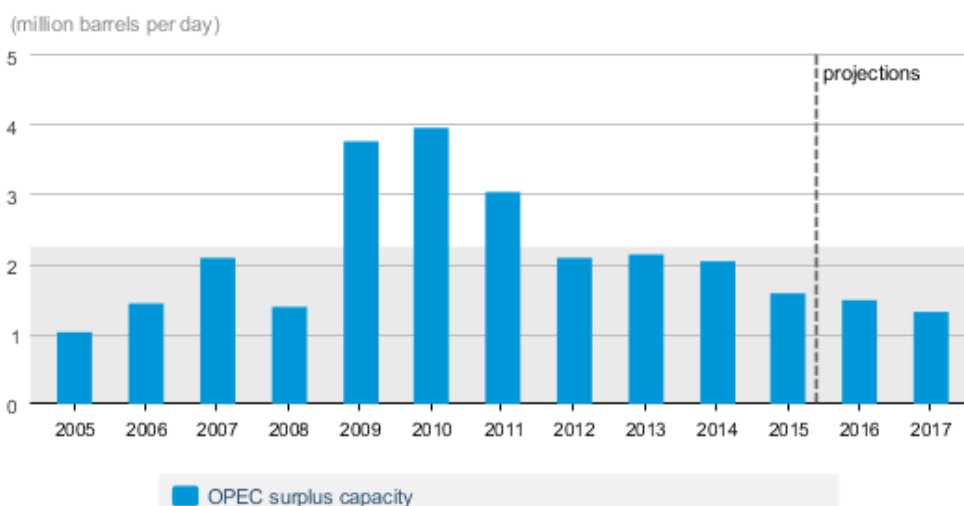
OPEC non-crude liquids production averaged 6.6 million b/d in 2015 and is forecast to increase by about 0.3 million b/d in both 2016 and 2017, led by increases in Iran and Qatar.

OPEC unplanned crude oil supply disruptions averaged 2.3 million b/d in July, a small increase compared with June because of higher outages in Nigeria and Libya. In Nigeria, disruptions averaged 0.7 million b/d during July, 0.1 million b/d more than in June. The increase in outages comes as militants targeted pipelines that transport Bonny Light crude oil.

Meanwhile, Forcados volumes also remain offline, and likely will not return to service until September when the pipeline that transports the crude oil to market is back online. In Libya, nearly 1 million b/d of crude oil remains shut in, with production at 0.3 million b/d in July. Although the Hariga export terminal reopened in late July, the Sarir field remained offline, with 0.1 million b/d shut in.

OPEC surplus crude oil production capacity, which averaged 1.6 million b/d in 2015, is expected to be 1.5 million b/d in 2016 and 1.3 million b/d in 2017. Surplus capacity is typically an indicator of market conditions, and surplus capacity below 2.5 million b/d indicates a relatively tight oil market. However, high current and forecast levels of global oil inventories make the forecast low surplus capacity less significant.

### OPEC Surplus Crude Oil Production Capacity



Source: Short-Term Energy Outlook, August 2016

Note: Shaded area represents 2005-2015 average (2.3 million barrels per day)

### OECD Petroleum Inventories

EIA estimates that OECD commercial crude oil and other liquid fuels inventories were 2.97 billion barrels at the end of 2016, equivalent to roughly 65 days of consumption. Forecast OECD inventories rise to 2.99 billion barrels at the end of 2017 and to 3.03 billion barrels at the end of 2018.

### Crude Oil Prices

The monthly average spot price of Brent crude oil decreased by \$4 per barrel (b) in June to \$46/b, marking the first month of 2017 in which Brent crude oil spot prices averaged below \$50/b. The return of 0.1 million b/d of combined crude oil production in Libya and Nigeria contributed to lower oil prices in June, as did builds in total U.S. crude oil and petroleum products inventories that were above the five-year average during the weeks ending June 2 and June 9. Also, Brent crude oil spot prices declined by

nearly 5% in late May following the news of the OPEC agreement that extended production cuts through the first quarter of 2018, as some market participants had anticipated more aggressive cuts.

EIA forecasts the annual average Brent crude oil spot price to be \$51/b in 2017 and \$52/b in 2018. Global oil inventories are forecast to be relatively unchanged in the second half of 2017 before returning to average inventory builds of 0.2 million b/d in 2018. Given this expectation of relative balance in the global oil market through the forecast period, Brent crude oil spot prices are expected to remain fairly flat in the coming months.

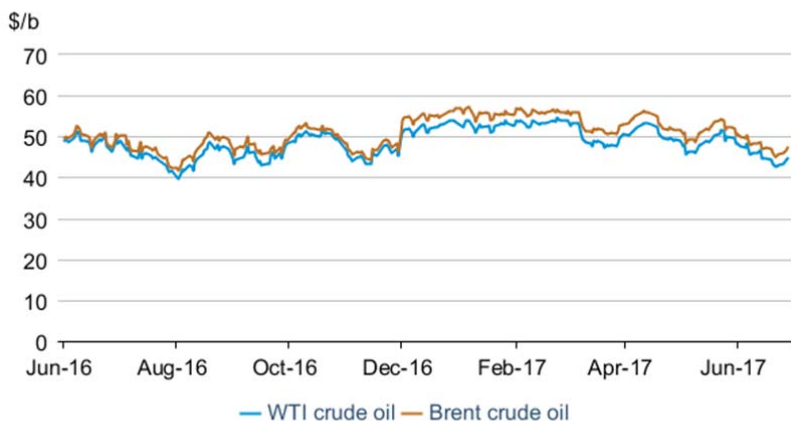
EIA forecasts the Brent price to average \$50/b during the second half of 2017 and first half of 2018. Daily and monthly average prices could vary significantly from this target, because global economic developments and geopolitical events in the coming months have the potential to push oil prices higher or lower than the current STEO price forecast. Uncertainty remains regarding the duration of, and adherence to, the current OPEC production cuts, which could influence prices in either direction. Also, the U.S. tight oil sector continues to be dynamic, and quickly evolving trends in this sector could affect both current prices and expectations for future prices. However, lasting upward and downward price movements could be limited over the next year because U.S. tight oil producers have locked in higher production levels at the higher oil prices seen in early 2017.

Some upward price pressures could emerge in the second half of 2018 if global oil inventories decline during that period and if the market expects global oil inventory withdrawals heading into 2019. EIA forecasts Brent crude oil prices to average \$53/b during the second half of 2018, with prices rising to \$55/b by the end of 2018.

Average West Texas Intermediate (WTI) crude oil prices are forecast to be \$2/b lower than Brent prices in 2017 and in 2018. The slight price discount of WTI to Brent in the forecast is based on the assumption that rising U.S. crude oil production will result in WTI-priced U.S. crude oil exports competing with international volumes priced off of Brent in global crude oil markets.

Brent and West Texas Intermediate (WTI) crude oil prices declined by \$2.52 per barrel (b) and by \$2.84/b, respectively, since June 1 2017, with Brent front-month futures prices settling at \$48.11/b and WTI settling at \$45.52/b on July 6. (Figure 1). June Brent and WTI monthly average spot prices were \$3.96/b and \$3.34/b lower, respectively, than the May averages.

**Figure 1. Crude oil front-month futures prices**



eia Bloomberg L.P.

The current values of futures and options contracts suggest uncertainty in the oil price outlook. WTI futures contracts for October 2017 delivery that were traded during the five-day period ending July 6 averaged \$46/b, and implied volatility averaged 29%. These levels established the lower and upper limits of the 95% confidence interval for the market's expectations of monthly average WTI prices in October 2017 at \$36/b and \$60/b, respectively. The 95% confidence interval for market expectations widens slightly over time, with lower and upper limits of \$32/b and \$67/b for prices in December 2017.

## Price Summary

	2014	2015	2016	2017
<b>WTI Crude Oil <sup>a</sup></b>	93.17	48.67	41.16	51.58
(dollars per barrel)				
<b><sup>a</sup> West Texas Intermediate</b>				
<b>Brent Crude Oil</b>	98.89	52.32	41.60	51.58
(dollars per barrel)				

## U.S. Petroleum and Other Liquid Fuels

**Consumption.** Total U.S. petroleum and other liquid fuels consumption is forecast to average 19.9 million barrels per day (b/d) in 2017, which would be an increase of 310,000 b/d (1.6%) compared with the 2016 level. Consumption is then forecast to grow by 360,000 b/d (1.8%) in 2018. The growth in both years is expected to be led by higher consumption of hydrocarbon gas liquids (HGL) and distillate fuel.

EIA forecasts HGL consumption growth to be the strongest among the liquid fuels. HGL consumption is expected to increase by 120,000 b/d (4.9%) in 2017 and by 250,000 b/d (9.6%) in 2018. This growth reflects an increase in ethylene-producing petrochemical plants that use ethane as their feedstock. Two new plants came online in the first half of 2017, and five more are expected to begin operating by the end of 2018.

After a decline in 2016, distillate consumption averaged 3.9 million b/d during the first half of 2017, an increase of 80,000 b/d from the same period a year earlier. The growth stemmed from an increase in on-road fuel use, oil and gas drilling activity fuel use, and industrial fuel use that was partially offset by a decrease in distillate use for home heating. Overall, distillate fuel consumption growth is forecast to accelerate in the second half of 2017, contributing to expected annual average growth of 90,000 b/d (2.2%) in 2017 followed by growth of 100,000 b/d (2.6%) in 2018.

**Supply.** EIA forecasts total U.S. crude oil production to average 9.3 million b/d in 2017, up 0.5 million b/d from 2016. In 2018, crude oil production is forecast to rise to an average of 9.9 million b/d. If achieved, forecast 2018 production would be the highest on record, surpassing the previous record of 9.6 million b/d set in 1970. The 2018 forecast is 0.1 million b/d lower than in last month's STEO because of lower forecast crude oil prices in late 2017 and in 2018.

U.S. crude oil production is forecast to reach 10.1 million b/d in December 2018, which would be 0.9 million b/d higher than the June 2017 level and a 1.4 million b/d increase since the end of 2016. Increased production from tight rock formations within the Permian and Eagle Ford regions in Texas and the Bakken region in North Dakota accounts for 1.1 million b/d of the expected 1.4 million b/d of crude oil production growth from the end of 2016 through the end of 2018. Most of the remaining 0.3 million b/d increase is expected to come from the Federal Gulf of Mexico, as seven new projects are expected to come online by the end of 2018.

The Permian region is expected to produce 2.9 million b/d of crude oil by the end of 2018, which is roughly a 0.5 million b/d increase from estimated June 2017 levels, and would represent about 30% of total U.S. crude oil production in 2018. The Permian region is the geographic area that predominately spans the Permian Basin of western Texas and southeastern New Mexico and covers 53 million acres. Within the Permian Basin are smaller sub-basins, including the Midland Basin and the Delaware Basin, all of which contain historically prolific non-tight formations as well as multiple prolific tight formations such as the Wolfcamp, Spraberry, and Bonespring. With the large geographic area of the Permian

region and stacked plays, operators can continue to drill through several tight oil layers and increase production even with sustained WTI prices below \$50/b.

The Eagle Ford region is expected to produce an average of 1.3 million b/d in both 2017 and 2018, up from 1.2 million b/d in late 2016. Crude oil production in this region had been generally declining since early 2015, dropping from an average of 1.7 million b/d to less than 1.2 million b/d by November 2016. Similar to the Permian, Eagle Ford wells have high initial production rates and fast decline rates, requiring the continuous drilling of new wells to maintain production levels. Crude oil production growth in the Eagle Ford region is expected to be fairly limited for most of the next year because WTI crude oil prices are forecast to average below \$50/b until the second half of 2018.

The Bakken region is expected to produce an average of 1.1 million b/d in 2017 and 2018, slightly lower than the 1.2 million b/d produced in 2015. The Bakken region predominately spans the Williston Basin that contains the Bakken and Three Forks formations. Although the Bakken region is geographically large (23 million acres), it contains fewer identified prolific formations than the Permian region. Operators in this region also are affected by winter weather and have much greater transportation constraints in moving oil to refineries and markets. Some of these transportation constraints are expected to be resolved by the recent completion of the Dakota Access Pipeline. Bakken production has been generally decreasing since early 2015, but recent drilling activity suggests that this has already begun to turn around. With the WTI price expected to remain below \$50/b until the second half of 2018, crude oil production from the Bakken region is forecast to remain relatively stable near 1.1 million b/d through 2018.

Gulf of Mexico production is forecast to average 1.7 million b/d in 2017, an increase of 0.1 million b/d from 2016, and then increase to 1.9 million b/d in 2018. The anticipated expansion of the Tahiti field and the start of production from the Horn Mountain Deep field in 2017 and the Big Foot and Stampede projects in 2018, along with other projects that will begin operations in 2017 and 2018, are expected to contribute to increases in production from the Gulf of Mexico. Crude oil production in Alaska is expected to be unchanged in both 2017 and 2018 at almost 0.5 million b/d.

**Product Prices.** EIA expects the retail price of regular gasoline to average \$2.38 per gallon (gal) during the 2017 summer driving season (April through September), 8 cents/gal lower than projected in last month's STEO, primarily as a result of lower crude oil prices. EIA expects that the U.S. monthly average retail price of regular gasoline decreased from an unseasonably early summer peak of \$2.42/gal in April 2017 to \$2.35/gal in June. Following an increase to an average of \$2.38/gal in the third quarter, EIA expects retail gasoline prices to fall to \$2.13/gal in December. The U.S. regular gasoline retail price, which averaged \$2.15/gal in 2016, is forecast to average \$2.32/gal in 2017 and \$2.33 /gal in 2018.

Among the regions, annual average forecast prices for 2017 range from a low of \$2.08/gal in the Gulf Coast—Petroleum Administration for Defense District (PADD) 3—to a high of \$2.75/gal in the West Coast (PADD 5).

The diesel fuel retail price averaged \$2.31/gal in 2016, which was the lowest annual average since 2004. The diesel price is forecast to average \$2.59/gal in 2017 and \$2.71/gal in 2018, driven higher primarily by higher crude oil prices and growing diesel consumption. Rising diesel consumption is expected to contribute to gradually increasing diesel refinery margins. Diesel refinery margins based on Brent crude oil are expected to average 39 cents/gal in 2017 and 43 cents/gal in 2018, compared with an average of 34 cents/gal in 2016.

## Natural Gas

Working natural gas inventories were 3,288 billion cubic feet (Bcf) as of Friday, July 29, 6 Bcf lower than the previous week, marking the first draw during the June-August period since 2006. Injections during the refill season have fallen short of five-year average levels in most weeks because of the high use of natural gas for electricity generation and because of slight declines in production. However, warm weather last winter left inventories at record high levels going into the injection season, and even low injections this summer could lead to a record-high level of natural gas in storage as the winter season begins.

**Natural Gas Consumption.** Total U.S. natural gas consumption averaged 75.1 billion cubic feet per day (Bcf/d) in 2016. It is forecast to decrease by 2.3 Bcf/d in 2017 and then increase by 2.7 Bcf/d in 2018. In 2017, decreases in total natural gas consumption are mainly attributable to lower electric power sector use, which is forecast to decrease by 2.6 Bcf/d (9.4%) in 2017 and then increase by 0.6 Bcf/d (2.4%) in 2018. The 2017 decline reflects competition from increasing renewable use (particularly hydropower) and competitive coal prices, along with overall lower electricity generation.

Industrial sector consumption of natural gas increased by 2.2% in 2016, and it is forecast to increase by 1.4% in 2017 and by 2.6% in 2018. Most of the increase in the forecast is attributable to new chemical projects expected to come online. Low natural gas prices in recent years have made it economical to increase the use of natural gas as feedstock in ammonia for nitrogenous fertilizer and methanol manufacturers.

**Natural Gas Production and Trade.** EIA estimates that dry natural gas production averaged 72.5 Bcf/d in June, which is up 0.9 Bcf/d from the year-ago level. EIA expects production to rise through 2017 and 2018 in response to forecast price increases and large increases in liquefied natural gas (LNG) exports. Overall, EIA expects dry natural gas production to rise by 1.0 Bcf/d in 2017 and by 3.1 Bcf/d in 2018, annual increases of 1.4% and 4.3%, respectively.

Natural gas pipeline exports to Mexico have risen this year, and EIA expects that growth to continue as Mexico undergoes energy market reform. A relatively cheap natural gas export price, rising demand from Mexico, and increased pipeline takeaway capacity in both in the United States and Mexico have led to higher exports. Gross pipeline exports are expected to increase by 0.9 Bcf/d in 2017 and by 0.5 Bcf/d in 2018 to an average of 7.3 Bcf/d.

EIA projects LNG gross exports will average 1.9 Bcf/d in 2017, up from 0.5 Bcf/d in 2016. By the end of 2017, Trains 1 through 4 at Cheniere's Sabine Pass facility in Louisiana are expected to be fully operational, and Cove Point LNG in Maryland is expected to come online. EIA projects gross LNG exports to average 2.8 Bcf/d in 2018, as Sabine Pass and Cove Point ramp up capacity and two new LNG facilities come online. Cameron LNG Train 1 is scheduled to come online in late 2017, followed by Train 2, and Freeport LNG is scheduled to come online in late 2017 or early 2018. Both facilities are along the U.S. Gulf Coast.

Cameron LNG Trains 1 and 2 will add 1.1 Bcf/d of new liquefaction capacity, and Freeport Train 1 will add 0.7 Bcf/d of new capacity. The new Cameron and Freeport liquefaction facilities will require a few months to ramp up and are projected to operate below nameplate capacity in 2018.

Total U.S. natural gas imports averaged 8.2 Bcf/d in 2016, and they are expected to average 8.3 Bcf/d in 2017 and 8.8 Bcf/d in 2018.

EIA projects that the United States will become a net exporter of natural gas on average in 2017, with net exports expected to average 0.4 Bcf/d. As LNG exports increase, 2018 net exports are forecast to be 1.3 Bcf/d.

**Natural Gas Inventories.** Natural gas inventories reached a record high of 4,047 Bcf on November 11, 2016, and inventories ended the winter heating season at 2,072 Bcf in March 2017. Inventory builds have been slightly below average thus far during the injection season, and EIA expects inventories to be 3,940 Bcf at the end of October 2017, which would be 2% higher than the five-year average level for

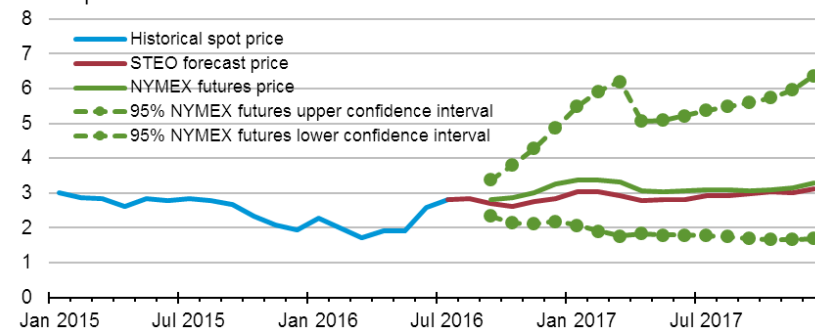
the end of October but 2% lower than the 2016 end-of-October level.

**Natural Gas Prices.** Henry Hub spot prices have been relatively flat in 2017, averaging \$3.04 per million British thermal units (MMBtu) during the first half of the year, which is the same as the fourth quarter of 2016 average price. Prices averaged \$2.98/MMBtu in June. Closer-to-normal winter temperatures are expected this winter following last year's warm winter, which contributes to growth in residential and commercial consumption. Also, export growth is forecast to increase in the second half of 2017 and in 2018. Both factors could contribute to modest upward price pressure. Forecast Henry Hub natural gas spot prices average \$3.10/MMBtu in 2017 and \$3.40/MMBtu in 2018.

Natural gas futures contracts for October 2017 delivery that were traded during the five-day period ending July 6 averaged \$2.98/MMBtu. Current options and futures prices indicate that market participants place the lower and upper bounds for the 95% confidence interval for October 2017 contracts at \$2.17/MMBtu and \$4.08/MMBtu, respectively. Last year at this time, the natural gas futures contracts for October 2016 delivery averaged \$2.88/MMBtu, and the corresponding lower and upper limits of the 95% confidence interval were \$2.00/MMBtu and \$4.14/MMBtu, respectively.

### Henry Hub Natural Gas Price

dollars per million Btu



Note: Confidence interval derived from options market information for the 5 trading days ending Aug 4, 2016. Intervals not calculated for months with sparse trading in near-the-money options contracts.  
Source: Short-Term Energy Outlook, August 2016.

[Source: all data from U.S. Energy Information Administration, August 2016 and July 2017]

**William W. Jackson**

Registered Professional Engineer  
2504 Baffin Bay Ct, Plano TEXAS  
75075

**COMPETENT PERSON'S REPORT**

**1 December, 2017**

**On**

**CITY OF GONZALES LEASE AREA**

**GONZALES, TEXAS**

**US GULF COAST GEOSYNCLINE BASIN**

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**William W. Jackson**  
2504 Baffin Bay Ct, Plano, Texas 75075

1 December, 2017

The Directors,  
Pennpetro Energy Plc,  
88 Whitfield Street, First Floor  
London W1T 4EZ,  
United Kingdom.

Gentlemen:

Pursuant to your request, I have prepared estimates for the Directors of Pennpetro Energy Plc, as of 1 December, 2017, of the extent of the proved oil, condensate and gas reserves, the value of the proved (1P), reserves, within the City of Gonzales Lease Area, Gonzales County, Texas. Nobel Petroleum LLC ("Nobel") has stated that its ownership interests are 50% Working Interest ("WI"), and 37.50% Net Revenue Interest ("NRI"). Lease documentation has been sighted. Nobel has three industry partners in the project which own the remaining 50% Net Working Interest (Net Revenue Interest of 37.50%): Sunrise Energy LLC ("Sunrise"), Av-Tech Oil & Gas LLC ("Av-Tech") and Landex Petroleum LLC ("Landex"). Av-Tech provides valuable experience to Nobel, having successfully drilled and produced wells drilled throughout the subject area. Sunrise is an industry partner and derived its 25% working interest out of an assignment from the original 75% WI acquired by Nobel in November 2016, and is obligated under all of Nobel's original acquisition of lease terms, which include the Av-Tech and Landex carry provisions on the drilling and completion of the first two horizontal wells.

Estimated revenue and costs attributable to Nobel Petroleum LLC's interests in the 1P reserves, as of December 1, 2017, are summarized as follows, expressed in millions of U.S. Dollars:

**Future Net Revenue After  
Costs As of December 1,  
2017**

	<b>UNDISCOUNTED U.S.\$</b>	<b>@10%</b>	<b>@20%</b>
<b>TOTAL PROVED</b>	<b>62,049,780</b>	<b>26,946,520</b>	<b>17,277,480</b>

Estimates of proved reserves, have been prepared according to the Petroleum Resources Management System (PRMS) approved in March 2007 by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, and the Society of Petroleum Engineers. This is a referenced standard in published guidance of the United Kingdom Listing Authority. The reserves definitions are discussed in detail under the Definition of Reserves heading in this report.

This Competent Person's Report ("CPR") has been prepared for the purpose of assisting Pennpetro Energy Plc in its application for a main board listing on the London Stock Exchange. In the preparation of this CPR, I am following the requirements of the "Prospectus Rules" as published by the UK Financial Conduct Authority from time to time and governed by the UK Listing Authority and the European Securities and Markets Authority (ESMA) update of the Committee of European Securities Regulator's recommendations for the implementation of Commission Regulation No.809/2004 implementing the Prospectus Directive (ESMA/2013/319) dated March 20, 2013.

Reserves estimated in this report are expressed in gross and net working-interest reserves. Gross reserves defined as the total estimated petroleum to be produced from these properties after December 1, 2017. The Net reserves are set forth based on a 50% working-interest, after deducting royalty, well and production costs, and includes the drilling of two horizontal wells and carrying Av-Tech for its 25% proportional costs in the first two horizontal wells. Nobel's net revenue interest attributed to its 50% working interest is 37.50%.

This report presents values for proved reserves that were estimated using initial prices and costs specified by Pennpetro, which was a base case of oil at US\$55 per barrel and gas at US\$3.20 per thousand cubic feet, the oil and gas pricing held constant to depletion in 2031. All monetary values shown in this report are expressed in United States Dollars (U.S.\$). An explanation of the future price and cost assumptions is discussed in detail under the Valuation of Reserves heading of this report.

In estimating the hydrocarbons in place and recoverable volumes, I have used the standard geoscience and petroleum engineering techniques. These combine geophysical and geological knowledge with detailed information concerning porosity and permeability distributions, reservoir temperature, pressure conditions, and fluid characteristics and production history and performance of offset producing wells surrounding the Nobel acreage and leases. There is of course uncertainty inherent in the measurement and interpretation of basic data. I have estimated the degree of this uncertainty and have used statistical methods to calculate the range of hydrocarbons initially in place or recoverable.

Values for reserves shown in this report are expressed in terms of future gross revenue, future net revenue, and present worth. Future gross revenue is defined as the revenue to be realized from the sale of the net reserves. Future net revenue is defined as the future gross revenue less direct operating expenses, capital costs, Texas severance taxes and royalty costs where applicable. Operating expenses are composed of field operating expenses and transportation costs.

Field operating expenses include all well expenditures, and an allocation of overhead that directly relates to production activities such as insurances, safety, spill control and other mandated requirements by the ordinances of the City of Gonzales. Present worth is defined as future net revenue discounted at a specified arbitrary discount rate compounded monthly over the expected period of realization. In this report, present worth values using discount

rates of 10 and 20 percent are reported as totals.

Estimates of petroleum reserves, future net revenue, and contingent resources should be regarded only as estimates that may change as additional information becomes available. Not only are such reserves and revenue estimates based on that information which is currently available, but such estimates are also subject to the uncertainties inherent in the application of judgmental factors in interpreting such information.

In this report, key information has been provided by Nobel on the property evaluated herein. This includes the most recent geological analysis, inclusive of reservoir geology and mapping by consultant geologist Mr. William Vollenweider, as well as prior production data and prior third-party reports together with his examination of some plus 81 surrounding well logs, covering the reporting area. The economics have been provided by me. As far as I am aware, there are no special factors that would affect the interests owned by Nobel that would require additional information for the proper evaluation of these fields. All evaluations herein are considered in the context of current agreements and regulations.

Information used in the preparation of this report was obtained from Nobel. In the preparation of this report stated information has been furnished by Nobel with respect to the property interests to be evaluated, estimated production from such properties, estimated costs of operation and development, current prices for production, agreements relating to current and future operations and sales of production, lease expiration dates, and various other information and data that were accepted as stated.

Although I have not had independent verification, the information used in this report appears reasonable. The technical staff of Nobel involved with the assessment and implementation of development of Nobel's petroleum assets are represented as adherent to the generally accepted practices of the petroleum industry. The staff members appear to be experienced and technically competent in their fields of expertise. Site visits to the property evaluated herein were deemed necessary and as such I have been on the property on extensive numerous occasions.

## **EXECUTIVE SUMMARY**

Nobel Petroleum LLC ("Nobel") owns a 50% working interest ("WI") and a 37.50% Net Revenue Interest ("NRI") in the City of Gonzales Lease Area ("Lease or COGLA") located within the City of Gonzales, Gonzales, Texas. A 75% interest in the Lease Area was acquired by Nobel in November 2016, and it is currently the operator subcontracting the drilling operations. Documentation has been reviewed. Nobel acquired its interest from Av-Tech Oil & Gas LLC ("Av-Tech"), a long time local operator which had over prior years assembled with difficulty the lease acreage over mainly the central portion of the City of Gonzales, which is effectively the central portion of the Gonzales Oilfield. The acquisition obligates Av-Tech and Landex being carried for their 25% proportional costs contribution in the drilling of two horizontal wells within a defined Area of Mutual Interest ("AMI") making up some 1,800 leasehold acres. Other than the drilling and completion costs of the first two horizontal wells, both Av-Tech and Landex contribute their full 25% working interest to all drilling, completion and operating costs. Subsequently Nobel assigned out from its 75% WI a direct 25% working interest to Sunrise Energy LLC, which obligates Sunrise to pay one third under the original

acquisition obligations inclusive one third of the drilling and completion of the first two horizontal wells, together with the Av-Tech and Landex initial carry obligations.

The Lease Area has been evaluated here and is illustrated on Table 1. For this report, technical and commercial uncertainties have been considered in each case. All contracts, regulations and agreements in place on December 1, 2017 have been considered to be valid for their stated terms as stated by Nobel.

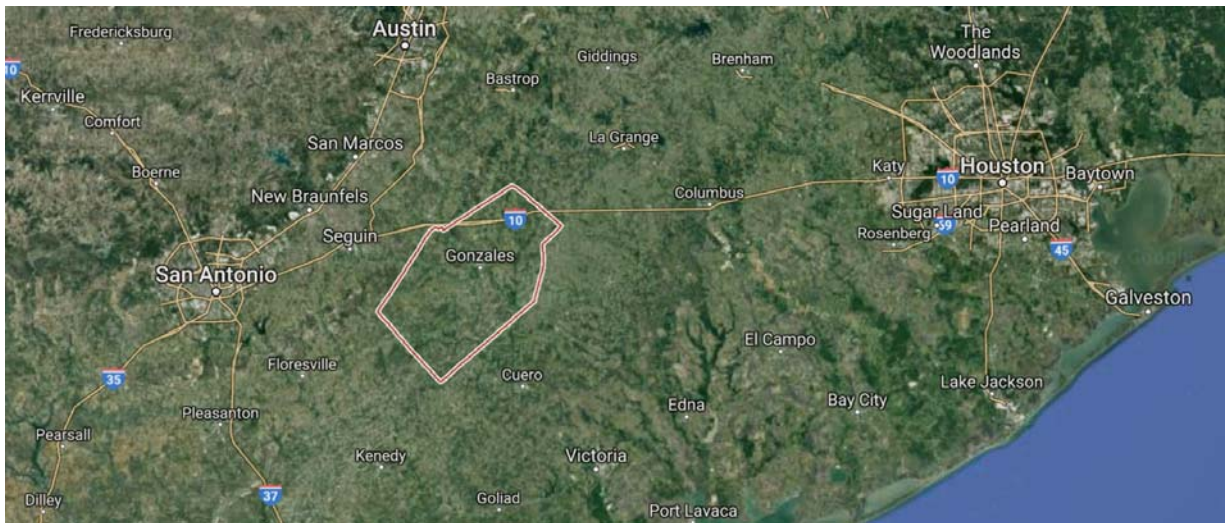
**Table 1**  
**Nobel Working Interest Summary**

LEASE	OPERATOR	WI %	NRI %	AREA	EXPIRATION DATE
CITY OF GONZALES TOWNSITE	NOBEL PETROLUM LLC	50	37.50	2,250 acre	Approx. 1000 leases 2017 through 2019 subject to re-leasing and/or drilling

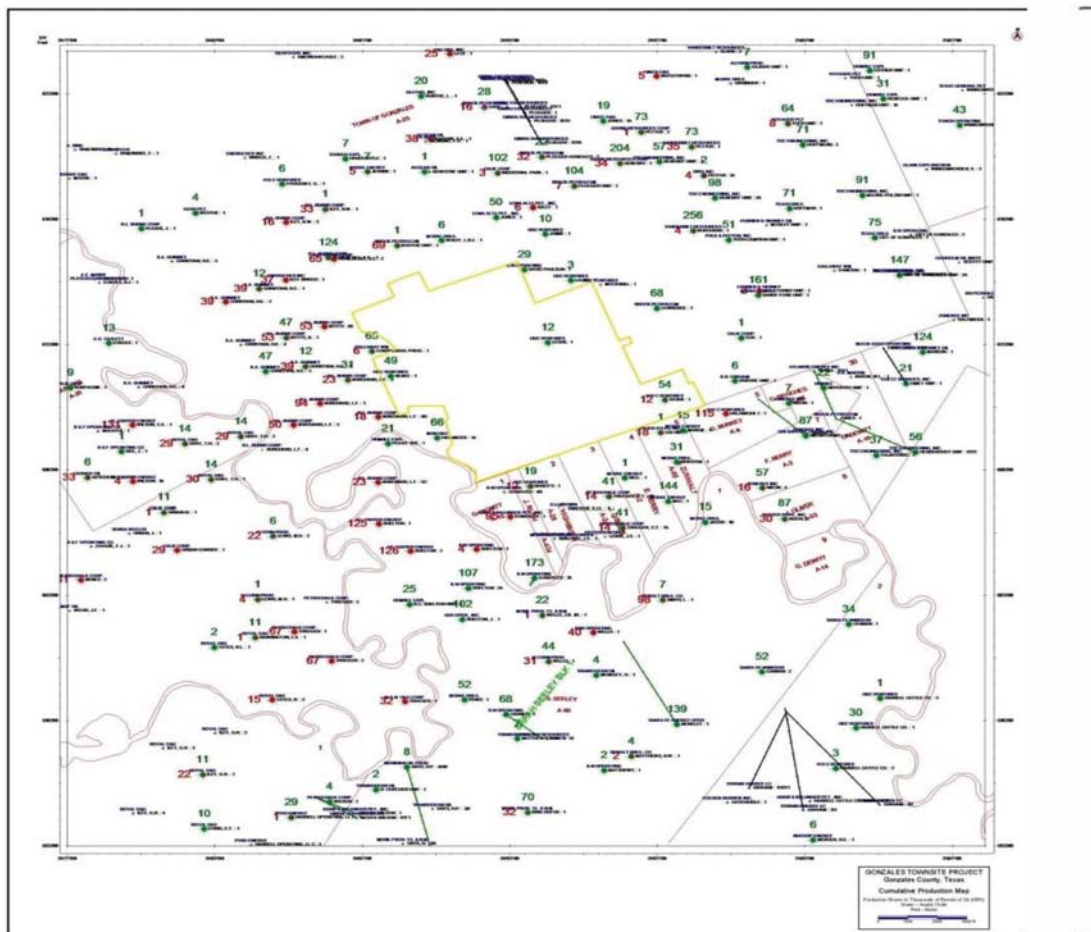
The Lease Area collectively constitutes some 1,000 leases. Primary lease term agreements are for three years with a two year extension, with a further automatic 6 months' extension if any well is drilled within the Lease Area. Certain of the leases have expiration terms ranging from late 2017 to 2019 as they were originally leased in 2012 and 2013, but are available for primary re-leasing by Nobel, who maintain ground personnel for this purpose, unless drilling activity has commenced within Lease Area. Following completion of a productive well within the Lease Area, the leases designated within the drilling unit in their entirety remain in effect for as long as a well produces. The primary lease terms are normal within the Texas petroleum environment, and I do not consider lease terms to be an impediment in the normal exploitation of the Gonzales oil-field.

After the primary term of the leases and at the point when there has been no production from the Lease Area for a period of 180 continuous days, the leases may be maintained by the drilling of a new well. Without production, new wells may be commenced every 180 days to maintain the active status of the Lease Area.

I have reviewed the City of Gonzales Lease Area data and gross proved undeveloped reserves (1P) have been assigned 4 million barrels of oil and 2 billion cubic feet of gas. I have only considered the proved and undeveloped reserves and no assessment was made of the probable, possible or contingent resource categories apply, although I have for completeness included their defining attributes within this report. All information used to make these assessments was provided by Nobel, public information services or the preparer's private files. This information was accepted as presented and the preparer makes no warranties except as stated herein.



**Figure 1 – location of Gonzales County, Texas Land Plat**



**Figure 2 – Lease Map City of Gonzales Lease Area showing surrounding cumulative production**



**Figure 4 – Isopach Map City of Gonzales Lease Area Top  
Transitional Sands to Top of the Austin Chalk**

Estimates of the gross total proved (1P) oil and natural gas reserves for the Lease evaluated in this report are summarized as follows, expressed in thousands of barrels (Mbbbl) and millions of cubic feet (MMcf):

**Table 2**  
**Gross**  
**Reserves**

	OIL & CONDENSATE	MARKETABLE GAS
LEASE	1P (Mbbbl)	1P (MMcf)
COGLA	4,000.00	2,000.00

Estimates for the net revenue interest total 1P oil and natural gas reserves evaluated for this report are listed as follows, expressed as Mbbbl and MMcf.

**Table 3**  
**Net Revenue Interest Reserves**

	OIL & CONDENSATE	MARKETABLE GAS
LEASE	1P (Mbbbl)	1P (MMcf)
COGLA	1,500.00	750

## PROFESSIONAL QUALIFICATIONS

### William W. Jackson:

Graduate Bachelor of Science, Petroleum Engineering, Texas A & M University 1976. 1982 Certified Professional Engineer Texas No. 53139; 40 years performing collateral evaluations and reservoir engineering appraisals as an engineering consultant. Prior to becoming independently employed was employed by the Midland National Bank and First City Bank of Dallas, Texas overseeing their loan portfolio's in excess of hundreds of millions of dollars. After leaving banking served as President, Chief Operating Officer, and Operations Manager for a number of oil and gas production companies, managing production operations, drilling, completion and construction in the drilling of hundreds of wells and gas pipeline and gathering systems. Also served as technical advisor to Wellquip, Oy concerning downhole petroleum engineering, operational reservoir analysis. Based in Moscow and Pori Finland with projects from Sakhalin, Astrakhan and Western Siberia, Yamal in the Russian Federation in addition to operations management and well supervision in Turkmenistan (Davletabad gas field), Gasprom Russia projects in Barents Sea and various producing properties in Kazakhstan.

William Jackson has given and not withdrawn his written consent to the issue of this prospectus, with his name included within it, and to the inclusion of this report and references to this report in the prospectus. For the purposes of Prospectus Rule 5.5.3R(2)(f) he accepts responsibility for the information contained in this report set out in this part of the prospectus and those parts of the prospectus which include references to this report and declare that to the best knowledge and belief of William Jackson, having taken all reasonable care to ensure that such is the case, the information contained herein is in accordance with the facts and does not omit anything likely to affect the import of such information.

William Jackson is independent of Pennpetro Energy Plc and, with the exception for the provision of professional services on a fee basis, does not expect to receive, any direct or indirect interest in the properties or securities of Pennpetro Energy Plc, its participants or any affiliate thereof.

**WILLIAM W. JACKSON**  
Registered Professional  
Engineer Texas  
Number 53139

Dated: 1 December 2017

## **DEFINITION of RESERVES:**

Estimates of proved, probable, and possible reserve is presented in this report have been prepared in accordance with the PRMS approved in March 2007 by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers. The petroleum reserves are defined as follows:

Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by development and production status.

*Proved Reserves* - Proved Reserves are those quantities of petroleum which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, they should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.

*Unproved Reserves* - Unproved Reserves are based on geoscience and/or engineering data similar to that used in estimates of Proved Reserves, but technical or other uncertainties preclude such reserves from being classified as approved. Unproved Reserves may be further categorized as Probable Reserves and Possible Reserves.

*Probable Reserves* – Probable Reserves are those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than proved reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.

*Possible Reserves* - Possible Reserves are those additional reserves which analysis of geoscience and engineering data suggest are less likely to be recovered than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible reserves 3P, which is equivalent to the high estimate scenario. In this context when probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate.

Reserves Status Categories - Reserves status categories define the development and producing status of wells and reservoirs.

Developed Reserves – Developed Reserves are expected quantities to be recovered from existing wells and facilities. Reserves are considered developed only after the necessary equipment has been installed, or when the cost to do so are relatively minor compared to the cost of the well. Where required facilities become unavailable, it may be necessary to reclassify Developed Reserves as Undeveloped. Developed Reserves may be further subclassified as Producing or Non-Producing.

Developed Producing Reserves - Developed Producing Reserves are expected to be recovered from completion intervals that are open and producing at the time of the estimate. Improved recovery reserves are considered producing only after the improved recovery project is an operation.

Develop Non-Producing Reserves - Developed Non-Producing Reserves include Shut-in and behind-pipe reserves. Shut-in reserves are expected to be recovered from (1) completion intervals which are open at the time of the estimate but which have not yet started producing, (2) Wells which are shut-in for market conditions or pipeline connections, (3) wells not capable of production for mechanical reasons. Behind pipe reserves are expected to be recovered from zones in existing Wells which will require additional completion work or future re-completion prior to the start of production. In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.

Undeveloped Reserves - Undeveloped Reserves are quantities expected to be recovered through future investments: (1) from new wells on undrilled acreage in known accumulations, (2) from deepening existing wells to a different (but known) reservoir, (3) from infill wells that will increase recovery, or (4) where a relatively large expenditure (e.g. when compared to the cost of drilling a new well) is required to (a) recomplete an existing well, or (b) install production or transportation facilities for primary or improved recovery project.

The extent to which probable and possible reserves ultimately may be reclassified as proven reserves is dependent upon future drilling, testing, and well performance. The degree of risk to be applied in evaluating probable and possible reserves is influenced by economic and technological factors as well as the time element. Estimates of probable and possible reserves in this report have not been adjusted and consideration of these additional risks to make them comparable to prove the reserves.

## **Definitions of Contingent Resources**

Definitions of contingent resources accord with the PRMS approved in March 2007 by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers.

Contingent resources - those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies.

Based on assumptions regarding future conditions and the impact on ultimate economic viability, projects currently classified as contingent resources may be broadly divided into three economic status groups:

Marginal Contingent Resources - those quantities associated with technically feasible project that are either currently economic or projected to be economic under reasonably forecasted improvement in commercial conditions but not committed for development because of one or more contingencies.

Sub-Marginal Contingent Resources - those quantities associated with discoveries for which analysis indicates that technically feasible development projects would not be economic and/or other contingencies would not be satisfied under current or reasonably forecasted improvement in commercial conditions. These projects are nevertheless should be retained in the inventory of discovered resources pending unforeseen major changes in commercial conditions.

Undetermined Contingent Resources - where evaluations are incomplete such that it is premature to clearly define ultimate chance of commerciality, it is acceptable to note their project economic status is "undetermined".

The estimation of resources quantities for an accumulation is subject to both technical and commercial uncertainties and, in general, maybe quoted as arranged. The range of uncertainty reflects a reasonable range of estimated potentially recoverable volumes. In all cases, the range of uncertainty is dependent on the amount and quality of both technical and commercial data that are available and may change as more data becomes available.

1C (Low), 2C (Best), and 3C (High) Estimates – Estimates of petroleum resources in this report are expressed using the terms 1C (low), 2C (best), and 3C (high) estimate to reflect the range of uncertainty.

## **LEASE SUMMARY**

### REGIONAL GEOLOGY OVERVIEW AND HISTORY

The City of Gonzales, established in 1825, is one of the earliest Anglo-American settlements in Texas. It is located at the confluence of the San Marcos and Guadalupe Rivers, in the north-central part of the county. Gonzales is the county seat of Gonzales County. Since the mid-1930's, Gonzales County has been a continuing and significant oil-field arena. From majors such as Exxon to the many small independents, tens of thousands of wells have been drilled over the years. The Texas Austin Chalk has played a large role in the history of productive oilfields in this area. The Austin Chalk was discovered in Pearsall, Texas, situated just west of Gonzales County. Pearsall has become a major oilfield over the years, and Giddings Field, situated at the City of Giddings in Lee County just north of Gonzales, grew its Austin Chalk production to be considered the largest oilfield found in Texas in the past 50 years. Gonzales County lies at the heart of a recent resurgence of drilling activity for Austin Chalk as well as the Eagle Ford Shale, which lies just under the base of the Austin Chalk. Another prolific formation in this area is the Buda Limestone, which lies immediately under the base of the Eagle Ford. We consider the Austin chalk to be the main objective, with the Eagle Ford and Buda as secondary objectives. The Austin Chalk is estimated to contain more than 1 billion barrels of oil and 1 trillion cubic feet of gas remaining to be developed.

### **General Information:**

The Austin Chalk is an Upper Cretaceous Formation in the Gulf Coast region of the United States, trending Northeast-Southwest, directly through all of Gonzales County. In this part of the trend, the top of the Austin Chalk is at a depth of approximately 7,100 ft., the top of the Eagle Ford at approximately 7,500 ft., and the top of the Buda at approximately 7,600 ft.

The Gulf Coast Geosyncline Basin (GCG) is one of the world's great petroleum mega- provinces, with a hydrocarbon producing history stretching more than 100 years. Despite its maturity, the GCG remains one of the most active and successful exploration provinces in North America, attracting numerous domestic and international exploration companies. Giant oil discoveries and expanding tight-sand and shale gas plays maintain the momentum of discovery that will underpin production well into the 21st Century.

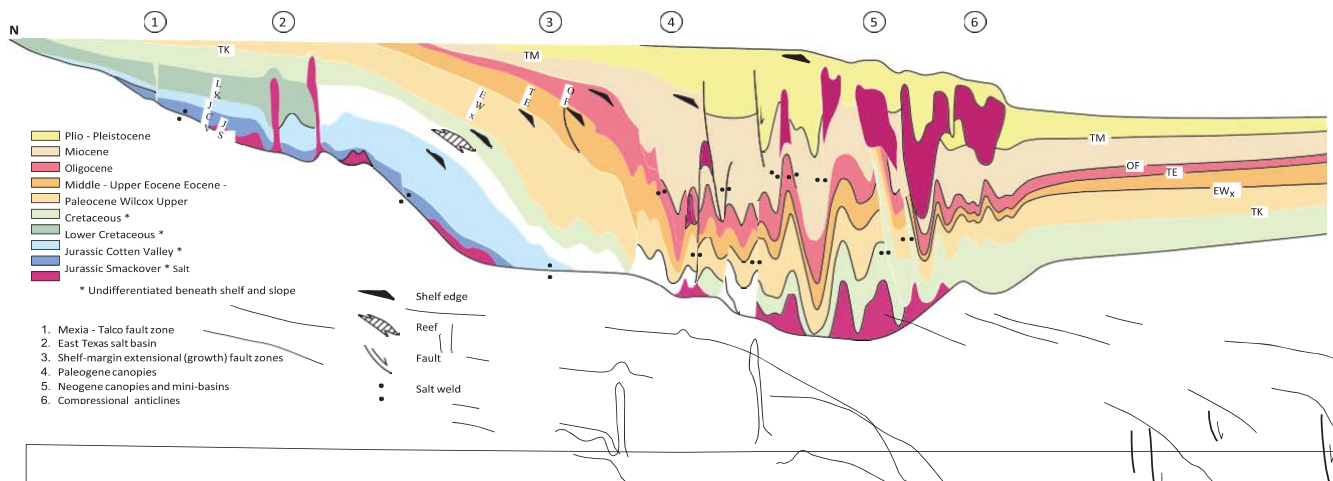
Modern drilling and completion technologies have opened an expanding array of exploitation of oil and gas reservoirs in fractured chalk, limestone and shale deposits beneath the Gulf Coast Basin, including specifically south-central and west Texas. The Eagle Ford Shale serves as the source rocks, providing commercial accumulations of oil and gas in the natural fractures of the lower Austin Chalk. Structurally paleo-high's are prevalent across the area, enabling trapping of the oil and gas as it migrated upward into the naturally fractured Austin Chalk section.

## Austin Chalk:

The Austin Chalk consists of recrystallized, fossiliferous, interbedded chalks and marls. Exposures of Austin Chalk are mainly seen in quarries, roadcuts, and stream beds where the water eroded the soil. The Austin Chalk outcrops and can be seen throughout Dallas, and extends south underneath I-35 down into Austin and San Antonio. Volcanic ash layers are present in the Austin chalk, and were deposited by wind from distant erupting volcanoes around 86 Mya. These eruptions occurred along a 250-mile long by 50 mile wide belt of submarine volcanoes, which are located in present-day south-central Texas. This belt of volcanoes coincides with the trend of the Balcones Fault zone and is known as the Balcones volcanic province. Evidence of these ancient volcanoes is only visible in a few places since most were buried by the Austin and Taylor Group, and now are in the subsurface. The presence of this volcanism during deposition of the Austin Chalk is correlated with the Laramide orogeny. Sea level rose for conditions to be right for the deposition of the Austin Chalk, which also coincides with the maximum extent of the Cretaceous Interior Seaway. The depths of the deposition of the Austin Chalk occurred in ~250 m or 820 ft. of water.

## Size:

The Austin Chalk formation reaches approximately 9,700 square miles, stretching across portions of Texas, Louisiana and Mississippi. The upper Cretaceous geologic formation is named after type section outcrops near Austin, Texas, with thickness ranging from 15 to 180 meters.



**Figure. 5 – Major Stratigraphic Units GCG**

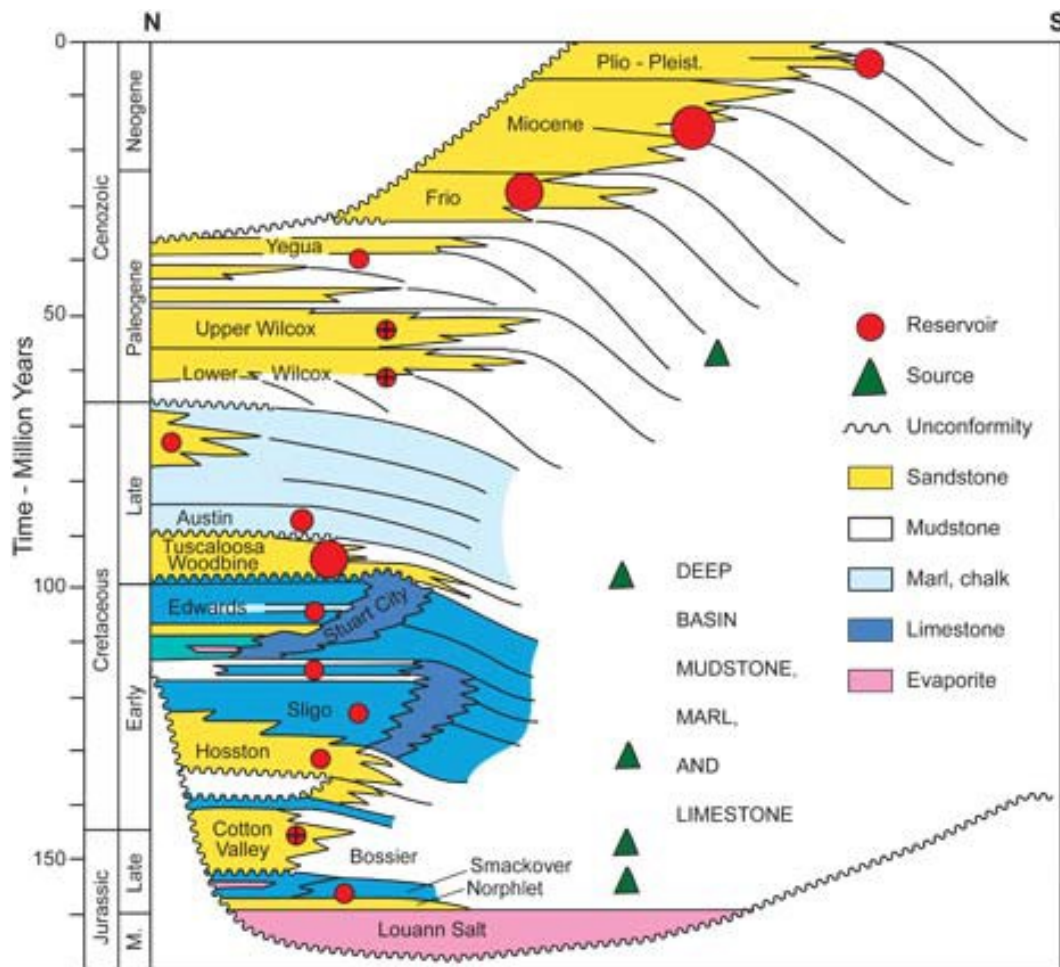
## **The Petroleum System Elements Source**

### **Rocks**

Many petroleum basins rely on only one or two principal source rock intervals to generate most of their contained hydrocarbons. The GCG contains multiple, thick, source rock intervals, including Upper Jurassic limestone and marl, Lower Cretaceous marl, lower Upper Cretaceous marl and mudstone and lower Tertiary mudstone (Fig. 3). Cumulatively, these source rocks are dispersed throughout most of the basin's area. Importantly, the bulk of the source rocks lie within the lower portion of the basin fill. The widespread accumulation of organic-rich sediment at multiple stratigraphic levels reflects the beneficial interplay of basin isolation and restricted circulation, tropical paleoclimate, development of a deep, often stratified and/or sediment-starved marine basin center, and high rates of terrestrial organic matter input.

### **Hydrocarbon Generation**

The long depositional history and large size of the GCG has resulted in a great diversity of regional burial histories. Mesozoic source rocks of the landward basin margin were buried slowly by younger Cretaceous and relatively thin early Cenozoic sediments (Fig. 5); here petroleum generation progressed slowly in response to burial duration. Basinward, beneath the modern coastal plain and shelf, rapid burial of source rocks led to generation in the early to middle Cenozoic. Beneath the late Cenozoic outer shelf and continental slope depocenters, deep burial brought source rocks into oil and gas kitchens only within the last few million years. The overall pattern of basinward advancing deposition illustrated in the regional dip cross section (Fig. 6) created successive waves of maturation of source rocks. The result was multiple petroleum systems whose peak generation times spanned the 65 million years of the Cenozoic and continue today.



**Figure - 6**  
Generalized regional geologic cross section of the GCG

## Reservoirs

The long history of deposition in the GCG, with multiple rock types ranging from dolomite and limestone and highly cemented sandstone and mudstone to unconsolidated sand and mud, and depositional environments from carbonate platforms and reefs to deep-marine submarine fans has provided a multiplicity of potential reservoirs. Petroleum has been found and produced from every major stratigraphic unit from the Jurassic Norphlet age eolian siltstones and Smackover age shallow-water limestones directly above the Louann to Pleistocene turbidite sands of the modern continental slope (Fig. 3). Porosity types range from simple intergranular pores to secondary leached pores in deeply buried, highly cemented sandstones. Jurassic and Cretaceous carbonate reservoirs commonly exhibit fracture porosity. As conventional reservoirs have been exploited onshore, effort has successfully shifted to unconventional reservoirs, including fractured chalk (Austin), tight sand (Cotton Valley-Hosston), and shale (Bossier). Here, source rock and reservoir can be intimately mixed.

## **Reservoir Geology City of Gonzales Township Lease Area:**

Reservoir geology and mapping has been provided by consulting geologist, F. William Vollenweider as expressed herein in his June 2017 CPR covering the reporting area, with such information remaining applicable as of the date of this report. To date, three Proven and potential Possible Pay Horizons have been geologically structurally and isopachously mapped on tracings of reservoir areas. Correlating the Austin Chalk, Eagle Ford Shale and Buda Limestone tops near to each well total depth were examined in over 80 well logs, Vollenweider then located a shallower depth point near the Top Transitional Sands upon which structural and isopach maps were prepared. The isopach map tracing was constructed at roughly 2,000 to 2,500 feet down to the top of the Austin Chalk. As a result of the isopach mapping utilizing the existing well data, two large East – West highs roughly enclosing some 144,000,000 square feet = 3,306 Acres on the Northern High and some roughly 216,000,000 square feet = 4,958 Acres were mapped on the Southern High; the COGLA Leasehold is situated in-between.

On the Northern High, there were six (6) vertical Austin Chalk wells with hydrocarbons, oil production of 100 to 315 BOPD + 74 to 107 MCFGD) plus some water. On the Southern end of the City of Gonzales Lease Area, there were three Austin Chalk vertical wells that were productive. Importantly, the flow rates and ultimate recovery of oil in these vertically drilled wells indicate natural fracturing in the Austin Chalk section, primarily indicated in the lower 50 ft. portion of the Austin Chalk.

The COGLA Leasehold will have equal hydrocarbon potential if sufficient fracturing is equally present from map border to map border, from vertical wells drilled. According to the plans for the development of the COGLA Leasehold, each well will be vertically drilled through the Austin Chalk, through the Eagle Ford, and through the Buda Limestone, and logged. Total well depth to be approximately 8,500 ft. The Buda Limestone is a main field pay in this area, and if as expected it is encountered productive, Nobel may choose to complete the well for production in the Buda. Otherwise, and according to plans, following logging of the vertical well, Nobel will come back up hole and horizontally drill out along the lower Austin Chalk where the natural fractures are indicated, up to a 5,000 ft. lateral. Each well would then be completed “open-hole” as a lower Austin Chalk oil producer.

Of the horizontal wells drilled in this area, some fractured Austin Chalk completions have commenced production at rates of as much as 2,500+ barrels of oil per day. On the South side of the COGLA Leasehold, EOG Resources, Inc., one of the largest independent oil and gas companies in the United States (market cap nearly US\$55 Billion), has been very active drilling horizontally in the upper Eagle Ford Shale and fracking into the lower Austin Chalk, having very good results. Nobel’s plan to horizontally drill the lower Austin Chalk to encounter the known natural fractures are expected to provide successful results without the need to frack the interval.



Figure 7 - EOG Drilling Rig operating south side of Nobel Lease Area, Gonzales.

## Eagle Ford and Austin Chalk Intervals Across the Acreage

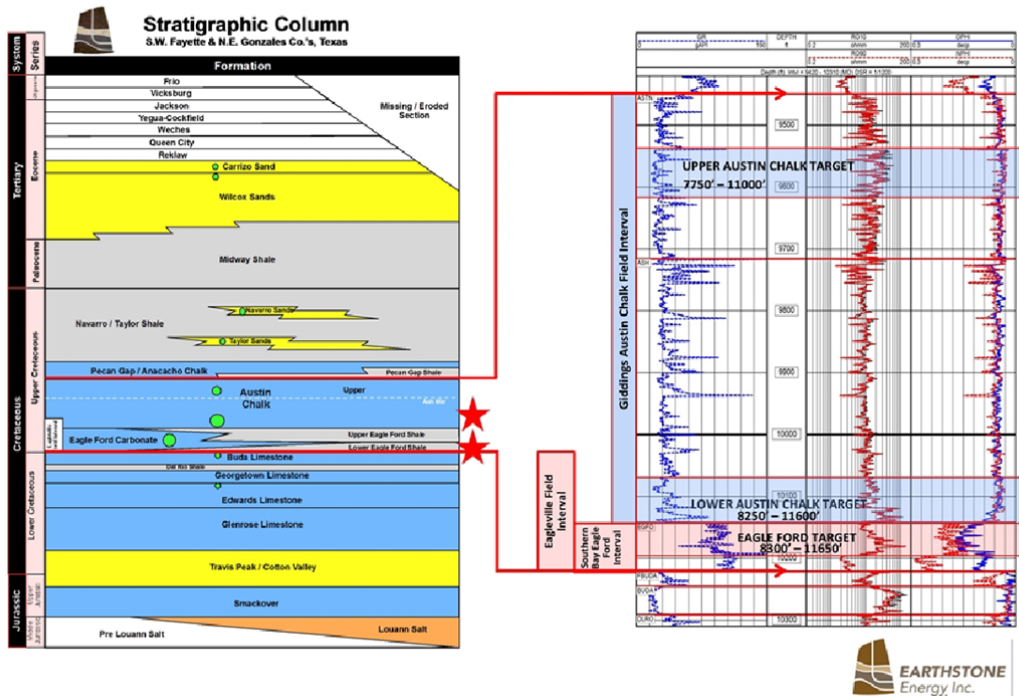


Figure 8 – Stratigraphic Column N.E. Gonzales [Earthstone Energy, Inc.]

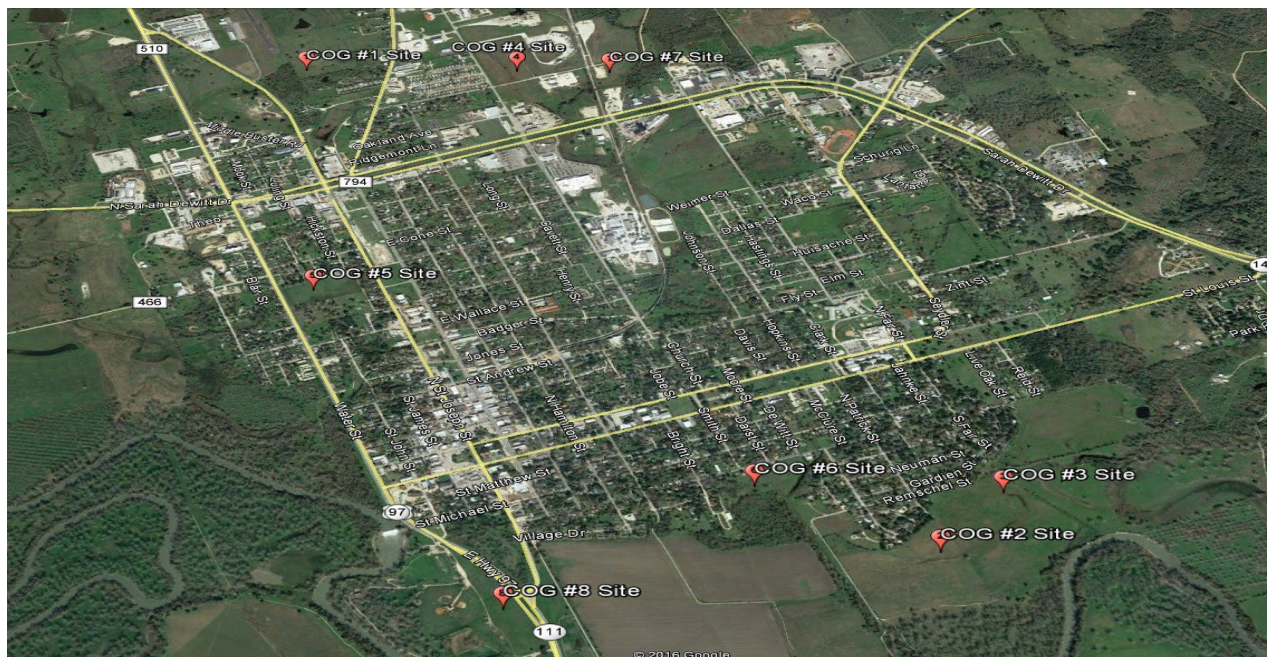
## **CITY OF GONZALES LEASE AREA FORWARD DEVELOPMENT PLAN**

Currently there is no production on the COGLA as there has not, until now, been the availability of a sufficient leasehold land position to undertake such development as required by both the Ordinances of the City of Gonzales, and the Texas authority overseeing all petroleum development, the Texas Railroad Commission. Each proposed well within the COGLA must be authorised by means of a Drilling Permit.

The Texas Railroad Commission sets forth the requirements of drilling permitting and allocations pursuant to the acreage and lease holdings required to make up Drilling Units – either 40 or 80 acre contiguous spacing requirements; the Ordinances of the City of Gonzales to approve drilling permits further set out the requirements for insurance, of additional spacing and authorities and permissions from adjacent leaseholders as to what development proposals in respect to drilling activity may travel through, under or how close.

The initial well, #COG 1H, has been granted a Drilling Permit and is sited on a 279.6 acre lease within the COGLA, and as prior stated herein the Development Plan was to drill down vertically to test the Buda formation at some 8,500 ft., whereupon a determination would be made to either set casing to produce from the Buda, or alternatively, to cement off the lower horizons and to go back up hole and drill horizontally into the lower Austin Chalk. As there have been primary shows of oil and gas has been flared, drilling out of the lower Austin Chalk was commenced laterally some 3000 ft. The well is capped awaiting completion, with recent inspection confirming flows of sweet gas. A further 1700 ft. additional is available post completion of this well for future additional reserves. Funding for this well has been provided under a term loan note.

An additional seven new well completions are incorporated within this evaluation beyond the immediate initial well development plan, based on full field development of some 18 months of the COGLA. We are confident with Nobel's ability to execute this development plan and drilling schedule. Sites have been mapped and are available for development along the same conditions involving the



**Figure 9 – Nobel proposed drilling development locations**

The cost of drilling the #COG 1H is budgeted at US\$1,364,000 based upon firm quotations from drilling firms. A further US\$250,000 is budgeted for completion. It is anticipated that this cost structure will be maintained for the next 12 plus months being a recovery period for the numerous petroleum service industries.

A successful completion of the initial development well will lead to initial production of between 300 – 1,000 bopd, together with some 500 Mcfg day. Demand for WTI light crude is strong with the ability to immediately deliver sales product into holding tanks on site for daily pick-up by Tankers on a continuous 24/7 basis, prior to completion. Cash flow economics predicts the ability to maintain the forward development plan. It is expected that peak production will occur in 2020, gradually declining until 2031. Enhanced techniques are not relevant.

### **Infrastructure:**

As the COGLA is located within the actual township of the City of Gonzales, there is very easy access by road to the proposed drilling sites of the field and ready access to power and water. There are substantial oil services firms located within the vicinity of Gonzales such that immediate access to services and goods is comprehensive and non-problematic. As the initial well and ongoing development programme will use third party drilling contractors and construction crews, these firms supply their own personnel and are responsible both under their own insurance's, and local state petroleum ordinances and legal obligations, for provision of safety and health. Furthermore, Nobel under the terms of its drilling permit permissions is required to provide drill insurance coverage, which additionally comprehensively covers its own and third party personnel. The effective road infrastructure and close access to state highway I-10 allows for the quick and seamless integration of both drilling operations and trucked Tanker Cargoes for pick-up and delivery of sales product from the drill sites to numerous Texas and Louisiana refineries.

Abandonment costs have been factored into the economic analysis.

### **Production performance:**

Future estimated drilling and completion schedules were based on information supplied by Nobel. In all cases the estimated future production from the 1P reserves were estimated to be within the capacity of the reservoirs to produce based on Well test information, and the anticipated development plans which are found to be acceptable.

### **Valuation of reserves:**

Revenue values in this report had been prepared using initial prices and costs and future price and cost assumptions specified by Nobel and Pennpetro as of December 1, 2017. Estimates of future net revenue and present worth of 1P reserves have been prepared in accordance with PRMS. A Base case of 2017 priced WTI Oil at US\$55.00 per barrel, and US\$3.20 for gas per thousand cubic feet, both held constant until depletion, was evaluated with future prices and costs taking into account the future forward curve of WTI. Gross and net reserves estimated herein are based on the Base Case assumptions.

In this report, values for 1P reserves are based on projections of estimated future production and revenue prepared for the field. Reserve values of the 1P reserves were developed utilizing methods generally accepted by the petroleum industry. Production forecasts of the 1P reserves were based on development plan information stated by Nobel for the field.

The following assumptions were used for estimating future prices and costs under the Base Case:

*Oil, condensate, and gas prices:*

All, condensate, and gas prices were furnished by Nobel. The oil and condensate prices used for this report were based on the WTI marker oil price forecast. The gas price use for this report was based on a local domestic sales price forecast. Prices used are shown in the Economic Summary Projections in Appendix 1 and 2.

*Operating Expenses and Capital Costs:*

Current and historical field operating expenses and field operating expense forecasts provided by Nobel were used in estimating future expenses required to operate the field. The operating cost of the Gonzales Field is expected to be US\$25,000.00 per month. Also, the general and administrative cost is fixed cost of US\$5,500.00 per month. An inflation rate of 2% was applied to all expenditures. In certain cases, future expenses, either higher or lower than current expenses, may have been used because of anticipated changes in operating conditions.

The drilling and well completion cost for the initial COG #1 well is estimated to be US\$1.6 Million (and each well thereafter). Av-Tech, Sunrise and Landex Petroleum are 50% joint- venture working interest partners in the lease with Nobel holding the 50% WI balance. The surface facilities costs were estimated based on the costs incurred by similar ongoing projects.

*Revenue:*

*Future gross revenue:*

Future gross revenue is that revenue which could accrue to the appraised interests from the production and sale of the estimated net reserves.

*Future net revenue:*

Future net revenue was calculated by deducting royalties together with any other revenue interest obligations, estimated operating expenses, and capital costs from the potential future gross venue.

*Net present value:*

Net present value is defined as future net revenue discounted at a specific arbitrary discount rate compounded monthly over the expected period of realization. In this report, and net present value using the discount rate of 10%, is reported in detail.

## **Procedure / Methodology:**

Estimates of reserves were prepared by the use of appropriate geologic, petroleum engineering, and evaluation principles and techniques that are in accordance with practices generally recognized by the petroleum industry and in accordance with definitions established by the PRMS. The method or combination of methods used in the analyses of each reservoir was tempered by experience with similar reservoirs, stage or development, quality and completeness of basic data, and production history.

When applicable, the volumetric method was used to determine the original quantities of petroleum in place. Estimates were made by using various types of logs, core analyses, and other available data. Formation tops, gross thickness, and representative values for net pay thickness, porosity, and interstitial fluid saturations were used to prepare structure on maps to deliver the eight each reservoir and Isopachous maps to estimate reservoir volumes.

Estimates of ultimate recovery were obtained by applying recovery efficiency factors to the original quantities of petroleum in place. These factors were based on consideration of the type of energy inherent in the reservoir, analysis of the fluid and rock properties, the structural position of the properties, and the production history. Where adequate data were available and where circumstances justified, material-balance and other engineering methods were used to estimate recovery factors. In these instances, reservoir performance parameters such as cumulative production, producing rate, reservoir pressure, gas oil ratio behavior, and water production were considered in estimating recovery efficiencies used in determining gross ultimate recovery.

For depletion-type reservoirs or other reservoirs where performance has disclosed a reliable decline in producing - rate trends or other diagnostic characteristics, reserves were estimated by the application of appropriate decline curves or other performance relationships. In analyzing decline curves, reserves were estimated only to the limits of economic production. In certain cases where the previously named methods could not be used, reserves were estimated by analogy with similar reservoirs where more complete data were available.

The reserve estimates presented herein were based on consideration of production data through December 1, 2017. Other data available through December 1, 2017, were used to prepare estimates for this report. Where applicable, estimated cumulative production through December 1, 2017, was deducted from the gross ultimate recovery to determine the estimated gross reserves.

The reserve forecasts contained herein terminate at the technical limit of approximately 30 barrels per day for oil and 100 MCF per day for gas.

The oil, natural gas, and condensate reserves estimated in this report are expressed in terms of 42 United States gallons per barrel. Crude oil reserves are to be recovered by conventional field operations. Condensate reserves are to be recovered from gas processing and include C5 plus fractions.

Gross quantities included in this report are expressed as marketable gas and at a pressure base of 14.7 pounds per square inch absolute (psi a) and a temperature base of 60 degrees Fahrenheit (°F). Marketable gas is defined as wet gas after reduction for shrinkage resulting from field separation; processing, includes removal of non-hydrocarbon gas to meet pipeline specifications and condensate extraction; and flare and other losses but not from fuel usage. Fuel gas is included as reserves. Wet gas is the total gas produced from the reservoir prior to processing or separation and includes all non-hydrocarbon components and the gas equivalent of condensate. The marketable gas is converted to boe by using a ratio of 7,000 cubic feet per boe.

Estimates of the net present worth, undiscounted and discounted at a rate of 10%, of the total 1P base case scenario reserves of the petroleum interest attributable to Nobel, expressed in millions of United States Dollars (U.S. \$), are presented in the following Table 4;

**Table 4**  
**Reserves – Net Revenue Interest : Net Present Values Discounted at 10%**

<b>Asset Gonzales Field</b>	<b>UNDISCOUNTED</b>	<b>DISCOUNTED @10%</b>
<b>1P (U.S.\$)</b>	<b>62,049,780</b>	<b>26,946,520</b>

**Procedure / Recovery:**

Estimates of ultimate recovery were obtained after applying recovery factors to original quantities of petroleum in-place. These recovery factors were based on consideration of the type of energy inherent in the reservoir, analyses of the fluid and rock properties, and the structural position of the properties.

In certain cases, when the reservoir where the previously named methods, could not be used, resources were estimated by analogy with similar Wells or reservoirs for which a more complete data were available.

The Oil, natural gas, and condensate resources estimated in this report are expressed in terms of 42 United States gallons per barrel. Crude oil resources are to be recovered by conventional field operations.

Gas quantities included in this report are expressed as a marketable gas at a pressure base of 14.7 psia and a temperature base of 60°F. Marketable gas is defined as wet gas after reduction for shrinkage resulting from field separation; processing, including removal of non- hydrocarbon gas to meet pipeline specifications and condensate extraction; and flare and other losses but not from fuel usage. Wet gas is the total gas produced from the reservoir prior to processing or separation and include all non-hydrocarbon components and the gas equivalent of condensate. The marketable gas is converted to boe by using a ratio of 7000 cubic feet per boe.

### **Environmental Considerations:**

There are certain environmental considerations in any venue of petroleum production. We are not aware of any extraordinary environmental elements associated with the property evaluated herein. As such, we have included abandonment costs, as appropriate, to accomplish routine and safe removal of subsurface and surface equipment at the given field site. Reclamation costs, if any, are not included in the evaluation herein, unless specifically referred.

### **SUMMARY AND CONCLUSIONS:**

Estimates of proved oil, natural gas, and condensate reserves attributable to the working interests owned by Nobel Petroleum LLC and evaluated herein are listed as follows in Table 5, expressed in Mbbl and MMcf:

**Table 5**  
**Working Interests Reserve Summary**

	1P
<b>Oil, Condensate, and NGL (Mbbl)</b>	<b>1,500.00</b>
<b>Marketable Gas (MMcf)</b>	<b>750</b>

**APPENDIX 1**  
**ECONOMIC SUMMARY PROJECTION COGLA ALL**  
**CASES @ 10% DISCOUNT RATE**



**APPENDIX 2**  
**ECONOMIC SUMMARY PROJECTION COGLA PROVED**  
**UNDEVELOPED @10% DISCOUNT RATE**

Date : 11/30/2017 9:19:36AM  
Partner : All Cases

## ECONOMIC SUMMARY PROJECTION

Undeveloped Rsv Category

Jackson Petroleum Consulting  
All Cases

Discount Rate : 0.00  
As of : 10/01/2017

Est. Cum Oil (ABbl) : 0.00  
Est. Cum Gas (ADMcF) : 0.00  
Est. Cum Water (ABbl) : 0.00

Year	Oil Gross (ABbl)	Gas Gross (ADMcF)	Oil Net (ABbl)	Gas Net (ADMcF)	Oil Price (\$/bbl)	Gas Price (\$/McF)	Oil & Gas Rev. Net (A\$)	Misc. Rev. Net (A\$)	Cost Net (A\$)	Taxes Net (A\$)	Invet. Net (A\$)	NonDisc. CF Annual (A\$)	Cum. Disc. CF (A\$)
2017	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-225.00	-225.00
2018	329.57	164.78	123.59	61.79	55.00	3.20	6,995.12	0.00	102.50	503.44	5,332.50	1,056.68	831.68
2019	469.29	234.65	173.98	87.99	55.00	3.20	9,960.70	0.00	217.50	716.87	2,000.00	7,026.33	7,858.02
2020	315.74	157.87	118.40	59.20	55.00	3.20	6,701.49	0.00	240.00	482.30	0.00	5,979.19	13,837.21
2021	232.74	116.37	87.28	43.64	55.00	3.20	4,939.87	0.00	240.00	355.52	0.00	4,344.35	18,181.56
2022	190.41	95.20	71.40	35.70	55.00	3.20	4,041.41	0.00	240.00	290.86	0.00	3,510.55	21,692.11
2023	163.48	81.74	61.30	30.65	55.00	3.20	3,469.86	0.00	240.00	249.72	0.00	2,980.14	24,672.24
2024	144.88	72.44	54.33	27.16	55.00	3.20	3,075.00	0.00	240.00	221.31	0.00	2,613.69	27,285.94
2025	130.22	65.11	48.83	24.42	55.00	3.20	2,763.94	0.00	240.00	198.92	0.00	2,335.02	29,610.96
2026	119.06	59.53	44.65	22.32	55.00	3.20	2,527.05	0.00	240.00	181.87	0.00	2,105.18	31,716.14
2027	110.03	55.01	41.26	20.63	55.00	3.20	2,335.37	0.00	240.00	168.08	0.00	1,927.29	33,643.43
2028	102.81	51.41	38.56	19.28	55.00	3.20	2,182.22	0.00	240.00	157.05	0.00	1,785.17	35,428.60
2029	96.20	48.10	36.07	18.04	55.00	3.20	2,041.81	0.00	240.00	146.95	0.00	1,654.86	37,083.46
2030	90.77	45.38	34.04	17.02	55.00	3.20	1,926.57	0.00	240.00	138.65	0.00	1,547.91	38,631.37
2031	86.05	43.02	32.27	16.13	55.00	3.20	1,826.35	0.00	240.00	131.44	0.00	1,454.91	40,086.28

Ram	1,418.76	709.38	532.04	266.02	55.00	3.20	30,113.34	0.00	5,982.50	2,167.24	0.00	21,963.50	21,963.50
Total	40.0	4,000.00	2,000.00	1,500.00	750.00	55.00	84,090.00	0.00	9,182.50	6,110.21	7,557.50	62,049.78	62,049.78
UL	4,000.00	2,000.00											

### Eco. Indicators

Return on Investment (disc) :	9.210	Present Worth Profile (A\$)	
Return on Investment (undisc) :	9.210	PW 10.00% :	26,946.52
Years to Payout :	1.38	PW 20.00% :	17,277.48
Internal Rate of Return (%) :	491.12	PW 30.00% :	12,616.52
		PW 40.00% :	9,810.69
		PW 50.00% :	7,924.51
		PW 60.00% :	6,569.21
		PW 70.00% :	5,550.24
		PW 80.00% :	4,758.32
		PW 90.00% :	4,126.92
		PW 100.00% :	3,613.12

## PART X DEFINITIONS

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

<b>Acquisition</b>	the acquisition of all of the share capital of Nobel Petroleum UK Limited by the Company from Nobel Petroleum Ireland Limited in consideration of the issue of 3,400,000 Ordinary Shares and the issue of the Mandatory Convertible Note pursuant to an agreement dated 17 May 2017.
<b>Admission</b>	the effective admission of the Ordinary Shares to listing on the Official List and trading on the London Stock Exchange's main market for listed securities.
<b>AMI</b>	Area of Mutual Interest
<b>Articles</b>	the articles of association of the Company.
<b>Av-Tech</b>	Av-Tech Oil & Gas LLC.
<b>Board or Directors</b>	the directors of the Company whose names are set out on page 39 of this document.
<b>City Code</b>	the City Code on Takeovers and Mergers published by the Takeover Panel.
<b>CA 2006</b>	the Companies Act 2006.
<b>COG</b>	City of Gonzales.
<b>COGLA</b>	the COG Lease Area, as more particularly described in Part IX of this document
<b>Competent Person</b>	Mr. William W. Jackson, the Company's appointed competent person in accordance with the ESMA Recommendations.
<b>Competent Person's Report or CPR</b>	the report on the Group's oil assets prepared by the Competent Person in accordance with the ESMA Recommendations, as set out in Part IX of this document.
<b>Company or Pennpetro</b>	Pennpetro Energy plc, incorporated in England and Wales with registered number 10166359.
<b>Corporate Governance Code</b>	the UK Corporate Governance Code, published by the Financial Reporting Council.
<b>CREST</b>	the paperless share settlement system and system for the holding and transfer of shares in uncertified form in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the CREST Regulations).
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended.
<b>Disclosure Guidance and Transparency Rules</b>	the disclosure guidance and transparency rules of the FCA.

<b>Drilling Unit</b>	acreage spacing required under the ordinances of the Texas Railroad Commission for drilling wells.
<b>EEA</b>	territories comprising the European Union together with Norway, Iceland and Liechtenstein.
<b>ESMA Recommendations</b>	ESMA update of the CESR recommendations – The consistent implementation of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive (ESMA/2013/319).
<b>Existing Ordinary Shares</b>	the 70,900,000 Ordinary Shares in issue at the date of this document and on Admission.
<b>FCA or Financial Conduct Authority</b>	the Financial Conduct Authority of the United Kingdom.
<b>FSMA</b>	the Financial Services and Markets Act 2000.
<b>Group</b>	the Company and its subsidiaries from time to time.
<b>HMRC</b>	HM Revenue & Customs.
<b>Landex</b>	Landex Petroleum LLC
<b>Listing Rules</b>	the Listing Rules of the FCA.
<b>Loan Note</b>	the US\$5 million loan note described in paragraph 9.8 of Part VII: Additional Information of this document.
<b>London Stock Exchange</b>	London Stock Exchange plc.
<b>Market Abuse Regulation</b>	Regulation EU 596/2014 of the European Parliament and the Council of the European Union on market abuse.
<b>Nobel LLC</b>	Nobel Petroleum LLC, incorporated in the State of Louisiana, USA, with company number 42441284K, and being an indirect wholly owned subsidiary of the Company.
<b>Nobel UK</b>	Nobel Petroleum UK Limited, incorporated in England and Wales with registered number 10268085, and being a wholly owned subsidiary of the Company.
<b>Ordinary Shares</b>	ordinary shares of £0.01 each in the capital of the Company.
<b>Official List</b>	the Official List of the UKLA.
<b>Overseas Shareholders</b>	holders of Ordinary Shares who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the UK or persons who are nominees or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the UK which may be affected by the laws or regulatory requirements of the relevant jurisdictions.
<b>Premium Listing</b>	a premium listing on the Official List under Chapter 6 of the Listing Rules.
<b>Pro Forma Financial Information</b>	the unaudited pro forma statement of net assets of the Company as at 31 May 2017 set out in Part V (G): Unaudited Pro Forma Statement of Net Assets.
<b>Prospectus Directive</b>	the Directive of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (no. 2003/71/EC).
<b>Prospectus Rules</b>	the Prospectus Rules of the FCA.

<b>Registrar</b>	Computershare Investor Services PLC.
<b>Regulation S</b>	Regulation S promulgated under the Securities Act.
<b>Regulated Information Service or RIS</b>	one of the regulated information services authorised by the RIS or UKLA to receive, process and disseminate regulator information in respect of listed companies.
<b>Securities Act</b>	the United States Securities Act of 1933, as amended.
<b>Shareholders</b>	holders of Ordinary Shares.
<b>Standard Listing</b>	a standard listing on the Official List under Chapter 14 of the Listing Rules.
<b>Subsidiary</b>	has the meaning given to it by section 1159 CA 2006.
<b>Sunrise</b>	Sunrise Energy LLC
<b>Takeover Panel</b>	the Panel on Takeovers and Mergers.
<b>UK or United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland.
<b>UK Listing Authority or UKLA</b>	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA in the exercise of its functions in respect of, among other things, the admission to the Official List.
<b>United States, US or USA</b>	the United States of America, its territories and possessions.
<b>US Management</b>	the senior personnel of Nobel Petroleum LLC referred to in section 2 of Part II of this prospectus ( <i>Directors and Corporate Governance – US Management</i> ).
<b>WTI</b>	West Texas Intermediate (also known as Texas light sweet of crude oil used as a benchmark for oil pricing).

