

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this document or the action you should take, you are recommended to seek your own financial advice immediately from an appropriately authorised stockbroker, bank manager, solicitor, accountant or other independent financial adviser who, if you are taking advice in the United Kingdom, is duly authorised under the Financial Services and Markets Act 2000 (“**FSMA**”).

This Document comprises a prospectus relating to Rockrose Energy plc (the “**Company**”) prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (the “**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 by the same being made available, free of charge, at [www.rockroseenergy.com](http://www.rockroseenergy.com) and at the Company’s registered office at c/o Cooley Services Limited, Dashwood, 69 Old Broad Street, London EC2M 1QS.

The current entire issued share capital of the Company (the “**Existing Ordinary Shares**”) is admitted to the Official List of the UK Listing Authority (the “**Official List**”) (by way of a standard listing under Chapter 14 of the listing rules published by the UK Listing Authority under section 73A of FSMA as amended from time to time (the “**Listing Rules**”)) and to the London Stock Exchange plc (the “**London Stock Exchange**”). As the proposed acquisitions (the “**Acquisitions**”) are classified as a Reverse Takeover under the Listing Rules, upon completion of the Acquisitions the listing on the standard listing segment of the Official List of all Existing Ordinary Shares will be cancelled, and application will be made for the immediate admission of the enlarged share capital of the Company (the “**Enlarged Share Capital**”) to trading on the London Stock Exchange’s Main Market for listed securities (together “**Admission**”). It is expected that Admission will become effective, and that unconditional dealings in the Ordinary Shares will commence, at 8.00 a.m. on 6 July 2017.

The whole of the text of this document should be read by prospective investors. Your attention is specifically drawn to the discussion of certain risks and other factors that should be considered in connection with an investment in the Ordinary Shares, as set out in the section entitled ‘Risk Factors’ beginning on page 18 of this document.

The Directors, whose names appear on page 35, and the Company accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect its import.



**ROCKROSE**  
ENERGY

## **Rockrose Energy plc**

*(Incorporated in England and Wales with registered no.09665181)*

**Placing of 1,699,594 New Ordinary Shares of 20p each at 150 pence per New Ordinary Share  
Subscription for 3,633,740 New Ordinary Shares of 20p each at 150 pence per New Ordinary  
Share Admission to the Official List of 15,333,334 Ordinary Shares of 20p each  
(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**

*Broker and Lead Manager*

**Hannam & Partners (Advisory) LLP**

*Broker and Co-Manager*

**Whitman Howard Limited**

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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 or invitation 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 listing of the Existing Ordinary Shares on the Official List was suspended on 14 September 2016 following the announcement by the Company that it had agreed non-binding heads of terms to acquire the Maersk Interests. It is anticipated that, in accordance with the Listing Rules, the UK Listing Authority will cancel this existing listing upon publication of this document. Applications have been made for the Existing Ordinary Shares to be readmitted, and for the New Ordinary Shares 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 Premium Listings on the Official List, which are subject to additional obligations under the Listing Rules.

The Ordinary Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or the securities laws of any state or other jurisdiction of the United States or under applicable securities laws of Australia, Canada or Japan. Subject to certain exceptions, the Ordinary Shares may not be, offered, sold, resold, transferred or distributed, directly or indirectly, within, into or in the United States or to or for the account or benefit of persons in the United States, Australia, Canada, Japan or any other jurisdiction where such offer or sale would violate the relevant securities laws of such jurisdiction.

The Ordinary Shares have not been approved or disapproved by the US Securities Exchange Commission, any State securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed comment upon or endorsed the merits of the Placing, the Subscription or adequacy of this document. Any representations to the contrary is a criminal offence in the United States.

Apart from the responsibilities and liabilities, if any, which may be imposed on Hannam & Partners (Advisory) LLP (“**Hannam**”) or Whitman Howard Limited (“**WHL**”) (Hannam and WHL together the “Managers”) by FSMA or the regulatory regime established thereunder, the Managers do not accept any responsibility whatsoever for, or make any representation or warranty, express or implied, as to the contents of this document or for any other statement made or purported to be made by them, or on their behalf, in connection with the Company, the New Ordinary Shares or the Acquisitions and nothing in this document will be relied upon as a promise or representation in this respect, whether or not to the past or future. The Managers accordingly disclaim all and any responsibility or liability, whether arising in tort, contract or otherwise (save as referred to above), which they might otherwise have in respect of this document or any such statement.

Neither the Managers nor any of their respective representatives, is making any representation to any prospective investor of the Ordinary Shares regarding the legality of an investment in the Ordinary Shares by such prospective investor under the laws applicable to such prospective investor. The contents of this document should not be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own legal, financial or tax adviser for legal, financial or tax advice.

The Managers are each authorised and regulated by the FCA and are acting exclusively for the Company and for no one else in connection with the production of this document, the Placing, the Acquisitions and/or Admission. The Managers will not regard any other person as a client in relation to the production of this document, the Placing, the Acquisition and/or Admission and will not be responsible to anyone other than the Company for providing the protections afforded to its clients, nor for providing advice in connection with the production of this document, the Placing, the Acquisitions and/or Admission or any other matter, transaction or arrangement referred to in this document.

It should be noted that the UK Listing Authority will not have 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.

3 July 2017

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## PART I

### 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 securities 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'.

<b>Section A – Introduction and warnings</b>		
A.1	Warning to investors	<p>This summary should be read as an introduction to this document.</p> <p>Any decision to invest in the Ordinary Shares should be based on consideration of this document as a whole by the investor.</p> <p>Where a claim relating to the information contained in this document is brought before a court the plaintiff investor might, under the national legislation of the EEA States, have to bear the costs of translating this document before legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled this summary including any translation thereof but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or it does not provide, when read together with the other parts of this document, 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; this is not a public offer of securities and consent will not be given by the Company for the use of this document for subsequent resale or final placement of securities by financial intermediaries.

<b>Section B – the Issuer</b>		
B.1	Legal and commercial Name	The legal and commercial name of the issuer is Rockrose Energy plc.
B.2	Domicile and legal form	The Company was incorporated in England and Wales on 1 July 2015 as a public company with limited liability under the Companies Act with an indefinite life. The Company was admitted to the Standard Listing segment of the Official List of the UK Listing Authority and to trading on the Main Market for listed securities of the London Stock Exchange on 13 January 2016. The Company's Existing Ordinary Shares were suspended on 14 September 2016, following the agreement of non-binding heads of terms to acquire the Maersk Interests.
B.3	Current operations / Principal activities and markets	<p><i>Introduction</i></p> <p>The Company was formed to make acquisitions of companies or businesses in the upstream oil and gas and power sector. Following the Initial Admission, the Company identified a number of acquisition targets. Following a review of several identified targets, the Company announced that it had agreed non-binding heads of terms with respect to the acquisition of the Maersk Interests on 14 September 2016. As the</p>

	<p>proposed acquisition of the Maersk Interests constituted a Reverse Takeover, the listing of the Existing Ordinary Shares was suspended on 14 September 2016 pending the Company publishing a prospectus in relation to the readmission.</p> <p>On 21 December 2016, Rockrose (UKCS1) Limited signed an agreement with Maersk to acquire the Maersk Interests. The consideration for the Maersk Acquisition is £14,540,000, payable to Rockrose (UKCS1) Limited plus a further sum payable to Rockrose (UKCS1) Limited by way adjustments for income, expenditure and working capital (reflecting an effective economic date for the transaction of 1 January 2016) which are receivable in cash on, or shortly after completion.</p> <p>On 22 March 2017, the Company executed agreements to make the Egerton Acquisition. The total consideration for the Egerton Acquisition is £1.00 payable to the Company in cash and deferred consideration payable to the Company of £666,000 over an 18 Month period on the basis that Egerton will have net cash at completion of £333,000. The Egerton Acquisition is not material in the context of resources, net assets or potential liabilities.</p> <p>On 1 February 2017 Rockrose UKCS1 signed non-binding heads of terms with the Sojitz Sellers for the acquisition of the entire issued share capital of Sojitz. The proposed consideration is \$2,300,000 to \$2,500,000 (subject to adjustment to reflect an effective economic date of 1 January 2016 for the acquisition). The effect of these adjustments will be to reduce the sum payable by Rockrose on completion.</p> <p>The objective of the Company is to operate the Enlarged Group and implement a strategy with a view to generating value for its shareholders through the acquisition of operated and non-operated interests in onshore and offshore oil and gas production and power generation projects.</p> <p>The strategy involves the making of further acquisitions. Further acquisitions will need to be assessed under the Listing Rules and depending on the size of further acquisitions the transaction may be deemed a “reverse takeover” and the Company’s current listing may be cancelled in such circumstances. The Company would then intend to seek re-admission of the enlarged group to listing on the Official List and trading on the London Stock Exchange’s main market for listed securities but may, in certain circumstances seek admission to trading on AIM or admission to another stock exchange dependent on the nature of the specific acquisition which may be considered by the Directors to be suited to a Premium or Standard Listing or if a smaller earlier-stage growth business, more suited to a listing on AIM. Furthermore, it may be appropriate, dependent on the geography of any target business’ manufacturing locations or target markets, for the Company’s shares to be additionally listed on a non-UK stock exchange.</p> <p>The Company’s efforts in identifying further acquisitions in the upstream oil and gas and power sector will not be limited to a particular geographic region however the initial focus will be the UK and Western Europe. It is possible that a future acquisition with compelling potential may be found in Continental Europe, Ireland or the Scandinavian region.</p> <p>The Company has not engaged or retained any agent or other representative to identify or locate any suitable further acquisition candidate, to conduct any research or take any measures, directly or indirectly, to locate or contact a target company or business in the upstream oil and gas and power sector. To date, the Company’s efforts have been limited to completion of the Acquisitions and organisational activities. The Company may subsequently seek to raise further capital</p>
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		<p>following any further acquisition to allow the expedited development of licence interests acquired pursuant to that further acquisition if there are commercially compelling reasons to do so.</p> <p>Unless required by applicable law or other regulatory process, no Shareholder approval will be sought by the Company in relation to the further acquisition.</p> <p><i>Business strategy and execution</i></p> <p>The Directors will draw on their experience, in conjunction with their contacts and advisers, to target a suitable further acquisition candidate in the upstream oil, gas and power sector.</p>																																																			
B.4a	Significant trends	<p>Not applicable.</p> <p>The Company is a new entrant and there are no significant trends which can be derived from the Company's business as it is at a very early stage.</p>																																																			
B.5	Group structure	<p>The Company is a public limited company domiciled in England and Wales and is the holding company of the Group. The Company holds the entire issued share capital of Rockrose (UKCS1). As at the date of this document Egerton is not part of the Group however following completion of the Egerton Acquisition and Admission, Egerton will be a wholly owned subsidiary of the Company.</p>																																																			
B.6	Major shareholders	<p>Save for the interests of the Existing Directors, which are set out below, as at the date of this document, the Directors are aware of the following holdings of Ordinary Shares, which following completion of the Acquisitions and Re-Admission, will represent 3 per cent. or more of the Company's share capital:</p> <table> <thead> <tr> <th><i>Name:</i></th> <th><i>Number of New Ordinary Shares</i></th> <th><i>Percentage</i></th> </tr> </thead> <tbody> <tr> <td>Arunvill Capital Limited</td> <td>2,666,666</td> <td>17.39%</td> </tr> <tr> <td>Andrew Austin*</td> <td>2,015,002</td> <td>13.14%</td> </tr> <tr> <td>Macquarie Capital (Europe) Limited</td> <td>999,998</td> <td>6.52%</td> </tr> <tr> <td>Appleby Trust (Jersey) Limited**</td> <td>1,547,000</td> <td>10.09</td> </tr> <tr> <td>City Financial Inv Company Limited</td> <td>1,866,666</td> <td>12.17%</td> </tr> <tr> <td>Legal &amp; General Group plc</td> <td>1,133,333</td> <td>7.39%</td> </tr> <tr> <td>FCFM Limited</td> <td>763,600</td> <td>4.98%</td> </tr> </tbody> </table> <p>* Includes 720,000 Ordinary Shares held in Mr Austin's self-invested personal pension scheme</p> <p>** Held as trustee of the Company's employee benefit trust</p> <p>The current major shareholders holding at least 3 per cent. of the issued share capital of the Company are as follows:</p> <table> <thead> <tr> <th><i>Name</i></th> <th><i>Number of Ordinary Shares</i></th> <th><i>Percentage of Existing Ordinary Shares</i></th> </tr> </thead> <tbody> <tr> <td>Andrew Austin*</td> <td>1,995,002</td> <td>19.95</td> </tr> <tr> <td>Macquarie Capital (Europe) Limited</td> <td>999,998</td> <td>9.99</td> </tr> <tr> <td>Appleby Trust (Jersey) Limited**</td> <td>1,547,000</td> <td>15.47</td> </tr> <tr> <td>City Financial Inv Company Limited</td> <td>1,500,000</td> <td>15.00</td> </tr> <tr> <td>FCFM Limited</td> <td>498,000</td> <td>4.98</td> </tr> <tr> <td>Legal &amp; General Group plc</td> <td>1,000,000</td> <td>10.00</td> </tr> <tr> <td>Sustain Energy Ventures Limited</td> <td>380,000</td> <td>3.80</td> </tr> <tr> <td>Miles Newman</td> <td>300,000</td> <td>3.00</td> </tr> </tbody> </table> <p>* Includes 700,000 Ordinary Shares held in Mr Austin's self-invested personal pension scheme</p> <p>** Held as trustee of the Company's employee benefit trust</p>	<i>Name:</i>	<i>Number of New Ordinary Shares</i>	<i>Percentage</i>	Arunvill Capital Limited	2,666,666	17.39%	Andrew Austin*	2,015,002	13.14%	Macquarie Capital (Europe) Limited	999,998	6.52%	Appleby Trust (Jersey) Limited**	1,547,000	10.09	City Financial Inv Company Limited	1,866,666	12.17%	Legal & General Group plc	1,133,333	7.39%	FCFM Limited	763,600	4.98%	<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Existing Ordinary Shares</i>	Andrew Austin*	1,995,002	19.95	Macquarie Capital (Europe) Limited	999,998	9.99	Appleby Trust (Jersey) Limited**	1,547,000	15.47	City Financial Inv Company Limited	1,500,000	15.00	FCFM Limited	498,000	4.98	Legal & General Group plc	1,000,000	10.00	Sustain Energy Ventures Limited	380,000	3.80	Miles Newman	300,000	3.00
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		<p>As at the date of this document and following completion of the Acquisitions and Re-Admission, the interests of the Existing Directors and each of their respective connected persons in the share capital of the Company, all of which are beneficial, are and will be as follows:</p> <table border="1"> <thead> <tr> <th rowspan="2">Name</th> <th colspan="2">As at the date of this document</th> <th colspan="2">On Re-Admission</th> </tr> <tr> <th>Number of Ordinary Shares beneficially owned, controlled or directed, directly or indirectly</th> <th>Percentage of Existing Ordinary Shares</th> <th>Number of Ordinary Shares beneficially owned, controlled or directed, directly or indirectly</th> <th>Percentage of the Enlarged Share Capital</th> </tr> </thead> <tbody> <tr> <td>Andrew Austin</td> <td>1,295,002</td> <td>12.95</td> <td>1,295,002</td> <td>8.45%</td> </tr> <tr> <td>Andrew Austin's SIPP</td> <td>700,000</td> <td>7.00</td> <td>720,000</td> <td>4.70%</td> </tr> <tr> <td>John Morrow</td> <td>160,000</td> <td>1.60</td> <td>210,000</td> <td>1.37%</td> </tr> <tr> <td>Richard Benmore</td> <td>150,000</td> <td>1.50</td> <td>186,667</td> <td>1.22%</td> </tr> </tbody> </table> <p>Other than those person described above, as at 3 July 2017, the Company had not been notified, nor was it otherwise aware of, any persons who directly or indirectly, have an interest in the Company's share capital or Voting Rights which is notifiable under English Law.</p>	Name	As at the date of this document		On Re-Admission		Number of Ordinary Shares beneficially owned, controlled or directed, directly or indirectly	Percentage of Existing Ordinary Shares	Number of Ordinary Shares beneficially owned, controlled or directed, directly or indirectly	Percentage of the Enlarged Share Capital	Andrew Austin	1,295,002	12.95	1,295,002	8.45%	Andrew Austin's SIPP	700,000	7.00	720,000	4.70%	John Morrow	160,000	1.60	210,000	1.37%	Richard Benmore	150,000	1.50	186,667	1.22%
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B.7	Historical key financial information	<p>The financial information contained in "Part XI – Financial Information on the Company" was prepared on 30 June 2017.</p> <p>The tables below set out summary financial information of the Company for the period ended 31 December 2016 as extracted from the historical financial information of the Company set out in "Part XI – Financial Information on the Company" of this document.</p> <p><b>Selected Financial Information of the Company:</b></p> <p><b>Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the 18 months ended 31 December 2016</b></p> <table border="1"> <thead> <tr> <th></th> <th>18 months ended 31 December 2016</th> </tr> <tr> <th></th> <th>£</th> </tr> </thead> <tbody> <tr> <td>Administrative expenses</td> <td>(1,292,584)</td> </tr> <tr> <td>Exceptional items: initial public offering costs</td> <td>(48,164)</td> </tr> <tr> <td><b>Operating loss</b></td> <td><b>(1,340,748)</b></td> </tr> <tr> <td>Finance income</td> <td>3,893</td> </tr> <tr> <td>Finance costs</td> <td>(2)</td> </tr> <tr> <td><b>Loss before taxation</b></td> <td><b>(1,336,857)</b></td> </tr> <tr> <td>Tax</td> <td>—</td> </tr> <tr> <td>Loss for period and total comprehensive expense</td> <td>(1,336,857)</td> </tr> </tbody> </table>		18 months ended 31 December 2016		£	Administrative expenses	(1,292,584)	Exceptional items: initial public offering costs	(48,164)	<b>Operating loss</b>	<b>(1,340,748)</b>	Finance income	3,893	Finance costs	(2)	<b>Loss before taxation</b>	<b>(1,336,857)</b>	Tax	—	Loss for period and total comprehensive expense	(1,336,857)									
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**Consolidated Statement of Financial Position  
as at 31 December 2016**

At  
31 December  
2016  
£

**Assets**

**Current assets**

Trade and other receivables

244,428

Cash and cash equivalents

2,387,968

**Total assets**

2,632,396

**Current liabilities**

Trade and other payables

441,042

**Total liabilities**

**441,042**

**Equity and liabilities**

**Share capital and reserves**

Share capital

2,000,000

Share option reserve

76,895

Share premium

2,224,816

Accumulated losses

(2,110,357)

**Total equity**

**2,191,354**

**Total equity and liabilities**

**2,632,396**

		<i>18 months ended 31 December 2016 £</i>
<b>Consolidated Statement of Cash Flows for the 18 months ended 31 December 2016</b>		
<b>Cash flows from operating activities</b>		
Loss for the period		(1,336,857)
Share based payments		76,895
Finance cost		2
Finance income		(3,893)
Increase in trade and other receivables		(244,428)
Increase in trade and other payables		441,040
<b>Net cash used in operating activities</b>		<b>(1,067,241)</b>
<b>Cash flows from investing activities</b>		
Interest received		3,893
<b>Net cash generated from investing activities</b>		<b>3,893</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares net of treasury shares		4,226,500
Initial public offering costs		(775,184)
<b>Net cash generated from financing activities</b>		<b>3,451,316</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,387,968</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>—</b>
<b>Cash and cash equivalents at end of period</b>		<b>2,387,968</b>
<p>During the period covered by the historical financial information set out above, the significant change to the Company's financial position was the receipt of net proceeds from the issue of shares in conjunction with the Original Admission. There was no significant change to the Company's operating results during the period.</p> <p>Since 31 December 2016 (being the end of the last financial period of the Company for which financial information has been published), there has been no significant change in the trading positions of the Company.</p> <p>Subsequent to the balance sheet date the following significant changes to the Company's financial position have occurred:</p> <p>(a) On 22 March 2017, the Company executed agreements to make the Egerton Acquisition. The total consideration for the Egerton Acquisition is £1.00 payable to the Company in cash and deferred consideration payable to the Company of £666,000 over an 18 month period on the basis that Egerton will have net cash at completion of £333,000; and</p> <p>(b) On 22 March 2017 the Company agreed to issue 2,666,666 Ordinary Shares at 150 pence per share in connection with a subscription by Arunvill Capital Limited (which is conditional upon Admission).</p>		
B.8	Selected key <i>pro forma</i> financial information	No <i>pro forma</i> financial information has been prepared.
B.9	Profit forecast or estimate	Not applicable; no profit forecast or estimate is made.

B.10	Qualified audit report	Not applicable, there are no qualifications in the accountant's report on the historical financial information.
B.11	Insufficient working capital	Not applicable; The Company is of the opinion that the working capital available to the Enlarged Group is sufficient for the present requirements of the Enlarged Group, that is for at least the 12 months following the date of this document.

### Section C – Securities

C.1	Description of the type and the class of the securities being offered	The New Ordinary Shares being offered in the Placing and pursuant to the Subscription are ordinary shares with a nominal value of twenty pence each in the capital of the Company. Application will be made for the New Ordinary Shares and the Existing Ordinary Shares to be admitted to the Official List of the UK Listing Authority with a standard Listing and to be admitted to trading on the London Stock Exchange's Main Market for listed securities. The Ordinary Shares will be registered with ISIN number GB00BYNFCH09 and SEDOL number BYNFCH0.
C.2	Currency of the securities issue	The currency of the securities issue is UK Pounds Sterling.
C.3	Issued share capital	On Admission, there will be 15,333,334 Ordinary Shares of 20p each in issue and fully paid comprising the 10,000,000 Existing Ordinary Shares and the 5,333,334 New Ordinary Shares.
C.4	Rights attached to the securities	<p>Shareholders will have the right to receive notice of and to attend and vote at any meetings of Shareholders. Each Shareholder entitled to attend and being present in person or by proxy at a meeting will, upon a show of hands, have one vote and upon a poll each such Shareholder present in person or by proxy will have one vote for each Ordinary Share held by him.</p> <p>In the case of joint holders of an Ordinary Share, if two or more persons hold an Ordinary Share jointly either of them may be present in person or by proxy at a meeting of Shareholders and may speak on behalf of all joint owners as a Shareholder, and if two or more joint holders are present at a meeting of Shareholders, in person or by proxy, they must vote as one.</p> <p>Pre-emption rights have been disapplied (in respect of future share issues whether for cash or otherwise) in favour of existing shareholders. Pre-emption rights have been disapplied under the Articles and the Companies Act until the conclusion of the first annual general meeting of the Company (which will take place on 29 June 2017).</p> <p>Subject to the Companies Act, on a winding-up of the Company the assets of the Company available for distribution shall be distributed, provided there are sufficient assets available, first to the holders of Ordinary Shares in an amount up to £0.20 per share in respect of each fully paid up Ordinary Share. If, following these distributions to holders of Ordinary Shares there are any assets of the Company still available, they shall be distributed to the holders of Ordinary Shares <i>pro rata</i> to the number of such fully paid up Ordinary Shares held (by each holder as the case may be) relative to the total number of issued and fully paid up Ordinary Shares.</p>

C.5	Restrictions on transferability	The Company's Ordinary Shares, currently consisting of both the existing issued Ordinary Shares and the New Ordinary Shares, are freely transferable and tradable and there are no restrictions on transfer. Each member may transfer all or any of his shares which are in certificated form by means of an instrument of transfer in any usual form or in any other form which the Directors may approve. Each member may transfer all or any of his shares which are in uncertificated form by means of a 'relevant system' (i.e. the CREST System) in such manner provided for, and subject as provided in, the CREST Regulations.
C.6	Application for admission to trading on a regulated market	As the Acquisitions are classified as a Reverse Takeover under the Listing Rules, upon completion of the Acquisitions the listing on the standard listing segment of the Official List of all of the Existing Ordinary Shares will be cancelled, an application will be made for the immediate admission of the Enlarged Share Capital to the Official List of the UKLA by means of a Standard Listing and to trading on the London Stock Exchange's Main Market for listed securities. It is expected that Re-Admission will become effective and that unconditional dealings will commence on the London Stock Exchange at 8.00 a.m. on 6 July 2017. The Ordinary Shares will not be listed on any other regulated market.
C.7	Dividend policy	The Company's current intention is to retain any earnings for use in its business operations. The Company intends to pay dividends on the Ordinary Shares following at such times (if any) and in such amounts (if any) as the Board determines appropriate. The Company will only pay dividends to the extent that to do so is in accordance with the Companies Act and all other applicable laws.

#### Section D – Risks

D.1	Key information on the key risks that are specific to the issuer or its industry	<ul style="list-style-type: none"> <li>● The Acquisitions are subject to the satisfaction (or waiver, where applicable) of certain conditions. Whilst in the case of the Maersk Acquisition, the approval by the OGA of the Enlarged Group as the holder of petroleum exploration and/or production licences was granted on 14 June 2017, confirmation from the OGA that the Egerton Acquisition will not result in the revocation of the Egerton's petroleum exploration and/or production licences or require any further change of control of Egerton has not been obtained and there is a risk that such confirmations may not be granted. A similar risk exists in respect of the Proposed Sojitz Acquisition.</li> <li>● The Enlarged Group, through its licence interests, expects to assume certain obligations in respect of the decommissioning of its wells, fields and related infrastructure. These liabilities are derived from legislative and regulatory requirements concerning the decommissioning of wells and production facilities. It is difficult to accurately forecast the costs that the Enlarged Group will incur in satisfying its decommissioning obligations. When its decommissioning liabilities crystallise, the Enlarged Group will be liable either on its own or jointly and severally liable for them with any other former or current partners in the field. In the event that it is jointly and severally liable with other partners and such partners default on their obligations, the Enlarged Group will remain liable and its decommissioning liabilities could be magnified significantly through such default. Any significant increase in the actual or estimated decommissioning costs that the Enlarged Group incurs may adversely affect its financial condition.</li> <li>● The Enlarged Group will be required to contribute potentially substantial sums to fund its share of planned and actual</li> </ul>
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		<p>decommissioning costs. The Enlarged Group will be required to post £4.74m as security for its share of the current anticipated decommissioning costs in respect of operations on the Scott Interest on completion of the Maersk Acquisition. Cessation of production in the Scott and Telford Fields could be as early as Q1 2021, at which point the Fields would move into the decommissioning phase. No decommissioning security agreement has yet been agreed with respect to the Telford Interest (albeit that an operator plan and estimates have been produced). In respect of the Egerton Acquisition, the net to Egerton share of anticipated decommissioning costs for the Mordred Field is currently estimated at US\$5m and the Enlarged Group will be required to assume and/or replace a current decommissioning insurance bond which is in place to secure this sum by November 2018. Whilst the estimated decommissioning liabilities in respect of the Scott Interest, the Telford Interest and the Mordred Field have been factored into the Company's financial projections, there can be no assurance that these estimates will transpire to be accurate nor that timing of the payments might not be accelerated. There is also no recent decommissioning plan in respect of the Galahad Field. In respect of the Proposed Sojitz Acquisition no filed-wide decommissioning agreements are in place at the current time, but if the Proposed Sojitz Acquisition proceeds to completion the Enlarged Group will enter into a bi-lateral decommissioning security agreement with the vendors pending formal operator led arrangements being initiated and implemented. Whilst the Enlarged Group will budget conservatively for its decommissioning liabilities, a lack of detailed plans, budgets and formal decommissioning agreements combined with the risk of early decommissioning create uncertainties and potentially material financial risks for the Enlarged Group. The fact that the Enlarged Group will be a minority interest holder in all of the field interests creates the additional risk that the Enlarged Group may have little or no control over the timing of decommissioning or the ability to influence the planning and costings for decommissioning, which is generally determined and decided by the operator and the holders of the majority interests in each field interest.</p> <ul style="list-style-type: none"> <li>● Decommissioning is a relatively new area, with a limited number of these projects having been undertaken to date. The risk associated with these projects relates to uncertainty in areas that impact the project costs, namely: stakeholder requirements; specific conditions related to individual assets; costs for major contracts; and rig and vessel rates, estimates of costs being insufficient and assumption inaccurate all of which could lead to significant and material unplanned liabilities.</li> <li>● The Maersk Acquisition Agreement and the Egerton Acquisition Agreement contain certain indemnities and warranties given by the Company in favour of the sellers and the wider group entities of the sellers. These indemnities and warranties have the potential to create significant liabilities.</li> <li>● The Enlarged Group will be a holder of relatively small economic interests in the underlying assets. All of the licence interests to be acquired are operated by joint venture partners and the Enlarged Group's ability to influence these operating partners is sometimes limited due to the Enlarged Group's limited equity in such ventures. The objectives and drivers of joint venture partners may not be aligned with those of the Enlarged Group and this may lead to operational or production inefficiencies and/or delays, or a</li> </ul>
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		<p>disruptive departure by one or more partners from the joint venture. Any mismanagement of these projects by the operator may result in increased costs to the Enlarged Group which could adversely affect its business, results of operations, cash flow and prospects.</p> <ul style="list-style-type: none"> <li>• The Company may be unable to complete further acquisitions in a timely manner or at all or to fund the operations of the target business if it does not obtain additional funding following completion of any further acquisitions.</li> <li>• The Company is dependent on the Directors to identify potential acquisition opportunities and to execute the further acquisition and the loss of the services of the Directors could materially adversely affect it.</li> <li>• The Directors may allocate a portion of their time to other businesses leading to the potential for conflicts of interest in their determination as to how much time to devote to the Company's affairs.</li> <li>• A substantial or extended decline in oil, natural gas and power prices or consumption may adversely affect the Company's prospects, business, financial condition and results of operations.</li> <li>• The expense of meeting environmental regulations could cause a significantly negative effect on the Company's long term profitability, as could the failure to obtain certain necessary environmental permits.</li> <li>• If the Company is not granted the requisite licences, it could have a material adverse effect on its reserves, business, operations and prospects.</li> <li>• The Company will be a small enterprise compared to many other companies in its industry and may not have the resources (both financial and technical) that larger, more established enterprises may have.</li> </ul>
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D.3	Key information on the key risks that are specific to the securities	<p><i>The Ordinary Shares</i></p> <ul style="list-style-type: none"> <li>• <i>The proposed Standard Listing of the Ordinary Shares may not afford Shareholders the opportunity to vote to approve any further acquisition.</i></li> <li>• A suspension or cancellation of the Company's Ordinary Shares, as a result of the FCA determining that there is insufficient information in the market about a further acquisition or a target, would materially reduce liquidity in such shares, which may affect an investor's ability to realise some or all of its investment and/or the price at which such investor can effect such realisation. In the event of such suspension or cancellation, the value of the investors' shareholdings may be materially reduced.</li> </ul>
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**Section E – Offer**

E.1	Total net proceeds / expenses	<p>The Company will raise gross proceeds of up to £8,000,001 million pursuant to the Fundraise. The costs and expenses of the Fundraise will be borne by the Company in full. These expenses (including commission and expenses payable under the Placing Agreement, registration, listing and admission fees, printing, advertising and distribution costs and professional advisory fees, including legal fees, and any other applicable expenses) are not expected to exceed £701,500 representing approximately 8.77 per cent. of the gross proceeds of the Fundraise, given that £8,000,001 million will be raised pursuant to the Fundraise.</p>
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		Conditional upon Admission, the Managers will be paid a fee of £250,000. The total Net Fundraise Proceeds on this basis are £7,298,501.
E.2a	Reasons for the offer and use of proceeds	<p>The objective of the Company is to operate the Enlarged Group and implement an operating strategy with a view to generating value for its shareholders through the holding of interests in oil and gas field assets as well as through complementary further acquisitions. The Company may subsequently seek to raise further capital following any further acquisitions to allow the further development of any licence interests acquired pursuant to that further acquisition if there are commercially compelling reasons to do so.</p> <p>The Net Fundraise Proceeds (£7,298,501) are not required for the present working capital requirements of the Enlarged Group (that is for at least the 12 months from the date of this document) and will be held in an interest-bearing deposit account or invested in short term money market fund instruments (as approved by the Directors) and will be used for general corporate purposes, including Group operating costs paying the expenses of Admission and the Fundraise, and the Company's ongoing costs and expenses, including directors' fees and salaries, due diligence costs and other costs of sourcing, reviewing and pursuing further acquisition opportunities. The Company does not anticipate the costs and expenses of investigating any particular further acquisition opportunity to exceed £150,000.</p> <p>The Company's primary intention is to use the Net Fundraise Proceeds to enable it to operate the Enlarged Group, evaluate further acquisition targets and to pay professional fees (i.e. due diligence, legal fees, accountants fees) in relation to further acquisitions and to fund expenditure in relation to its obligations under the joint operating agreements relating to the Acquired Licence Interests. The Company is seeking re-admission to listing on the Official List of the UKLA and to trading on the London Stock Exchange's main market for listed securities. Further acquisitions will need to be assessed under the Listing Rules and depending on the size of further acquisitions the transaction may be deemed a "reverse takeover" and the Company's current listing may be cancelled in such circumstances. The Company would then intend to seek re-admission of the enlarged group to listing on the Official List and trading on the London Stock Exchange's main market for listed securities but may, in certain circumstances seek admission to trading on AIM or admission to another stock exchange dependent on the nature of the specific acquisition which may be considered by the Directors to be suited to a Premium or Standard Listing or if a smaller earlier-stage growth business, more suited to a listing on AIM. Furthermore, it may be appropriate, dependent on the geography of any target business' manufacturing locations or target markets, for the Company's shares to be additionally listed on a non-UK stock exchange.</p>
E.3	Terms and conditions of the Placing	<p>The Company will issue 1,699,594 New Ordinary Shares through the Placing at the Issue Price of 150 pence per New Ordinary Share. The Placing is not being underwritten.</p> <p>The Net Placing Proceeds after deduction of expenses, will be £2,254,391 on the basis that the gross proceeds of the Placing will be £2,549,391.</p>

		<p>The Placing is conditional upon, <i>inter alia</i>:</p> <p>(A) the Placing Agreement becoming wholly unconditional (save as to Admission) and not having been terminated in accordance with its terms prior to Admission; and</p> <p>(B) Admission occurring by 8.00 am on 6 July 2017 (or such later date, not being later than 8.00 a.m. on 15 July 2017, as the Company and the Managers may agree).</p> <p>The New Ordinary Shares to be issued pursuant to the Placing will, upon issue, rank <i>pari passu</i> with the Existing Ordinary Shares.</p>
E.4	<p>Terms of the Subscription</p> <p>Material interests</p>	<p>Pursuant to the Subscription the Company will issue 3,633,740 New Ordinary Shares at the Issue Price.</p> <p>There are no expenses directly relating to the Subscription.</p> <p>The Subscription is conditional upon, <i>inter alia</i>:</p> <p>(A) The Subscription Agreement becoming wholly unconditional (save as to Admission) and not having lapsed in accordance with its terms prior to Admission; and</p> <p>(B) Admission occurring by 8.00 a.m. on 6 July 2017 (or such later date, not being later than 8.00 a.m. on 15 July 2017 as the Company and the other parties to the Subscription may agree).</p> <p>The New Ordinary Shares to be issued pursuant to the Subscription will, upon issue, rank <i>pari passu</i> with the Existing Ordinary Shares.</p> <p>Not applicable; there is no interest that is material to the issue/offer.</p>
E.5	Selling Shareholders / Lock-up agreements	<p>Not applicable; no person or entity is offering to sell relevant securities.</p> <p>Mr Austin has entered into a lock-in and orderly market agreement with the Company and Hannam pursuant to which he has agreed that he will not offer, sell, contract to sell, pledge or otherwise dispose of any Ordinary Shares which he holds directly or indirectly in the Company, for a period of 12 months following Admission with a further 12 months orderly market agreement. Accordingly, it is expected that the lock-in and orderly market agreement will terminate on 7 July 2018.</p> <p>Pursuant to the terms of the acquisition of Egerton, Arunvill has agreed to exercise its option to subscribe for Ordinary Shares in the Company on Admission and enter into a lock-in and orderly market agreement with the Company pursuant to which it has agreed that it will not offer, sell, contract to sell, pledge or otherwise dispose of any Ordinary Shares which it holds directly or indirectly in the Company, for a period of 12 months following Admission with a further 12 months orderly market agreement. Accordingly, it is expected that the lock-in and orderly market agreement will terminate on 7 July 2019.</p> <p>The restrictions on the ability of Mr Austin to transfer his Ordinary Shares are subject to certain usual and customary exceptions including: transfers pursuant to the acceptance of or provision of, an irrevocable undertaking to accept, a general offer made to all Shareholders on equal terms, transfers pursuant to an offer by or an agreement with the Company to purchase ordinary shares made on identical terms to all Shareholders or transfers as required by an order made by a court with competent jurisdiction or competent judicial body or transfer with the consent of the Company and Hannam. Mr Austin has also agreed that, during the period commencing on the first anniversary of Admission and ending on the second anniversary of Admission, he will not sell, pledge or otherwise dispose of any Ordinary Shares except through Hannam and in such orderly manner as Hannam may determine so as to ensure an orderly market for the issued share capital of the Company.</p>

		<p>The restrictions on the ability of Arunvill to transfer its Ordinary Shares are subject to certain usual and customary exceptions including: transfers pursuant to the acceptance of or provision of, an irrevocable undertaking to accept, a general offer made to all Shareholders on equal terms, transfers pursuant to an offer by or an agreement with the Company to purchase ordinary shares made on identical terms to all Shareholders or transfers as required by an order made by a court with competent jurisdiction or competent judicial body or transfer with the consent of the Company and Hannam. Arunvill has also agreed that, during the period commencing on the first anniversary of Admission and ending on the second anniversary of Admission, it will not sell, pledge or otherwise dispose of any Ordinary Shares except through Hannam and in such orderly manner as Hannam may determine so as to ensure an orderly market for the issued share capital of the Company. In any event, the agreement will cease to be in effect from the day Mr Austin's lock-up agreement is terminated.</p>
E.6	Dilution	<p>Upon completion of the Acquisitions the New Ordinary Shares will represent approximately 34.78 per cent. of the Enlarged Share Capital of the Company.</p>
E.7	Expenses charged to investors	<p>Not applicable; no expenses will be charged to the investors.</p>

## PART II

### RISK FACTORS

Investment in the Company and the Ordinary Shares carries a significant degree of risk, including risks in relation to the Company's business strategy, risks relating to taxation and risks relating to the Ordinary Shares.

Prospective investors should note that the risks relating to the Enlarged Group, its industry and the Ordinary Shares summarised in the section of this document headed 'Summary' are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares. However, as the risks which the Enlarged Group 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, *inter alia*, the risks and uncertainties described below.

The risks referred to below are those risks the Enlarged Group and the Directors consider to be the material risks relating to the Enlarged Group. However, there may be additional risks that the Enlarged Group and the Directors do not currently consider to be material or of which the Enlarged Group and the Directors are not currently aware that may adversely affect the Enlarged Group's business, financial condition, results of operations or prospects. Investors should review this document carefully and in its entirety and consult with their professional advisers before acquiring any Ordinary Shares. If any of the risks referred to in this document were to occur, the results of operations, financial condition and prospects of the Enlarged Group could be materially adversely affected. If that were to be the case, the trading price of the Ordinary Shares and/or the level of dividends or distributions (if any) received from the Ordinary Shares could decline significantly. Further, investors could lose all or part of their investment.

#### RISKS RELATING TO THE ACQUISITIONS

##### ***The Acquisitions do not proceed***

The Acquisitions are subject to the satisfaction (or waiver, where applicable) of certain conditions, which include in the case of the Egerton Acquisition, confirmation from the OGA that the Egerton Acquisition will not result in the revocation of the Egerton's petroleum exploration and/or production licences or require any further change of control of Egerton (together the "Regulatory Conditions"). As at the date of this document the Company has obtained OGA approval in respect of the Maersk Acquisition, however no formal decision will be received with respect to the Egerton Acquisition prior to Admission. Whilst the Company has no reason to conclude that the OGA would object to the change of control of Egerton there can be no guarantee that this will be the case.

##### ***Indemnities, warranties and parent company guarantees under the Acquisition Agreements***

The Maersk Acquisition Agreement and the Egerton Acquisition Agreement contain certain indemnities and warranties given by the Company in favour of the sellers and the wider group entities of the sellers. In particular, the Maersk Acquisition Agreement requires Rockrose (UKCS1) Limited to provide an indemnity in respect of decommissioning liabilities and environmental liabilities, backed by a parental guarantee from the Company. The Maersk Acquisition Agreement also requires the Company to guarantee obligations of Rockrose (UKCS1) Limited under the Maersk Acquisition Agreement. Further details of the Acquisition Agreements are set out in Part VIII of this document.

##### ***The Enlarged Group may be subject to unforeseen liabilities and risks arising from the Acquisitions***

Whilst the Company has access to certain information on the underlying licence assets being acquired pursuant to both the Maersk Acquisition Agreement and the Egerton Acquisition Agreement and has reviewed information disclosed by the respective sellers during the sale process, there can be no assurance that the licence assets are not subject to third party rights and liabilities of which the Company is unaware. Whilst some warranty and other protection is provided for by the sellers under the Acquisition Agreements, these warranties and protections are subject to financial and other customary limitations and there is no certainty that the Group would be able to enforce its contractual or other rights against the sellers or recover the full amount of any losses

suffered by the Group. Further details of the Acquisition Agreements are set out in Part VIII of this document.

***The Group cannot accurately predict its future decommissioning liabilities***

The Group, through its licence interests, expects to assume certain obligations in respect of the decommissioning of its wells, fields and related infrastructure. These liabilities are derived from legislative and regulatory requirements concerning the decommissioning of wells and production facilities contained in, *inter alia*, the Petroleum Act 1998, the Energy Act 2008, the Marine & Coastal Access Act 2009, the Marine (Scotland) Act 2010, the Convention on the Protection of the Marine Environment of the North East Atlantic 1992 (the “OSPAR Convention”), the OSPAR Decision 98/3 and OSPAR Recommendation 2006/5 on a management scheme for offshore cuttings piles and require the Group to make provisions for and/or underwrite the liabilities relating to such decommissioning. It is difficult to accurately forecast the costs that the Group will incur in satisfying its decommissioning obligations. When its decommissioning liabilities crystallise, the Group will be liable either on its own or jointly and severally liable for them with any other former or current partners in the field. In the event that it is jointly and severally liable with other partners and such partners default on their obligations, the Group will remain liable and its decommissioning liabilities could be magnified significantly through such default. Any significant increase in the actual or estimated decommissioning costs that the Group incurs may adversely affect its financial condition.

***Decommissioning Planning***

The Enlarged Group will be required to contribute potentially substantial sums to fund its share of planned and actual decommissioning costs. The Enlarged Group will be required to post £4.74m as security for its share of the current anticipated decommissioning costs in respect of operations on the Scott Interest on completion of the Maersk Acquisition. No decommissioning security agreement has yet been agreed with respect to the Telford Interest (albeit that an operator plan and estimates have been produced). In respect of the Egerton Acquisition, the net to Egerton share of anticipated decommissioning costs for the Mordred Field is currently estimated at US\$5m and the Enlarged Group will be required to assume and/or replace a current decommissioning insurance bond which is in place to secure this sum by November 2018.

There are no recent decommissioning plans in respect of the Galahad Field. In respect of the Proposed Sojitz Acquisition no field-wide decommissioning agreements are in place at the current time, but if the Proposed Sojitz Acquisition proceeds to completion the Enlarged Group will enter into a bi-lateral decommissioning security agreement with the vendors pending formal operator led arrangements being initiated and implemented.

Whilst the estimated decommissioning liabilities in respect of the Scott Interest, the Telford Interest and the Mordred Field have been factored into the Company’s financial projections, there can be no assurance that these estimates will transpire to be accurate nor that the timing of the required payments might be accelerated should the operator of the fields seek to bring forward decommissioning plans. Cessation of production in the Scott and Telford Fields could be as early as Q1 2021, at which point the Fields would move into the decommissioning phase. Where operator plans have been prepared there can be no guarantee or assurance, given such plans are prepared several years in advance of the actual decommissioning activity, that circumstances may not materially change, costs estimates may become dated and unreliable nor the actual timing of activities or contributions may not materially change in an adverse way. Operator plans, particularly preliminary or unadopted plans, may contain assumptions which turn out to be unrealistic in light of the fact that decommissioning is a relatively new area and few projects have been completed to date.

Whilst the Enlarged Group will continue to budget conservatively for its decommissioning liabilities, a lack of detailed plans, budgets and formal decommissioning agreements combined with the risk of early decommissioning create uncertainties and potentially material financial risks for the Enlarged Group. The fact that the Enlarged Group will be a minority interest holder in all of the field interests creates the additional risk that the Enlarged Group may have little or no control over the timing of decommissioning or the ability to influence the planning and costings for decommissioning, which is generally determined and decided by the operator and the holders of the majority interests in each field interest.

This is a relatively new area, with a limited number of these projects having been undertaken to date. The risk associated with these projects relates to uncertainty in areas that impact the project costs, namely: stakeholder requirements; specific conditions related to individual assets; costs for major contracts; and rig and vessel rates, estimates of costs being insufficient and assumption inaccurate all of which could lead to significant and material unplanned liabilities. For these reasons initial operator estimates of decommissioning costs may be unreliable and significantly underestimated the eventual liabilities of the parties with interests in the fields to be decommissioned.

***Joint venture partner alignment and other contractual counterparties***

The Enlarged Group will be a holder of relatively small economic interests in the underlying assets and will not be the operator of any of the interests to be acquired pursuant to the Maersk Acquisition Agreement and the Egerton Acquisition Agreement. Participation in the licence interests to be acquired is conducted in a joint venture environment. All of the licence interests to be acquired are operated by joint venture partners and the Enlarged Group's ability to influence these operating partners is sometimes limited due to the Enlarged Group's limited equity in such ventures. There is a risk that joint venture partners are not aligned in their objectives and drivers and this may lead to operational or production inefficiencies and/or delays, or a disruptive departure by one or more partners from the joint venture. Any mismanagement of these projects by the operator may result in increased costs to the Enlarged Group which could adversely affect its business, results of operations, cash flow and prospects. Compared to many other companies in its industry the Enlarged Group will not have the resources (both financial and technical) that larger, more established participants may have.

***There is no assurance that the Company will complete the Proposed Sojitz Acquisition***

The Company cannot guarantee that it will be able to complete the Proposed Sojitz Acquisition. The Company has to date signed a heads of terms document which is not legally binding as to the outline commercial and it may be the case that the parties are unable to agree the terms of definitive documentation to effect the Proposed Acquisition. In particular the seller may ask for onerous indemnities from the Enlarged Group which the Enlarged Group may consider to involve excessive risk in the context of the benefits to the Enlarged Group in completing the Proposed Sojitz Acquisition. However, if the Enlarged Group fails to complete the Proposed Sojitz Acquisition it may be left with substantial unrecovered transaction costs, potentially including fees, legal costs, accounting costs, due diligence or other expenses.

***The Enlarged Group's business is subject to government regulation with which it may be difficult to comply and which may change***

The Enlarged Group's oil and gas operations are principally subject to the laws and regulations of England (and in certain instances Scotland), including those relating to health and safety, the environment and the production, pricing and marketing of oil and gas. In addition, the Enlarged Group will be subject to laws affecting taxation, royalties and duties. In order to conduct its operations in compliance with these laws and regulations, the Enlarged Group must obtain licences and permits from various government authorities. The grant, continuity and renewal of the necessary approvals, permits, licences and contracts, including the timing of obtaining such licences and the terms on which they are granted, are subject to the discretion of the relevant governmental and local authorities in the United Kingdom and cannot be assured. In addition, the Enlarged Group may incur substantial costs in order to maintain compliance with these existing laws and regulations and additional costs if these laws are revised or if new laws affecting the Enlarged Group's operations are passed. On 23 June 2016, the UK referendum on whether to remain in or leave the EU resulted in a majority voting in favour of leaving the EU. The UK will continue to be a member of the EU until the expiry of a two year notice period following the UK's formal notification to the European Council under Article 50 of the Treaty of the EU which occurred on 29 March 2017, or such other date as is agreed by all 28 Member States. It is anticipated that, during such time, the UK Government will negotiate new arrangements with the EU and the rest of the world, and, at the same time, restructure UK domestic law and regulation to take account of this. Accordingly, the current laws and regulations to which the Enlarged Group is subject could change significantly in these circumstances, which could potentially have a material adverse effect on the Enlarged Group's business, financial condition and prospects.

***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 Enlarged Group, including any company or business acquired in an acquisition, to maximise returns for Shareholders in as fiscally efficient a manner as is practicable. The Company has made certain assumptions regarding taxation of the Enlarged Group. However, if these assumptions are not correct, taxes may be imposed with respect to the assets of the Enlarged Group, or the Enlarged Group may be subject to tax on its income, profits, gains or distributions (either on a liquidation and dissolution or otherwise) in a particular jurisdiction or jurisdictions in excess of taxes that were anticipated. This could alter the post-tax returns for Shareholders (or Shareholders in certain jurisdictions). The level of return for Shareholders may also be adversely affected. Any change in laws or tax authority practices could also adversely affect any post-tax returns of capital to Shareholders or payments of dividends (if any, which the Enlarged Group does not envisage the payment of, at least in the short to medium term). In addition, the Enlarged Group may incur costs in taking steps to mitigate any such adverse effect on the post-tax returns for Shareholders.

**RISKS RELATING TO OPERATING IN THE OIL AND GAS EXPLORATION AND PRODUCTION SECTOR**

***A substantial or extended decline in oil, natural gas and power prices or consumption may adversely affect the prospects, business, financial condition and results of operations of the Enlarged Group.***

Historically, hydrocarbon and energy prices have been subject to large fluctuations in response to a variety of factors beyond the control of individual companies, including operation issues, natural disasters, weather, political instability or conflicts, economic conditions or actions by major oil-exporting countries. Price fluctuations can affect business assumptions, investment decisions and financial position of the companies in the upstream oil gas and power sector and therefore prospectively the Company. In particular, a substantial or extended decline in the price or consumption of oil and gas could have a short or long term effect on the Company's strategy and ultimately its business financial condition. Lower hydrocarbon prices or reduced demand for oil and gas or power could reduce the economic viability of the Company's strategy and ultimately its business, result in a reduction in revenues or net income, adversely affect the Company's ability to maintain working capital requirements, impair its ability to make planned expenditures and could materially adversely affect its prospects, financial condition and results of operations.

***Oil and natural gas exploration and development are highly speculative activities.***

Oil and natural gas exploration is a highly speculative activity and there are a number of risks which may impact on the overall investment. There is no certainty that the expenditures the Company makes towards the search and evaluation of oil and gas deposits will result in discoveries of commercial quantities. The Company's longer-term profitability is directly related to the success of the project development and exploration activities. In the event that an exploration project is unsuccessful, the value of the Company's business and any associated exploration licences may be diminished.

***The longer-term success of the Enlarged Group is dependent on accessing oil and natural gas resources.***

The results of appraisal of discoveries are uncertain and may involve unprofitable efforts, not only from dry wells, but also from wells that are productive but uneconomic to develop. Appraisal and development activities may be subject to delays in obtaining governmental approvals or consents, shut-ins of connected wells, insufficient storage or transportation capacity or other geological and mechanical conditions all of which may variously increase the Company's costs of operations. Producing natural gas reservoirs are typically characterised by declining production rates that vary depending upon reservoir characteristics and other factors. In addition, the Company may not be able to economically develop, find, or acquire future reserves at acceptable costs.

***The Enlarged Group's actual future exploration and production costs may differ materially from its estimates, which may materially and adversely affect its viability in the long term.***

Exploration and production expenditure estimates are based on certain assumptions with respect to the method and timing of activities. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from estimates

and assumptions. Additionally, unconventional methods of exploration, recovery and production enhancement (often of particular importance in context of fields in the later stages of their productive life) are required which can be more expensive than conventional exploration methods or production from fields in the initial stages of their productive lives. This could materially and adversely affect the Enlarged Group's viability and long term prospects.

***If the Enlarged Group is not granted licences, it could have a material adverse effect on its reserves, business, operations and prospects.***

The Enlarged Group may be unable or unwilling to comply with the terms or requirements of a licence in circumstances that entitle the relevant authority to refrain from granting, suspend or withdraw the terms of such licence. Moreover, exploration and production licences may expire before the end of what might be the productive life of the licensed fields. There can be no assurance that extensions will be granted and any failure to receive such extensions or any premature termination, suspension or withdrawal of licences may have a material adverse effect on the Enlarged Group's reserves, business, results of operations and prospects if the terminated licence relates to material assets of the Enlarged Group.

***The Enlarged Group may suffer material losses from uninsurable or uninsured risks or insufficient insurance coverage.***

The Enlarged Group may be subject to substantial liability claims due to the inherently hazardous nature of the business of the target company or for acts and omissions of subcontractors, operators or joint venture partners. Any contractual indemnities it may receive from such parties may be difficult to enforce if such sub-contractors, operators or joint venture partners lack adequate resources. There can be no assurance that the proceeds of insurance applicable to covered risks will be adequate to cover related losses or liabilities. In addition, the Enlarged Group may also suffer material losses from uninsurable or uninsured risks. The occurrence of any of these risks could adversely affect the financial performance of the Enlarged Group.

***Estimation of resources, reserves and production profiles are based on judgements and assumptions.***

In general, there is inherent risk in estimates of oil reserves, gas reserves and power generation, and their anticipated production profiles, because it involves subjective judgements and determinations based on available geological, technical, contractual and economic information. They are not exact determinations and the actual resources, reserves and production may be greater or less than those calculated. In addition, these judgements may change based on new information from production or drilling activities or changes in economic factors, as well as from developments such as acquisitions and disposals, new discoveries and extensions of existing fields and the application of improved recovery techniques. If any estimates of hydrocarbon resources, reserves or production profiles (including any competent persons reports ("CPR") upon which the Company relies upon in making any operational decision) prove to be substantially incorrect, the Company may be unable to recover and produce the estimated levels or quality of hydrocarbons set out in such estimates and the business, prospects, financial condition or results of operations of the Company could be materially adversely affected.

***The Enlarged Group's operations expose it to significant compliance costs and liabilities in respect of EHS matters***

The operations and assets in which the Enlarged Group will be involved are affected by numerous laws and regulations concerning EHS matters including, but not limited to, those relating to discharges of hazardous substances into the environment, the handling and disposal of waste and the health and safety of employees. The technical requirements of these laws and regulations are becoming increasingly complex, stringently enforced and expensive to comply with and this trend is likely to continue. Any failure to comply with EHS laws and regulations may result in regulatory action (which strict, joint and several liability can include statutory orders requiring steps to be taken or prohibiting certain operations), the imposition of fines or the payment of compensation to third parties. All of these liabilities and any other regulatory actions could have a material adverse effect on the Enlarged Group's business, financial condition, results of operations and prospects.

***A violation of EHS requirements and the occurrence of any accidents could disrupt the Enlarged Group's operations and increase operating costs***

EHS authorities such as Department for Business, Energy & Industrial Strategy, the Health and Safety Executive and the Offshore Safety Directive Regulator have extensive enforcement powers under EHS laws. These powers extend to statutory notices to require operational steps and to prohibit certain activities or operations until compliance is achieved. A violation of EHS laws or failure to comply with the instructions of the relevant EHS authorities could therefore lead to, among other things, a temporary shut down of all, or a portion of, the Enlarged Group's facilities and the imposition of costly compliance procedures. If EHS authorities shut down all, or a portion of, the Enlarged Group's facilities or impose costly compliance measures, the Enlarged Group's business, financial condition, results of operations and prospects would be materially and adversely affected.

The nature of the operations in which the Enlarged Group will be participating creates a risk of accidents and fatalities among its workforce, and the Enlarged Group may be required to pay compensation or suspend operations as a result of such accidents or fatalities, which could have a material adverse effect on the Enlarged Group's business, financial condition, results of operations and prospects.

**RISKS RELATING TO THE COMPANY'S BUSINESS AND ACQUISITION STRATEGY**

***The Enlarged Group's principal source of operating cash will be income received from the Acquired Businesses***

The Enlarged Group may be dependent on the income generated by the Acquired Businesses to meet the expenses and operating cash requirements of the Enlarged Group in the longer term. The amount of distributions and dividends, if any, which may be paid from any operating subsidiary to the Company will depend on many factors, including such subsidiary's results of operations and financial condition, limits on dividends under applicable law, its constitutional documents, documents governing any indebtedness of the Company, and other factors which may be outside the control of the Company. If the Acquired Businesses are unable to generate sufficient cash flow in the longer term, the Company may be unable to pay its expenses or make distributions and dividends on the Ordinary Shares. In particular it should be noted that the interests acquired pursuant to the Maersk Acquisition and the Egerton Acquisition are of interests in oil fields in their late stages of their productive lives, whilst workovers and interventions may extend the period of production, these assets may cease to generate cash-flows beyond 2021.

***There is no assurance that the Company will identify suitable further acquisition opportunities in a timely manner or at all which could result in a loss on your investment***

The success of the Company's business strategy is dependent on its ability to identify sufficient suitable further acquisition opportunities. The Company cannot guarantee that it will be able to complete further acquisitions. If the Company fails to complete a proposed further acquisition (for example, because it has been outbid by a competitor) it may be left with substantial unrecovered transaction costs, potentially including fees, legal costs, accounting costs, due diligence or other expenses. Furthermore, even if an agreement is reached relating to a proposed further acquisition, the Company may fail to complete such acquisition for reasons beyond its control. Any such event will result in a loss to the Company of the related costs incurred, which could materially adversely affect subsequent attempts to identify and acquire another target business in the upstream oil and gas and power sector.

***There is no assurance that any operating improvements will be successful or that they will be effective in increasing the valuation of any business acquired***

There can be no assurance that the Company will be able to propose and implement effective operational improvements for any company or business which the Company acquires, particularly if the Company acquires a stake in a licence asset which does not give it operational control or significant influence. In addition, general economic and market conditions or other factors outside the Company's control could make the Company's operating strategies difficult or impossible to implement. Any failure to implement these operational improvements successfully and/or the failure of these operational improvements to deliver the anticipated benefits could have a material adverse effect on the Company's results of operations and financial condition.

***The Company may face significant competition for further acquisition opportunities***

There may be significant competition in some or all of the further acquisition opportunities that the Company may explore. Such competition may for example come from strategic buyers, sovereign wealth funds, other special purpose acquisition companies and public and private investment funds many of which are well established and have extensive experience in identifying and completing acquisitions. A number of these competitors may possess greater technical, financial, human and other resources than the Company. The Company cannot assure investors that it will be successful against such competition. Such competition may cause the Company to be unsuccessful in executing a further acquisition or may result in a further acquisition being made at a significantly higher price than would otherwise have been the case.

***Any due diligence by the Company in connection with a further acquisition may not reveal all relevant considerations or liabilities of the target business, which could have a material adverse effect on the Company's financial condition or results of operations***

The Company intends to conduct such due diligence as it deems reasonably practicable and appropriate based on the facts and circumstances applicable to any potential further acquisition. The objective of the due diligence process will be to identify material issues which might affect the decision to proceed with any one particular further acquisition target or the consideration payable for a further acquisition. The Company also intends to use information revealed during the due diligence process to formulate its business and operational planning for, and its valuation of, any target company or business. Whilst conducting due diligence and assessing potential further acquisitions, the Company will rely on publicly available information, if any, information provided by the relevant target company to the extent such company is willing or able to provide such information and, in some circumstances, third party investigations.

There can be no assurance that the due diligence undertaken with respect to potential further acquisitions will reveal all relevant facts that may be necessary to evaluate such further acquisitions including the determination of the price the Company may pay for an acquisition target, or to formulate a business strategy. Furthermore, the information provided during due diligence may be incomplete, inadequate or inaccurate. As part of the due diligence process, the Company will also make subjective judgments regarding the results of operations, financial condition and prospects of a potential opportunity. If the due diligence investigation fails to correctly identify material issues and liabilities that may be present in a target company or business, or if the Company considers such material risks to be commercially acceptable relative to the opportunity, and the Company proceeds with an acquisition, the Company may subsequently incur substantial impairment charges or other losses. In addition, following a further acquisition, the Company may be subject to significant, previously undisclosed liabilities of the acquired businesses that were not identified during due diligence and which could contribute to poor operational performance, undermine any attempt to restructure the acquired company or business in line with the Company's business plan and have a material adverse effect on the Company's financial condition and results of operations.

***If the Company acquires less than either the whole voting control of, or less than the entire equity interest in, a target company or business, its decision-making authority to implement its plans may be limited and third party minority shareholders may dispute the Company's strategy***

The Company intends to acquire a controlling interest in a single target company or business. Although the Company may acquire the whole voting control of a target company or business, it may consider acquiring a controlling interest constituting less than the whole voting control or less than the entire equity interest of that target company or business if such opportunity is attractive or where the Company would acquire sufficient influence to implement its strategy. If the Company acquires either less than the whole voting control of, or less than the entire equity interest in, a target company or business, the remaining ownership interest will be held by third parties. Accordingly, the Company's decision-making authority may be limited. Such acquisition may also involve the risk that such third parties may become insolvent or unable or unwilling to fund additional investments in the target. Such third parties may also have interests which are inconsistent or conflict with the Company's interests, or they may obstruct the Company's strategy for the target or propose an alternative strategy. Any third party's interests may be contrary to the Company's interests. In addition, disputes among the Company and any such third parties could result in litigation or arbitration. Any of these events could impair the Company's objectives and

strategy, which could have a material adverse effect on the continued development or growth of the acquired company or business.

***The Company may be unable to complete further acquisitions or to fund the operations of its business if it does not obtain additional funding***

The Company cannot currently predict the amount of additional capital that may be required, once a further acquisition has been made if the target is not sufficiently cash generative meaning further funds may need to be raised.

If, following a further acquisition, the Company's cash reserves are insufficient, the Company will likely be required to seek additional equity or debt financing. The Company may not receive sufficient support from its existing Shareholders to raise additional equity, and new equity investors may be unwilling to invest on terms that are favourable to the Company, or at all. Lenders may be unwilling to extend debt financing to the Company on attractive terms, or at all. To the extent that additional equity or debt financing is necessary to complete a further acquisition and remains unavailable or only available on terms that are unacceptable to the Company, the Company may be compelled either to restructure or abandon a further acquisition, or proceed with a further acquisition on less favourable terms, which may reduce the Company's return on the investment.

Even if additional financing is unnecessary to complete a further acquisition, the Company may subsequently require equity or debt financing to implement operational improvements in an acquired business. The failure to secure additional financing or to secure such additional financing on terms acceptable to the Company could have a material adverse effect on the continued development or growth of the acquired business.

***The Company is dependent upon the Directors to identify potential acquisition opportunities and to execute further acquisitions and the loss of the services of any of the Directors could materially adversely affect it***

The Company is dependent upon the Directors to identify potential acquisition opportunities and to execute further acquisitions. The unexpected loss of the services of the Directors (or any of them) could have a material adverse effect on the Company's ability to identify potential acquisition opportunities and to execute further acquisitions.

***The Directors 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 Company's ability to complete further acquisitions***

None of the Directors (save for Mr Austin who has agreed to spend such hours engaged in the Company's affairs or may be necessary for the proper performance of his duties) are required to commit their full time or any specified amount of time to the Company's affairs, which could create a conflict of interest when allocating their time between the Company's operations and their other commitments. The Company does not intend to have any executive officers or full time employees prior to the completion of further acquisitions. The Directors are engaged in other business endeavours and are not obligated to devote any specific number of hours to the Company's affairs. If the Directors' 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 Company's affairs and could have a negative impact on the Company's ability to consummate further acquisitions.

***The Enlarged Group is dependent on key senior management to operate the business and the uncertainty of being able to recruit replacement personnel with requisite skills***

The Enlarged Group depends on its senior management team to lead its business effectively. Although it is not anticipated that any members of the senior management team will be lost or replaced in the near future, competitors may seek to recruit the Enlarged Group's key personnel and the loss of the services of any of the members of the Enlarged Group's senior management could have a material adverse effect on the Enlarged Group's business, results of operations and overall financial condition. There may be a limited number of persons with the requisite skills to serve in such positions and the Enlarged Group cannot be certain that it would be able to locate or employ such qualified personnel on acceptable terms in a timely manner or at all.

***The Company may be subject to foreign investment and exchange risks***

The Company's functional and presentational currency is UK Sterling. As a result, the Company's consolidated financial statements will carry the Company's assets in UK Sterling. Any business the

Company acquires may denominate its financial information in a currency other than UK Sterling, conduct operations or make sales in currencies other than UK Sterling. When consolidating a business that has functional currencies other than UK Sterling, the Company will be required to translate, *inter alia*, the balance sheet and operational results of such business into UK Sterling. Due to the foregoing, changes in exchange rates between UK Sterling and other currencies could lead to significant changes in the Company's reported financial results from period to period. Among the factors that may affect currency values are trade balances, levels of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political or regulatory developments. Although the Company may seek to manage its foreign exchange exposure, including by active use of hedging and derivative instruments, there is no assurance that such arrangements will be entered into or available at all times when the Company wishes to use them or that they will be sufficient to cover the risk.

***The Company may be subject to risks particular to one or more countries in which it ultimately operates, which could negatively impact its operations***

The Company's efforts in identifying a prospective target company or business in the upstream oil and gas and power sector are not limited to a particular geographic region. The Company may therefore acquire a target company or business in, or with substantial operations in, a number of jurisdictions, any of which may expose it to considerations or risks associated with companies operating in such jurisdictions, including but not limited to: regulatory and political uncertainty; tariffs, trade barriers and regulations related to customs and import/export matters; international tax issues, such as lax law changes and variations in tax laws; cultural and language differences; rules and regulations on currency conversion or corporate withholding taxes on individuals; currency fluctuations and exchange controls; employment regulations; crime, strikes, riots, civil disturbances, terrorist attacks and wars; and deterioration of relevant political relations. Any exposure to such risks due to the countries in which the Company operates following a further acquisition could negatively impact the Company's operations.

## **RISKS RELATING TO THE ORDINARY SHARES**

***The Company may be unable to seek admission to a Premium Listing or other appropriate listing venue following a further acquisition***

The Company is not currently eligible for a Premium Listing under Chapter 6 of the Listing Rules. Upon completion of any further acquisitions, the company's standard listing may be cancelled and it will be treated as a new applicant. The Directors may then seek admission either as a Premium Listing or other appropriate listing, based on, *inter alia*, the track record of the Company or business it acquires, and to fulfilling the relevant eligibility criteria at the time. There can be no guarantee that the Company will meet such eligibility criteria or that the Company will qualify for a Premium Listing or other appropriate listing (e.g. AIM). For example, such eligibility criteria may not be met, if the Company acquires less than a controlling interest in the target. In addition there may be a delay, which could be significant, between the completion of any further acquisitions and the date upon which the Company is able to seek or achieve a Premium Listing or a listing on another stock exchange.

If the Company does not achieve, or is not capable of achieving, a Premium Listing or the Directors decide, subject to eligibility, upon a Standard 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. This would mean that the Company could be operating a substantial business but would not need to comply with such higher standards as a Premium Listing provides. Alternatively, in addition to, or in lieu of seeking a Premium Listing, the Company may determine 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.

***If the Company proposes making a further acquisition and the FCA determines that there is insufficient information in the market about that acquisition or the target, the Company's Ordinary Shares may be suspended from listing or cancelled and may not be readmitted to listing thereafter, which will reduce liquidity in the Ordinary Shares, potentially for a significant period of time, and may adversely affect the price at which a Shareholder can sell them***

Any further acquisition has the potential to be treated as a reverse takeover depending upon the size of that acquisition (within the meaning given to that term in the Listing Rules).

Generally, when a reverse takeover is announced or leaked, there will be insufficient publicly available information in the market about the proposed transaction and the listed company will be unable to assess accurately its financial position and inform the market appropriately. In this case, the FCA will often consider that suspension of the listing of the listed company's securities will be appropriate. The London Stock Exchange will suspend the trading in the listed company's securities if the listing of such securities has been suspended. However, if the FCA is satisfied that there is sufficient publicly available information about the proposed transaction it may agree with the listed company that a suspension is not required. The FCA will generally be satisfied that a suspension is not required in the following circumstances: (i) the target company is admitted to listing on a regulated market or another exchange where the disclosure requirements in relation to financial information and inside information are not materially different than the disclosure requirements under the Disclosure and Transparency Rules; or (ii) the issuer is able to fill any information gap at the time of announcing the terms of the transaction, including the disclosure of relevant financial information in relation to the target and a description of the target.

If information regarding a significant proposed transaction were to leak to the market, or the Board considered that there were good reasons for announcing the transaction at a time when it was unable to provide the market with sufficient information regarding the impact of the Acquisitions on its financial position, the Ordinary Shares may be suspended. Any such suspension would be likely to continue until sufficient financial information on the transaction was made public. Depending on the nature of the transaction (or proposed transaction) and the stage at which it is leaked or announced, it may take a substantial period of time to compile the relevant information, particularly where the target does not have financial or other information readily available which is comparable with the information a listed company would be expected to provide under the Disclosure and Transparency Rules and the Listing Rules (for example, where the target business is not itself already subject to a public disclosure regime), and the period during which the Ordinary Shares would be suspended may therefore be significant.

Furthermore, the Listing Rules provide that the FCA will generally seek to cancel the listing of a listed company's securities when it completes a reverse takeover. In such circumstances, the Company will be required to seek admission to listing as a new applicant either simultaneously with completion of any such acquisition or as soon thereafter as is possible but there is no guarantee that such re-admission would be granted.

A suspension or cancellation of the listing of the Company's Ordinary Shares would materially reduce liquidity in such shares which may affect an investor's ability to realise some or all of its investment and/or the price at which such investor can effect such realisation.

***There may be a limited market for the Ordinary Shares. A market for the Ordinary Shares may not develop, which would adversely affect the liquidity and price of the Ordinary Shares***

The price of the Ordinary Shares after the Placing can 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, it cannot assure investors 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.

***No pre-emption rights and indebtedness related liquidity***

Although the Company will receive the Net Fundraise Proceeds, the Directors anticipate that the Company may issue a substantial number of additional Ordinary Shares, or incur substantial indebtedness to complete one or more further acquisitions.

Shareholders do not currently have the benefit of pre-emption rights in respect of the issues of future shares, which may be issued to facilitate any further acquisitions and for other purposes. In addition, the Company may issue shares or convertible debt securities or incur substantial indebtedness to complete a further acquisition, which may dilute the interests of Shareholders.

Any issue of Ordinary Shares, preferred shares or convertible debt securities may:

- significantly dilute the value of the Ordinary Shares held by existing Shareholders;
- cause a Change of Control if a substantial number of Ordinary Shares are issued, which may, *inter alia*, result in the resignation or removal of one or more of the Directors;
- in certain circumstances, have the effect of delaying or preventing a Change of Control;
- subordinate the rights of holders of Ordinary Shares if preferred shares are issued with rights senior to those of Ordinary Shares; or
- adversely affect the market prices of the Company's Ordinary Shares.

If Ordinary Shares, preferred shares or convertible debt securities are issued as consideration for a further acquisition, existing Shareholders will have no pre-emptive rights with regard to the securities that are issued. The issue of such Ordinary Shares, preferred shares or convertible debt securities is likely to materially dilute the value of the Ordinary Shares held by existing Shareholders. Where a target company has an existing large shareholder, an issue of Ordinary Shares, preferred shares or convertible debt securities as consideration may result in such shareholder subsequently holding a significant or majority 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) and could lead to a Change of Control.

If the Company were to incur substantial indebtedness in relation to a further acquisition, this could result in:

- default and foreclosure on the Company's assets, if its cash flow from operations were insufficient to pay its debt obligations as they become due;
- acceleration of its obligation to repay indebtedness, even if it has made all payments when due, if it breaches, without a waiver, covenants that require the maintenance of financial ratios or reserves or impose operating restrictions;
- a demand for immediate payment of all principal and accrued interest, if any, if the indebtedness is payable on demand; or
- an inability to obtain additional financing, if any indebtedness incurred contains covenants restricting its ability to incur additional indebtedness.

The occurrence of any or a combination of these factors could decrease an investor's ownership interests in the Company or have a material adverse effect on its financial condition and results of operations.

***A further acquisition may result in adverse tax, regulatory or other consequences for Shareholders which may differ for individual Shareholders depending on their status and residence***

It is possible that any further acquisition structure determined necessary by the Company to complete a further acquisition may have adverse tax, regulatory or other consequences for Shareholders which may differ for individual Shareholders depending on their individual status and residence.

***Investors 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. There may be a limited number of Shareholders and this factor, together with the number of Ordinary Shares to be issued pursuant to the Placing, may contribute both to infrequent trading in the Ordinary Shares on the London Stock Exchange and to volatile Ordinary Share price movements. Investors should not expect that they will necessarily be able to realise their investment in Ordinary Shares 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. Even if an active trading market develops, the market price for the Ordinary Shares may fall below the Issue Price.

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

To the extent the Company intends to pay dividends on the Ordinary Shares, it will pay such dividends at such times (if any) and in such amounts (if any) as the Board determines appropriate and in accordance with applicable law, but expects to be principally reliant upon dividends received on shares held by it in any operating subsidiaries in order to do so. Payments of such dividends will be dependent on the availability of any dividends or other distributions from such subsidiaries. The Company can therefore give no assurance that it will be able to pay dividends going forward or as to the amount of such dividends, if any.

***Ordinary Shares in the Company may be subject to market price volatility***

The price of the Ordinary Shares could be subject to significant price and volume fluctuations that may be unrelated to the operating performance of the Group. The market price of the Ordinary Shares may, in addition to being affected by the Company's actual or forecast operating results, fluctuate significantly as a result of factors beyond the Company's control, including changes in securities analysts' recommendations or estimates of earnings or financial performance of the Company, its competitors or the industry, or the failure to meet expectations of securities analysts; the occurrence (or lack of occurrence) of events such as natural disasters, fluctuations in stock market prices and volumes; general market volatility; changes in laws, rules, regulations and taxes, applicable to the Group, its operations and operations in which the Group has interests; loss of key personnel, and involvement in litigation. In addition, stock markets have in the recent past experienced significant price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Ordinary Shares.

The price of the Ordinary Shares may also fluctuate significantly as a result of many other factors, including perceived prospects for the Group's business and operations and the oil and gas industry in general, announcements by the Group of significant acquisitions, strategic alliances or joint ventures, changes in perceptions on the geographic areas where the Group operates and broad stock market price fluctuations.

***The market price of the Ordinary Shares could be negatively affected by sales of substantial amounts of such shares in the public markets***

As set out in Part I above, certain shareholders hold significant shareholdings in the Company. Such shareholders may sell Ordinary Shares in the public or private market. The Company may also (subject to any applicable shareholder approvals) undertake a public or private offering of Ordinary Shares. There can be no assurance as to what effect, if any, future sales of Ordinary Shares will have on the market price of the Ordinary Shares. If such shareholders were to sell Ordinary Shares or the Company were to issue and sell a substantial number of Ordinary Shares in the public market, the market price of the Ordinary Shares could be adversely affected. Sales by such shareholders also could make it more difficult for the Company to sell equity securities in the future at a time and price that it deems appropriate. There can be no assurance that such shareholders will not effect transactions in relation to their shares. The sale of a significant amount of Ordinary Shares in the public market, or the perception that such sales may occur, could materially affect the market price of the Ordinary Shares and could also impede the Company's ability to raise capital through the issue of equity securities in the future.

***The issuance of additional Ordinary Shares in the Company in connection with future acquisitions or the share option plan, or otherwise, may dilute all other shareholdings***

The Company may, over the longer term, seek to raise finance to fund future acquisitions and other growth opportunities and may, for these and other purposes (for example, in connection with share incentive and share option plans), issue additional equity or convertible equity securities. As a result, the Company's then-existing Shareholders would suffer dilution in their percentage ownership of the Company following any such issue.

***Transfer restrictions for Shareholders in the United States may make it difficult to resell the Ordinary Shares or may have an adverse impact on the market price of the Ordinary Shares***

The Ordinary Shares have not been registered in the United States under the Securities Act or under any other applicable securities laws and are subject to restrictions on transfer contained in such laws. There are additional restrictions on the resale of Ordinary Shares by Shareholders who are in the United States and on the resale of Ordinary Shares by any Shareholders to any person who is in the United States. These restrictions will make it more difficult to resell the Ordinary

Shares in many instances and this could have an adverse effect on the market value of the Ordinary Shares. There can be no assurance that Shareholders in the United States will be able to locate acceptable purchasers or obtain the required certifications to effect a sale.

***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 governed by English law and by the Company's Articles. 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. The Directors are residents of the UK. Consequently, it may not be possible for an Overseas Shareholder to effect service of process upon the Directors and executive officers within the Overseas Shareholder's country of residence or to enforce against the Directors and executive officers 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 or executive officers 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 or executive officers 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.

***The ability of Shareholders to participate in rights offerings may be limited and Shareholders could therefore experience dilution of their holdings***

The Company may, from time to time, distribute rights to its shareholders, including rights to acquire securities. Compliance with securities laws or other regulatory provisions in some jurisdictions may prevent certain purchasers of Ordinary Shares from participating in any rights issuances and thereby result in dilution of their existing shareholdings. The Company is under no obligation to register the shares in any jurisdiction to permit foreign purchasers of Ordinary Shares to participate in any rights offerings the Company may undertake. Accordingly, holders of the Company's shares who are based outside of the UK may be unable to participate in rights offerings and may experience dilution of their holdings as well as further dilution in their voting interest following any such offering. In addition, if the rights that are not exercised or not distributed are not sold or if the sale is not lawful or reasonably practicable, the Company may allow the rights to lapse, in which case holders of the Company's shares would receive no value for these rights.

## **RISKS RELATING TO TAXATION**

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

To the extent that the assets, company or business which the Company acquires is or are established outside the UK, it is possible that any return the Company receives from it may be reduced by irrecoverable foreign withholding or other local taxes and this may reduce any net return derived by investors from a shareholding in the Company.

***Changes in tax law and practice may reduce any net returns for investors***

The tax treatment of Shareholders of 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 in England and Wales or any other relevant jurisdiction. Any change may reduce any net return derived by investors from a shareholding in the Company.

Investors should not rely on the general guide to taxation set out in this document and should seek their own specialist advice. The tax rates referred to in this document are those currently applicable and they are subject to change.

## **FORWARD LOOKING STATEMENTS**

This document includes statements that are, or may be deemed to be, 'forward-looking statements'. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms 'targets', 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will', 'should' or, in each case, their negative or other variations or

comparable terminology. They appear in a number of places throughout the document and include statements regarding the intentions, beliefs or current expectations of the Company and the Board of Directors concerning, *inter alia*: (i) the Company's objective, acquisition and financing strategies, results of operations, financial condition, capital resources, prospects, capital appreciation of the Ordinary Shares and dividends; and (ii) future deal flow and implementation of active management strategies, including with regard to acquisitions. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's actual performance, results of operations, financial condition, distributions to shareholders and the development of its financing strategies may differ materially from the forward-looking statements contained in this document. In addition, even if the Company's actual performance, results of operations, financial condition, distributions to shareholders and the development of its financing strategies are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods.

Prospective investors should carefully review the 'Risk Factors' set out in "Part II – Risk Factors" of this document for a discussion of additional factors that could cause the Company's actual results to differ materially, before making an investment decision. For the avoidance of doubt, nothing appearing under the heading "Forward looking statements" constitutes a qualification of the working capital statement set out in paragraph 7 of 'Part XIII (A) – Operating and Financial Review of Rockrose' of this document.

Forward looking statements contained in this document apply only as at the date of this document. Subject to any obligations under the Listing Rules, the Disclosure and Transparency Rules and the Prospectus Rules, 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.

## **PRESENTATION OF RESERVES AND RESOURCES**

Unless otherwise stated, statements in this document relating to the EPUK Group's reserves and resources have been prepared using the classification system set out in the Petroleum Resources Management System ("PRMS") published in 2007 and jointly sponsored by the Society of Petroleum Engineers ("SPE"), the American Association of Petroleum Geologists ("AAPG"), the World Petroleum Council ("WPC") and the Society of Petroleum Evaluation Engineers ("SPEE").

All references to "reserves" are to proved and probable ("2P") and all references to "contingent resources" are to discovered hydrocarbons that are potentially recoverable ("2C") but not yet considered mature enough for commercial development due to technological or business hurdles (e.g. all required internal and external approvals are not yet in place).

The accuracy of reserves estimates and associated economic analysis is, in part, a function of the quality and quantity of available data and of engineering and geological interpretation and judgment. This document should be accepted with the understanding that reserves, resources and financial performance subsequent to the date of the estimates may necessitate revision. These revisions may be material. Unless otherwise stated, all information about oil and gas reserves and resources, forward looking production estimates and other geological information has been extracted without material adjustment from the Competent Person's Report in Part Ix of this document.

## **ROUNDING**

Percentages in tables have been rounded and accordingly may not add up to 100%. Certain financial data have also been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data.

## PART III

### IMPORTANT INFORMATION

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

#### General

No action has been or will be taken in any other jurisdiction that would permit a public offering of the Ordinary Shares, or possession or distribution of this document or any other offering material in any other country or 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 jurisdiction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer to subscribe for any of the Ordinary Shares offered hereby to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

This document has been approved by the FCA as a prospectus which may be used to offer securities to the public for the purposes of section 85 of FSMA, and of the Prospectus Directive. No arrangement has however been made with the competent authority in any other EEA State (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. Issue or circulation of this document may be prohibited in countries other than those in relation to which notices are given below.

#### For the attention of all investors

In making an investment decision, prospective investors must rely on their own examination of the Company, this document and the terms of the Placing, including the merits and risks involved. The contents of this document are not to be construed as advice relating to legal, financial, taxation, accounting, regulatory, investment or any other matter.

Prospective investors must rely upon their own representatives, including their own legal and financial advisers and accountants, as to legal, tax, financial, investment or any other related matters concerning the Company and an investment therein.

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

#### For the attention of European Economic Area investors

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), an offer to the public of the Ordinary Shares may only be made once the prospectus has been passported in such Relevant Member State in accordance with the Prospectus Directive as implemented by such Relevant Member State. For the other Relevant Member States an offer to the public in that Relevant Member State of any Ordinary Shares may only be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined under the Prospectus Directive;

- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in such Relevant Member State subject to obtaining prior consent of the Company for any such offer; or
- (c) 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 purposes of this provision, the expression an ‘offer to the public’ in relation to any offer of Ordinary Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Ordinary Shares to be offered so as to enable an investor to decide to purchase or subscribe for the 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**” means Directive 2003/71/EC (and any amendments, thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

During the period up to but excluding the date on which the Prospectus Directive is implemented in member states of the EEA, this document may not be used for, or in connection with, and does not constitute, any offer of Ordinary Shares or an invitation to purchase or subscribe for any Ordinary Shares in any member state of the EEA in which such offer or invitation would be unlawful.

The distribution of this document in 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.

#### **For the attention of U.K. investors**

This document comprises a prospectus relating to the Company prepared in accordance with the Prospectus Rules 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.

This document is being distributed only to and is directed at persons who (if they are in the EEA) will fall within one of the categories of persons set out above in the ‘For the attention of European Economic Area Investors’. In addition, this document is being distributed only to and is directed at persons in the United Kingdom who are: (i) persons having professional experience in matters relating to investments falling within the definition of ‘investment professionals’ in Article 19(5) of the Financial Promotions Order; or (ii) persons who are high net worth bodies corporate, unincorporated associations and partnerships and the trustees of high value trusts, as described in Article 49(2)(a)-(d) of the Financial Promotions Order; or (iii) persons to whom it may otherwise be lawful to distribute (all such persons together being referred to as “**relevant persons**”).

#### **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 and 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.

#### **Market data**

Where information contained in this document has been sourced from a third party, the Company and the Directors confirm that such information has been accurately reproduced and, so far as they are aware and have been able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

#### **International Financial Reporting Standards**

As required by the Act and Article 4 of the European Union IAS Regulation, the financial statements of the Company are prepared in accordance with IFRS issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB as adopted by the European Union.

#### **Incorporation of information by reference**

The contents of the Company’s website, any website mentioned in this document or any website directly or indirectly linked to these websites have not been verified and do not form part of this document, and prospective investors should not rely on them.

#### **Definitions**

A list of defined terms used in this document is set out in “Definitions” beginning at “Part XVI – Definitions” of this document.

**PART IV**  
**EXPECTED TIMETABLE**

Publication of this document	3 July 2017
Cancellation of trading of Existing Ordinary Shares	7.30 a.m. on 5 July 2017
Admission of the Enlarged Share Capital effective and commencement of dealings in Ordinary Shares	8.00 a.m. on 6 July 2017
Admission and commencement of dealings in Ordinary Shares	8.00 a.m. on 6 July 2017
CREST members' accounts credited in respect of New Ordinary Shares	8.00 a.m. on 6 July 2017
Share certificates despatched	by 10 July 2017
Completion of Acquisitions	Expected mid July 2017

All references to time in this document are to London time, unless otherwise stated.  
Any changes to the expected timetable will be notified by the Company through a Regulatory Information Service

**ADMISSION STATISTICS**

Total number of New Ordinary Shares in the Placing	1,699,594
Total number of New Ordinary Shares in the Subscription	3,633,740
Total number of Ordinary Shares in issue following the Fundraise, the Acquisitions and Admission*	15,333,334
Issue Price per New Ordinary Share	150 pence
Estimated Net Fundraise Proceeds receivable by the Company	£7,298,501
Market capitalisation at the Issue Price*	£23.0 million
New Ordinary Shares as a percentage of total Enlarged Share Capital*	34.78 per cent.

\* The market capitalisation of the Company at any given time will depend on the market price of the Ordinary Shares at that time.  
There can be no assurance that the market price of an Ordinary Share will equal or exceed the Issue Price.

**DEALING CODES**

The dealing codes for the Ordinary Shares will be as follows

ISIN	GB00BYNFCH09
SEDOL	BYNFCH0
TIDM	RRE

**PART V**  
**DIRECTORS, AGENTS AND ADVISERS**

Directors	Andrew Philip Austin (Executive Chairman) Richard Alan Benmore (Non-Executive) John Andrew Corran Morrow (Non-Executive)
Company Secretary	Cooley Services Ltd Dashwood 69 Old Broad Street London EC2M 1QS
Registered Office	c/o Cooley Services Ltd Dashwood 69 Old Broad Street London EC2M 1QS
Broker and Lead Manager	Hannam & Partners (Advisory) LLP 2 Park Street London W1K 2HX
Broker and Co-Manager	Whitman Howard Limited First floor Connaught House London W1K 3NB
Auditors and Reporting Accountants	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6DX
Solicitors to the Company	Cooley (UK) LLP Dashwood 69 Old Broad Street London EC2M 1QS
Solicitors to the Managers	Charles Russell Speechlys LLP 5 Fleet Place London EC4M 7RD
Registrar	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 5TU
Receiving Agent	Capita Registrars Limited The Registry 34 Beckenham Road Beckenham Kent BR3 5TU

## PART VI

### THE ACQUISITIONS AND THE ENLARGED GROUP

#### Introduction and background

At the time of the initial admission to trading in January 2016 the Company stated that its strategy was to:

“...pursue a targeted acquisition strategy focused on onshore and offshore production opportunities, power generation and infrastructure, and is differentiated by its approach to asset stewardship and capital efficiency, to create a scalable energy business that is able to deliver shareholder returns in a low oil price environment.”

The acquisitions of the Scott and Telford Interests and the Egerton Acquisition are a demonstration of this strategy. In January 2016 the Company also stated that it would be:

“Targeting offshore cash generative production assets and accretive onshore opportunities, where the potential exists to consolidate working interests and operatorship to a size capable of attracting major industry players”.

Again all of the Acquisitions fit with this objective and the Board’s stated criteria for the making of Acquisitions.

The Directors believe that the assets comprised in the Maersk and Egerton Acquisitions have potential to perform above expectations both in terms of production of oil and gas and the timing of decommissioning. There is also the potentially significant opportunity created by delays in decommissioning to extend the life of fields such as Scott and Telford, which is also a stated objective of the UK Government.

Philip Hammond, UK chancellor, said in his Budget speech in March that an expert panel would examine ways of making it easier to buy and sell North Sea oil and gas fields, with the aim of keeping them in production for longer. The announcement reflects HM Treasury’s focus on how to extract as much as possible out of the remaining North Sea resources as decommissioning costs become an increasing burden for industry and taxpayers. To determine the best approach, the Government published a formal discussion paper alongside the finance bill on the case for allowing transfers of tax history between buyers and sellers.

The UK already has one of the most competitive tax regimes for oil and gas in the world. HM Treasury has recognised that to maximise economic recovery the fiscal regime needs to ensure support for the transfer of late-life assets. There are an estimated 10bn-20bn barrels of recoverable oil and oil equivalent remaining beneath the North Sea, compared with 43bn barrels extracted since production started in 1967. However, unlocking those resources will depend on the North Sea staying competitive against lower-cost regions elsewhere. HM Treasury and the energy industry are both counting on new investors – especially smaller companies and private equity funds – to help maximize the potential of the last remaining oil and gas just as many large companies seek to sell older fields.

The Oil and Gas Authority (known as the “OGA”), was established as an executive agency of the UK Government on 1 April 2015. One of the key roles of the OGA is to engage with oil and gas industry to drive down costs and improve efficiencies and to maximise economic recovery of our offshore oil and gas reserves, both for Britain’s energy security as well as our long-term economic outlook.

The Petroleum Act 1998, as amended by the Infrastructure Act 2015, places a duty of the Secretary of State to produce one or more strategies for enabling the principal objective of “maximising the economic recovery of UK petroleum to be met”.

This is the first “MER UK Strategy” and was required to be produced within 12 months of the relevant clauses coming into force, therefore by April 2016. It was laid in Parliament for scrutiny on January 28 2016, and came into force on March 18 2016.

The OGA became a Government company in October 2016, following Parliamentary approval for the Energy Act 2016. The Energy Act established the OGA as a Government company and equipped the body with additional powers to maximise economic recovery of oil and gas from beneath UK waters. These powers give the OGA the ability to issue enforcement notices and financial penalties, and to revoke licences for clear or persistent breaches of the MER UK Strategy.

The MER UK Strategy sets out certain principles which “relevant persons” (being the holders of licence interests) must now follow.

In particular:

- (a) relevant persons must ensure that technologies, including new and emerging technologies, are deployed to their optimum effect, (as set out in the OGA’s Technology Delivery Programme published in April 2017), in maximising the value of economically recoverable petroleum that can be recovered from relevant UK waters, including in relation to decommissioning. (MER UK Strategy para 18);
- (b) before commencing the planning of decommissioning of any infrastructure in relevant UK waters, owners of such infrastructure must ensure that all viable options for their continued use have been suitably explored, including those which are not directly relevant to the recovery of petroleum such as the transport and storage of carbon dioxide. (MER UK Strategy para 20);
- (c) relevant persons must allow others to seek to maximise the value of economically recoverable petroleum from their licences or infrastructure including by divesting themselves of such licences or assets to other financially and technically competent persons who are able to recover economically recoverable petroleum. (MER UK Strategy para 30);
- (d) Where relevant persons are not able to ensure the recovery of the maximum value of economically recoverable petroleum from their licences or infrastructure for financial reasons they must seek to secure investment from other persons. If they are not able to secure sufficient investment in a reasonable time, the obligation in paragraph 30 applies. (MER UK Strategy para 31);
- (e) The obligation in paragraph 30 applies in all other circumstances where relevant persons decide not to ensure the recovery of the maximum value of economically recoverable petroleum from their licences or infrastructure, including where the reason for the decision not to recover is because recovery generates returns which are unsatisfactory to the relevant persons, they cannot raise suitable finance or there are technical or other non-economic reasons. (MER UK Strategy para 32); and
- (f) Where a relevant person is seeking to comply with the obligation in paragraph 30, that person must seek to do so without demanding compensation in excess of a fair market value or unreasonable terms and conditions, in order that other financially and technically competent persons who are able to recover economically recoverable petroleum may do so. (MER UK Strategy para 33)

The MER UK Strategy, which also imposes duties of co-operation on relevant persons, is clearly designed to ensure the North Sea resources are effectively exploited to their maximum potential. Clearly envisaged in the MER UK Strategy was the situation where a particular field or licence block was past prime or optimal production and the participants in that field or block concluded that their own capital investment was better deployed on earlier stage assets which would yield greater returns. In many cases, and absent the obligations created by the MER UK Strategy, this would have led to potentially premature decommissioning of that producing field as many licence participants would prefer to decommission a field rather than become involved in a sale process. The position was further complicated by the tax rules relating to decommissioning, a review of which is now underway having been initiated in the March budget speech (as referred to above).

It is in this context that the Company has been able to negotiate the Acquisitions on the terms set out below. In particular, the fact that the Company has been able to secure the terms of the Maersk Acquisition where the Company receives a substantial payment rather than itself pays for the assets, is reflective of the different corporate strategies of the Company and Maersk. Maersk is a multinational diversified industrial group and will deploy its investment capital to seek maximum returns for its shareholders; exiting certain licence interests where those assets are in the later stages of economic life (and where continuing and uncertain liabilities such as decommissioning costs can be closed off) may make commercial sense. By contrast, to Rockrose, as a smaller focussed entity, this creates an opportunity to acquire these assets at favourable pricing and, when coupled with the objectives of the MER UK Strategy Rockrose sees the potential for the asset life to be extended or for alternative utilisation.

In the case of the Maersk Acquisition and the Egerton Acquisition, the net consideration payable by Rockrose is a negative number. This means that Rockrose is paid by the relevant vendors to

make the acquisitions as opposed to itself paying the vendors to acquire the assets purchased. Whilst transactions of this nature are not common, they may arise for a number of reasons and in particular where a vendor may wish to exit an asset with a longer term uncertain or contingent liability. In the case of the licence interests the subject of the Maersk Acquisition the Egerton Acquisition, and the Proposed Sojitz Acquisition the purchaser will be taking responsibility for the ongoing and future decommissioning obligations which would otherwise have constituted long term contingent liabilities for the vendors. This is commercially attractive to the vendors and indeed to Rockrose as it mutually satisfies the commercial objectives or all of the parties (albeit those commercial objectives are different).

### ***The Maersk Acquisition***

#### **Overview**

The Company announced on 14 September 2016 that it had (through its wholly owned subsidiary, Rockrose UKCS1) entered into agreements with Maersk Oil UK Limited and Maersk Oil North Sea UK Limited to acquire the Scott and Telford Interests and Wytch Farm Interest.

The transactions were subject to the pre-emptive rights of the holders of the balance of the interests in those licences. In late January 2017 the pre-emption periods expired and the Company was notified that, and announced, the holders of the balance of the Wytch Farm Interests had served pre-emption notices with respect to the Wytch Farm Interests.

The Maersk Acquisition accordingly now comprises the Scott and Telford Interests only, further details of the terms and conditions of the Maersk Acquisition are set out in Part VIII.

The consideration for the Maersk Acquisition is £14,540,000, payable to Rockrose UKCS1 plus a further sum payable to Rockrose UKCS1 by way adjustments for income, expenditure and working capital (reflecting an effective economic date for the transaction of 1 January 2016) which are receivable in cash on, or shortly after completion.

OGA approval of the Group as the holder of petroleum exploration and/or production licences in respect of the Maersk Acquisition was obtained on 14 June 2017. Formal completion of the Maersk Acquisition will proceed via a process known as “Master Deed” (which is explained below). Formal completion may take some weeks as the process involves a number of parties providing confirmation via an electronic process. The Company will not own the assets until the “Master Deed” process completes.

Rockrose (UKCS1) Limited is a special purpose vehicle which was set up to acquire the Maersk Interests. Rockrose (UKCS1) accordingly has no assets or net worth as a standalone entity. In this context, and as a matter of commercial prudence, Maersk required Rockrose Energy plc to guarantee all of the obligations of Rockrose (UKCS1) to Maersk. Whilst the consideration for the Maersk Acquisition is the making of a payment to Rockrose (UKCS1) by Maersk, the acquisition documentation does contain certain warranties and indemnities in favour of Maersk (including in respect of environmental and future decommissioning obligations).

#### **Information on the Scott Interest**

Rockrose UKCS1 will acquire a 5.16% interest in the Scott Field. The interest will continue to be operated by Nexen Petroleum U.K. Limited.

The Scott Field straddles Blocks 15/21 and 15/22 on the southern flanks of the Witch ground Graben in the Outer Moray Firth area of the UK Continental Shelf. The field is located approximately 175 km North East of Peterhead in a water depth of 142 m. The Scott Field was discovered in 1983 and appraised with further wells drilled between 1985 and 1991. Development was approved in 1990 commenced commercial production in September 1993. Development approval for the South Scott area was granted in 1994.

Nexen Petroleum U.K. Limited, a wholly-owned subsidiary of CNOOC Limited, is the operating partner of Scott, itself holding a 41.90% interest in the Scott Field. The other partners are Dana Petroleum Limited with a 20.64% interest, Edison North Sea Limited with a 10.47% interest and MOL Operations UK Limited holding a 21.83% interest. The remaining minority interest of 5.16% is held by Maersk Oil North Sea UK Ltd and is the subject of the acquisition by Rockrose UKCS1.

The Scott Field was developed using a combined fixed platform and subsea concept. Water injection is provided to maintain reservoir pressure. Two bridge linked platforms were installed in the field; one containing production and drilling facilities with 28 well slots and the other utilities and

accommodation. The processing capacity of the facilities was 225,000 bopd. In addition a subsea system connects the platforms.

The field was initially developed with 23 production and 20 injection wells. However due to the reservoir complexity and in order to improve recovery additional wells have drilled and side-tracks of existing wells undertaken since then. As of February 2016 a total of 46 production wells (including side-tracks) and 22 injection wells (including side-tracks) had been installed.

### Scott – Reserves Summary, as of March 31, 2017

Reserves Category	Light & Medium Oil <sup>(1)</sup>		Natural Gas <sup>(2)</sup>		Natural Gas Liquids		Oil Equivalent <sup>(3)</sup>	
	Gross <sup>(4)</sup>	Net <sup>(5)</sup>	Gross <sup>(4)</sup>	Net <sup>(5)</sup>	Gross <sup>(4)</sup>	Net <sup>(5)</sup>	Gross <sup>(4)</sup>	Net <sup>(5)</sup>
	(MMbbl)	(MMbbl)	(Bcf)	(Bcf)	(MMbbl)	(MMbbl)	(MMboe)	(MMboe)
<b>Proved</b>								
Developed Producing	11.44	0.59	4.22	0.22	0.41	0.02	12.47	0.64
Developed Non-Producing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Undeveloped	5.58	0.29	0.99	0.05	0.16	0.01	5.87	0.30
<b>Total Proved</b>	<b>17.03</b>	<b>0.88</b>	<b>5.21</b>	<b>0.27</b>	<b>0.57</b>	<b>0.03</b>	<b>18.34</b>	<b>0.95</b>
Probable	10.97	0.13	4.30	0.22	0.24	0.01	3.51	0.18
<b>Total Proved Plus Probable</b>	<b>28.00</b>	<b>1.01</b>	<b>9.50</b>	<b>0.49</b>	<b>0.81</b>	<b>0.04</b>	<b>21.85</b>	<b>1.13</b>
Possible	12.88	1.10	11.60	0.60	0.93	0.05	23.93	1.23
<b>Total Proved Plus Probable Plus Possible</b>	<b>40.88</b>	<b>2.11</b>	<b>21.10</b>	<b>1.09</b>	<b>1.74</b>	<b>0.09</b>	<b>45.77</b>	<b>2.36</b>

#### Notes:

1. Light & medium oil includes condensate produced from non-associated gas reservoirs
2. Natural gas resources include both associated and non-associated gas (combined) and are sales quantities after deduction of gas for own use, losses, and shrinkage
3. Barrel of oil equivalents or BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 5.9 mscf: 1 bbl for natural gas and a BOE conversion ratio of 1.322 bbl: 1 bbl for natural gas liquids based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.
4. Gross – 100% WI.
5. Net – COMPANY's entitlement (WI) after deduction of royalties

These figures have been extracted without material adjustment from the Competent Person's Report (which is set out in full in Part IX).

### Information on the Telford Interest

Rockrose UKCS1 will acquire a 2.36% interest in the Telford Field. The interest will continue to be operated by Nexen Petroleum U.K. Limited.

The Telford Field (including the Marmion extension) straddles Blocks 15/21a and 15/22 on the southern flanks of the Witch ground Graben in the Outer Moray Firth area of the UK Continental Shelf. The Telford Field is located approximately 170 km North East of Peterhead in a water depth of 140 m. The central part of Telford Field is located approximately 9 km south of the Scott Field Platform.

The first well in the Telford Field was drilled in 1974 and encountered gas. In 1991 Amerada Hess discovered oil in the Marmion Field and the following year Amoco discovered oil in the central part of Telford Field. The Telford Field was appraised as a subsea tie back to the Scott Field platform and was approved in 1995. The Telford Field was rapidly developed over 1995 and 1996 and came into commercial production in October 1996.

Nexen Petroleum U.K. Limited is the current operating partner of the Telford Field and holds a 80.403% interest. The other partners with interests in the Telford Field are Edison North Sea Limited, with a 15.65% interest, MOL Operations UK Limited with a 1.59% interest. The remaining minority interest of 2.36% is held by Maersk Oil North Sea UK Ltd and is the subject of the acquisition by Rockrose UKCS1.

The Telford Field was developed with sub-sea wells and facilities tied-back to the Scott Field production platform. From the Scott Field platform, the crude oil is exported via the Forties Pipeline System to Grangemouth; gas is exported via the SAGE pipeline to St Fergus.

## Telford – Reserves Summary, as of March 31, 2017

Reserves Category	Light & Medium Oil <sup>(1)</sup>		Natural Gas <sup>(2)</sup>		Natural Gas Liquids		Oil Equivalent <sup>(3)</sup>	
	Gross <sup>(4)</sup>	Net <sup>(5)</sup>	Gross <sup>(4)</sup>	Net <sup>(5)</sup>	Gross <sup>(4)</sup>	Net <sup>(5)</sup>	Gross <sup>(4)</sup>	Net <sup>(5)</sup>
	(MMbbl)	(MMbbl)	(Bcf)	(Bcf)	(MMbbl)	(MMbbl)	(MMboe)	(MMboe)
<b>Proved</b>								
Developed Producing	3.15	0.07	2.85	0.07	0.19	0.00	3.77	0.09
Developed Non-Producing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Undeveloped	1.95	0.05	3.21	0.08	0.18	0.00	2.62	0.06
<b>Total Proved</b>	<b>5.10</b>	<b>0.12</b>	<b>6.06</b>	<b>0.14</b>	<b>0.36</b>	<b>0.01</b>	<b>6.40</b>	<b>0.15</b>
Probable	0.79	0.02	4.31	0.10	0.20	0.00	1.68	0.04
<b>Total Proved Plus Probable</b>	<b>5.89</b>	<b>0.14</b>	<b>10.37</b>	<b>0.24</b>	<b>0.57</b>	<b>0.01</b>	<b>8.08</b>	<b>0.19</b>
Possible	2.45	0.06	5.16	0.12	0.27	0.01	3.53	0.08
<b>Total Proved Plus Probable Plus Possible</b>	<b>8.34</b>	<b>0.20</b>	<b>15.53</b>	<b>0.37</b>	<b>0.84</b>	<b>0.02</b>	<b>11.61</b>	<b>0.27</b>

### Notes:

1. Light & medium oil includes condensate produced from non-associated gas reservoirs
2. Natural gas resources include both associated and non-associated gas (combined) and are sales quantities after deduction of gas for own use, losses, and shrinkage
3. Barrel of oil equivalents or BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 5.9 mscf: 1 bbl for natural gas and a BOE conversion ratio of 1.322 bbl: 1 bbl for natural gas liquids based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.
4. Gross – 100% WI.
5. Net – COMPANY's entitlement (WI) after deduction of royalties

These figures have been extracted without material adjustment from the Competent Person's Report (which is set out in full in Part IX).

### Financing of the Maersk Acquisition

The Company will receive £14,540,000 (prior to adjustments) in consideration for acquiring the Scott and Telford Interests. The Company has no need to raise finance to complete the Maersk Acquisition.

### Decommissioning obligations in respect of the Maersk Acquisition

Section 5.4 of the Competent Persons Report in Part IX of this document sets out an analysis of the total decommissioning costs of the Scott Field and the Telford Field.

With respect to the Scott Field, Petrenel estimates decommissioning costs to be £758m (close to the operator's estimate of £773m). The share of those costs payable by Rockrose would be £39.10m, payable over a period of years; further estimates of timeframes and amounts are set out in Table 5.12 of Petrenel's Report in Part IX of this document. Current estimates are that a cessation of production date for the Scott Field could be Q1 2021 (the point at which it will become uneconomic to continue to produce hydrocarbons from the Scott Field), however, as identified in Table 5.13, this date could be as late as 2035 (based on current producing wells only). A decommissioning security agreement is in place for the Scott Field and Rockrose will be required to contribute £4.74m to the decommissioning costs reserve fund at completion of the Maersk Transaction.

With respect to the Telford Field, Petrenel estimates decommissioning costs to be £246.3m (slightly higher than the operator's current estimate). The share of these costs payable by Rockrose would be £5.81m. Tables 5.12 and 5.13 of Petrenel's Report in Part IX of this document sets out assumptions as to timeframes for decommissioning of the Scott Field which are identical to those for the Telford Field, as with the Scott Field these assumptions include cessation of production as early as 2021 but potentially as late as 2035 (based on current producing wells only). A decommissioning agreement for the Telford Field is not currently in place but negotiations to finalise such an agreement are at an advanced stage.

The decommissioning costs set out above and the estimates in Tables 5-10 to 5-13 (inclusive) of the Competent Persons Report do not take into account any future net revenues associated with production from the Scott and Telford Fields; Rockrose's share of net revenues from production prior to the actual date of cessation of production would be available to fund Rockrose's share of

the decommissioning costs in the case of both the Scott and the Telford Field. Tax relief on decommissioning expenditure is also currently available at an effective rate of 40% (100% relief against profits chargeable to ring fence corporation tax and supplementary charge).

### **Rationale for the Maersk Acquisition**

The focus of the Company is to invest in production and development opportunities whilst maintaining exposure to upside value through a strict set of selective criteria. The primary objective of the Company is to make selective acquisitions that fit within its core areas of operation and where its position can be commercially advantaged.

The Directors believe that the Maersk Acquisition is an excellent opportunity to complete an initial acquisition in one of its core areas of strategic focus, the UK North Sea, with the potential of adding long term value by making an acquisition in a low oil price environment.

The Directors believe that the key benefits of the Maersk Acquisition are

- the acquisition of quality assets, albeit late life assets, as the base for a UK North Sea business;
- a compelling acquisition valuation that is immediately value enhancing; and
- the provision of financial benefits, in terms future production revenues, to the Enlarged Group within the strict acquisition criteria set by the Board.

It should be noted that continued production on the Scott and Telford Fields, and the anticipated date of cessation of production, will be dependent on many factors which determine the economic life of an oil field. There are no current plans in place to extend the life of either field beyond early 2021, and the feasibility of any future plans may be subject to oil prices being at a level significantly above current prices.

### **Egerton Acquisition**

#### **Overview**

On 22 March 2017 the Company announced that it had entered into an agreement, conditional, *inter alia*, upon Admission and certain regulatory approvals, to acquire the entire issued share capital of Egerton for the sum of £1.00 with deferred consideration payable to the Company of £666,000 (in two instalments on the first anniversary of completion and the date which falls 18 months from completion). At completion (and as a result of a pre-completion reorganisation), Egerton will have net cash of £333,000. At the same time the Company entered into the Subscription Agreement with Arunvill pursuant to which Arunvill agreed to subscribe in cash in the total amount of £4,000,000 for New Ordinary Shares in the Company on Admission at the Issue Price.

The transaction is also subject to confirmation from the OGA that the Egerton Acquisition will neither result in the revocation of the petroleum exploration and/or production licences held by Egerton nor will it require any further change of control of Egerton.

#### **Information on Egerton**

Egerton's sole assets are a 27.77% interest in the Galahad Field and a 8.33% interest in the Mordred Field. Both fields will continue to be operated by Perenco. Perenco is an independent oil & gas company with operations in 13 countries across the globe, and is an experienced operator involved in operations both onshore and offshore.

#### **The Galahad Field**

The Lancelot Area includes Lancelot, Guinevere, Galahad, Mordred, Malory and Excalibur Fields. The Galahad Field is located to the northeast of the Lancelot and Guinevere Fields.

The Galahad Field is a unitised 30% interest in block 48/12a and 70% interest in block 48/13b, both of which were originally awarded to a Mobil-led group in the Fourth UK Offshore Licensing Round in December 1971.

The Galahad Field was originally discovered by Mobil in 1975. The Galahad Field is located approximately 12 kilometres southwest of the Shell-operated Barque field. An extension of the Galahad Field was discovered in 1982. Two horizontal wells have been used to develop the Galahad reserves and have been in commercial production since 1994.

The Enlarged Group will hold a 27.77% non-operated minority interest in the Galahad Field. Production from the Galahad Field is currently not meaningful in amount, however the Directors believe that the potential exists, with new operator led initiatives, to increase economic viability and delay decommissioning.

It should however be noted that no formal plans are currently in place and the feasibility of any such plans may be subject to oil prices being at a level significantly above current market prices.

### **The Mordred Field**

The Mordred Field, located approximately two kilometres to the southwest of the Galahad Field, has been developed via extended reach drilling from the Galahad platform.

The Mordred Field was discovered in 1989. Originally named Galahad South, the Mordred Field was appraised in 1996, and came into commercial production in late in the same year. The Mordred Field subsequently received development approval in May 1997 and the first commercial production began in the same month.

The Enlarged Group will hold an 8.33% non-operated minority interest in the Mordred Field. Production from the Galahad Field is currently also not meaningful in amount, however, as with the Mordred Field interest, the Directors believe that the potential may exist, with new operator led initiatives, to increase economic viability and delay decommissioning. However as no formal plans for any such activity are currently under consideration, and given current market prices for oil and gas, there can be no certainty that economically viable plans could be produced or that such plans (and the associated expenditure) would be approved by the participants.

### **Financing of the Egerton Acquisition**

The Company will employ existing cash resources to finance the Egerton Acquisition. The total consideration due to the Company over the three year deferred consideration period is £999,000.

### **Rationale for the Egerton Acquisition**

The Company believes that the Egerton Acquisition, which is essentially the acquisition of the 27.77% interest in the Galahad Field and the 8.33% interest in the Mordred Field, Egerton itself having no other assets, gives the Company the opportunity to participate in assets where the timing of decommissioning may be extended (subject to the agreement of other participants in the relevant field assets) and, which at current hydrocarbon prices (where the Fields are marginally viable), could present a significant future opportunity for the Company.

### **Decommissioning obligations in respect of the Egerton Acquisition**

In respect of the Egerton Acquisition, the net to Egerton share of anticipated decommissioning costs for the Mordred Field is currently estimated at US\$5m and the Enlarged Group will be required to assume and/or replace a current decommissioning insurance bond which is in place to secure this sum by November 2018. There are no recent decommissioning plans in respect of the Galahad Field.

### ***The Proposed Sojitz Acquisition***

#### **Overview**

The Company announced on 22 March 2017 that it had entered into heads of terms to acquire a subsidiary of a major trading company which holds small non-operated interests in gas fields located in the Southern North Sea. The Company noted that the proposed acquisition also included significant tax assets.

The proposed acquisition is the purchase of the entire issued share capital of Sojitz Energy Project Limited ("**Sojitz**") from Sojitz Corporation, a Japanese corporate entity and Sojitz Europe plc, a English company, who have together agreed in principal to sell Sojitz to the Company.

The consideration for the Proposed Sojitz Acquisition is expected to be US\$2,300,000, payable in cash by the Company, less adjustments for income, expenditure and working capital (reflecting an effective economic date for the transaction of 1 January 2016). The Proposed Sojitz Acquisition is expected to take the form of a put and call option on the shares in Sojitz and is subject to the Sojitz Sellers completing a corporate reorganisation prior to the sale to remove certain assets that are not subject to the proposed acquisition.

The Proposed Sojitz Acquisition would be funded out of the cash resources of the Company.

Any agreed transaction is also subject to confirmation from the OGA that the Proposed Sojitz Acquisition will neither result in the revocation of the petroleum exploration and/or production licences held by Sojitz nor will it require any further change of control of Sojitz.

### **The Tors Field Unit Area**

The Company proposes to acquire a 15% minority, non-operated interest in the Tors Field. The Tors development comprises two gas fields: the Kilmar Field and the Garrow Filed, which are linked to the Trent Field in the Southern Gas Basin.

Tors received development sanction in August 2005. The Kilmar Field has been developed with a normally unmanned installation linked to the Perenco-operated Trent Field platform.

The Kilmar Field came into commercial production in March 2006 with further wells drilled in late 2006 and December 2007. The Garrow Field commenced commercial production in February 2007. Production in 2007 was lower than anticipated due to lower gas prices shutting-in some production and drilling complications causing delays in the startup of production from the final Kilmar Field well. Upon taking over operations of the fields in 2014, Alpha Petroleum made investments that helped to increase reliability of the production facilities and improve well performance.

Gas from the Kilmar Field is exported to the Perenco-operated Trent Field via a 21 kilometre long pipeline. From the Trent Field, gas is delivered via the Esmond Transportation System (ETS) line to the Perenco-operated terminal facilities at Bacton.

### **The Grove Field Unit Area**

The Company proposes to acquire a 7.5% minority, non-operated interest in the Grove Field. The Grove Field is located in part-block 49/10a and 49/9c in the Southern Gas Basin. Following the successful appraisal in September 2006, Sojitz Corporation originally acquired a 15% interest in the Grove Field via a farm-in. In September 2007 Centrica announced the purchase of the entire share capital of Newfield UK Holdings Limited, the UK subsidiary of Newfield Exploration Company, which included an operated interest in the Grove Field. On 1 July 2007, Centrica also acquired 7.5% of the Grove Field from Sojitz Corporation.

The Grove Field is being developed with a single normally unmanned installation and five production wells. A further production well was spudded in late 2006 but proved unsuccessful and was plugged and abandoned. The Grove Extension project started in 2008. In February 2009, an additional well was drilled as a sidetrack and was subsequently tied back to the Grove Field platform. Additional drilling activity was completed in July 2014. The Grove Field delivers gas produced via the Dutch Markham complex.

### **The Seven Seas Field Unit Area**

The Company proposes to acquire a 10% minority, non-operated interest in the Seven Seas Field. The Seven Seas Field is in the Southern Gas Basin, approximately 80 kilometres east of the Dimlington terminal. The Seven Seas Field started production in October 2012.

There is the capacity for an additional well to be tied into existing operations. If a second well was drilled, it is possible that the life of Seven Seas Field could be extended by seven years and around 24 bcf of gas could be recovered.

### **Financing of the Proposed Sojitz Acquisition**

The Company will employ existing cash resources to finance the Proposed Sojitz Acquisition.

### **Rationale for the Proposed Sojitz Acquisition**

The Company believes that if the Proposed Sojitz Acquisition proceeds it has the potential to give the Company the opportunity to participate in assets where there is potential for extended field life and access to significant tax losses, which may be of significant value to the Enlarged Group.

As at 30 September 2016 Sojitz had losses for these purposes of corporation tax of approximately US\$59m and loss for the purposes of supplementary charge of approximately US\$34m in respect of the Tors Field Unit Area, the Grove Field Unit Area and the Seven Seas Field Unit Area. Advice received by Rockrose suggests that these losses will be available to utilise in respect of the future profile of the Enlarged Group. Accordingly whilst the Company will pay approximately

US\$2,300,000 pursuant to the Proposed Sojitz Acquisition it will acquire producing field assets and valuable tax assets as part of the transaction.

### **Decommissioning obligations in respect of the Proposed Sojitz Acquisition**

In respect of the Proposed Sojitz Acquisition no field-wide decommissioning agreements are in place at the current time, but if the Proposed Sojitz Acquisition proceeds to completion the Enlarged Group will enter into a bi-lateral decommissioning security agreement with the vendors pending formal operator led arrangements being initiated and implemented.

### **OGA Approval**

The OGA are required to approve all persons who are new holders of licence interests (where direct interests in assets are acquired) and have the ability to object to any change of control of an entity owning licence interests (and accordingly have the ability to object to corporate acquisitions which would constitute an indirect change in ownership of a licence interest).

The OGA approval process involves a rigorous review of the financial and technical ability of new licence holders. This includes a requirement to share with the OGA the long-term development plan (including decommissioning proposals) for activity on a licence interest being acquired, including the operator's plans for operating and capital expenditure. In the case of later life assets, the OGA will not give its approval unless it is satisfied that the new entrant has the financial resources to meet its share of the financial obligations with respect to that licence.

Long terms plans and costings for the Scott Interest and the Telford Interest (as produced by Nexen, the operator) were submitted to the OGA and Rockrose entered into a dialogue with the OGA to demonstrate financial and technical capability. The OGA granted approval for the Maersk Acquisition on 14 June 2017.

### **Decommissioning**

The current fiscal regime in the UK continental shelf provides tax relief in relation to decommissioning cost incurred by oil and gas operators. The relief is only available once the decommissioning costs are incurred; ensuring companies pay the full amount of tax from all profits generated by the field during its life. Relief is limited to the tax that has been paid.

If a tax loss arises on decommissioning, that loss can be carried back and offset against the profits chargeable to the RFCT (Ring fence Corporation Tax), SC (Supplementary Charge) and PRT (Petroleum Revenue Tax). If tax was paid on profits in previous years, the company will then be entitled to reclaim some of the previously paid tax. Different rules are used to calculate how much relief can be claimed on decommissioning costs, depending on whether the relief is claimed for RFCT/SC or PRT.

To manage the costs and liabilities arising from decommissioning the OGA has developed a template for what are known as "Decommissioning Security Agreements" or "DSAs". These are established as a trust and allow for parties to a licence to put aside monies so that at the time of decommissioning there is sufficient cash available to the parties to carry out the decommissioning. Parties are generally liable for a share of the total decommissioning costs equivalent to their percentage share in the licence interest but if one party with an interest in the licence were to become insolvent the remaining parties can become liable for the share of the party who is unable to fund.

Parties to the licence can either post cash or letters of credit (provided this is acceptable to the other parties). Each year a calculation is undertaken by the operator to calculate the net present value of the anticipated post tax cost of decommissioning. This is then multiplied by a risk factor, usually between 130% and 150%. From this is then subtracted the post-tax net present value of all of the cash flows anticipated from the asset for its remaining life. If this number is positive, this is the amount that the parties to the licence need to make available to the DSA Trust in either cash or letters of credit.

The calculation is repeated each year and additional sums are required to be deposited. The calculation is also independently audited. As the asset approaches cessation of production, funds will have built up in the DSA Trust such that the parties have the liquidity available to meet the cost of decommissioning. In the event of one party going into liquidation, the DSA Trust monies are available to the other parties to ensure decommissioning can be completed with no additional liability accruing as a consequence of the party going into liquidation.

Currently, in simple terms, a company owning a licence can only off-set the costs of decommissioning against the tax actually paid by that company whilst it has owned the relevant licence interest. The recent review initiated by HM Treasury (referred to above) is to examine what steps might be taken to allow the offset of decommissioning costs against the tax paid by prior owners of that licence interest; one of the objectives of the review being to see what, if any, changes could be made to facilitate new entrants into licences with a view to extending their economic life. If changes of this nature were to be made they could be economically advantageous to Rockrose.

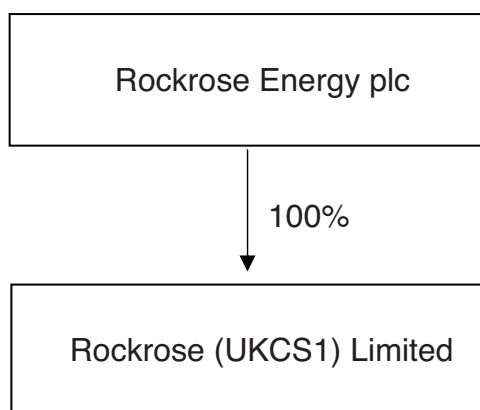
On 30 June 2016 the OGA published its strategy paper on decommissioning in the UK Continental Shelf. The paper sets out a number of targets with respect to decommissioning activity, which are also intended to supplement the MER UK Strategy objectives of maximising economic recovery from all oil resources in the North Sea. One of the key strategy objectives is to maximise the efficiency of decommissioning activities through efficiency and industry transformation with a view to achieving a 35% reduction in current decommissioning cost projections. The OGA, in the strategy paper, specifically notes that the impact of a lower oil price has led to considerable uncertainty in the oil and gas industry and notes that whilst many operators are looking at bringing forward cessation of production dates, the desire of the OGA remains to delay decommissioning expenditures when possible and appropriate to extend field life.

The OGA also notes in the decommissioning strategy paper that the large liabilities for decommissioning can also negatively impact the ability to transfer assets to many small to medium size operators, leading to premature cessation of production and a failure to maximise the value of production. Rockrose believes that it falls into the category of small operator who may benefit from many of the initiatives set out in the strategy paper.

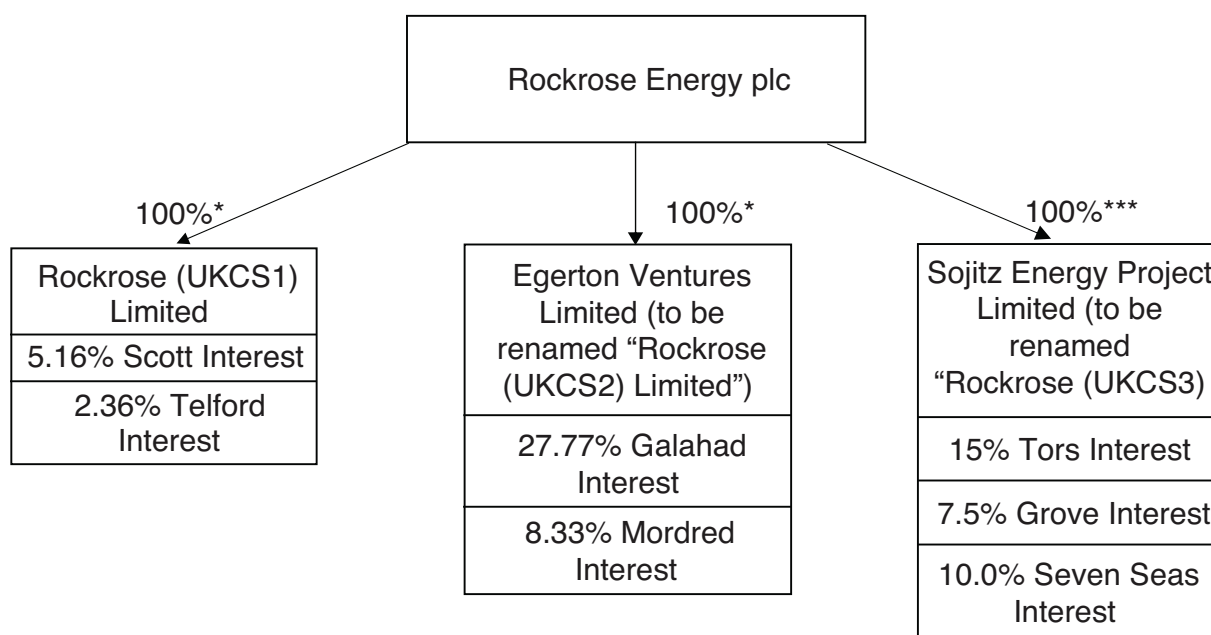
The timing and uncertainties surrounding cessation of production dates and the commencement of decommissioning activity are driven by a number of factors, all of which are subject to inherent uncertainty. Petrenerg's Report in Part IX of this document assesses potential cessation of production dates based on the probabilities of extractable reserves in place, basing these calculations on current producing wells only. These assessments and calculations are themselves carried out in accordance with industry accepted standards. The potential exists for these estimates to be inaccurate, with the consequence that economic life is shorter than expected, or potentially longer. The other significant risk is that of oil prices; the lower the oil price the less economically viable it may be to extract small volumes of oil towards the end of the life of a field and the less incentive there may be to incur additional capital expenditure on attempting to recover marginal reserves, which efforts may themselves carry a high risk of failure. Clearly factors such as reserve estimation calculations being overstated and a prevailing low oil price (which may contribute substantially to economic viability) are matters wholly beyond the control of any individual company. Timing of decommissioning will be driven by the economic viability or otherwise of remaining reserves and accordingly there is potentially little that Rockrose can do to mitigate against these risks other than to budget prudently for the anticipated costs of decommissioning.

Rockrose will inherit decommissioning liabilities upon the making of the Acquisitions. Rockrose has carefully reviewed the extent of those obligations and in certain cases, where DSAs already exist, will be required to contribute the DSA on completion of the relevant Acquisition. As decommissioning plans are refined and developed Rockrose will continue to contribute its share of decommissioning costs via the relevant DSA or alternative funding arrangements. As part of the OGA approval process the OGA has reviewed with Rockrose the scale of the liabilities identified in the operator plans for decommissioning for the licence interests being acquired pursuant to the Acquisitions in order to assess the ability of Rockrose to meet those obligations. Rockrose has planned for the full extent of all these liabilities where the same are currently known, but expects that, over time, the MER UK Strategy objectives and the OGA Decommissioning Strategy objectives may lead to at least some currently proposed cessation of production and decommissioning plans being delayed as a result of extended field life initiatives.

**Current corporate structure at the date of this document and as at Admission**



Anticipated corporate structure following completion of the Acquisitions (the **"Enlarged Group"**)



\* OGA granted approval for the Maersk Acquisition on 14 June 2017, formal closing in subject to completion via the Master Deed process.

\*\* Subject to confirmation from the OGA that there is no objection to a change of control of Egerton.

\*\*\* Subject to confirmation from the OGA that there is no objection to a change of control of Sojitz and subject to contract.

Rockrose (UKCS1) Limited is a special purpose vehicle which was set up to acquire the Maersk Interests. Rockrose (UKCS1) accordingly has no assets or net worth as a standalone entity. In this context, and as a matter of commercial prudence, Maersk required Rockrose Energy plc to guarantee all of the obligations of Rockrose (UKCS1) to Maersk. Whilst the consideration for the Maersk Acquisition is the making of a payment to Rockrose (UKCS1) by Maersk, the acquisition documentation does contain certain warranties and indemnities in favour of Maersk (including in respect of environmental and future decommissioning obligations).

## PART VII

### THE COMPANY, THE BOARD AND THE FURTHER ACQUISITION STRATEGY

#### The Company

The Company was incorporated on 1 July 2015 as a public company with limited liability under the Companies Act. On 13 January 2016 the Company raised £4.4m before expenses and was admitted to the standard listing segment of the Official List of the UK Listing Authority and to trading on the Main Market for listed securities of the London Stock Exchange.

The Company's issued share capital will, on Admission, consist of Ordinary Shares. It is intended that the Ordinary Shares will be admitted by the FCA to a Standard Listing on the Official List in accordance with Chapter 14 of the Listing Rules and to trading on the London Stock Exchange's main market for listed securities.

A Rockrose is a plant that grows in harsh environments with minimal external support. Creating an energy company that is equipped to do business in the harsh environment of sub \$50 oil with a minimal cost base was the strategy behind the establishment of The Company in 2015.

After listing as an acquisition vehicle on the London Stock Exchange in January 2016, the company has evaluated more than 35 opportunities. These have ranged from onshore production assets to pipelines and electricity generating assets. The focus is on mature cash producing assets in politically stable geographies, particularly the UK.

In September 2016 the company announced that it had agreed a heads of terms with Maersk for a package of UK based production assets and further signed a sales and purchase agreement in December of last year. Following partner pre-emption and approval Rockrose is now acquiring a 5.16% interest in the Scott Field and 2.36% interest in the Telford Field. Both fields are operated by Nexen. Following extensive due diligence and rising oil prices since the commercial terms of the deal were struck, the Company sees the potential for significant upside through improving production following recent drilling activity and the delaying of cessation of production, and hence decommissioning.

Rockrose has also agreed to acquire the entire share capital of Egerton. Egerton's sole assets are a 27.77% interest in the Mordred Field and an 8.33% interest in the Galahad Field. Both assets are operated by Perenco and are near cessation in production. However again, the Company sees upside in the potential delay in decommissioning from enhanced production and hydrocarbon prices.

#### The Directors

The Board, collectively, has significant experience in the UK oil and gas sector. Since 2011 the Directors have consummated at least six significant acquisitions and planned and executed three major UK onshore farm-out transactions with energy majors counterparties.

The Directors are very familiar with the key issues facing both onshore and offshore exploration and development activity. The Board has in aggregate more than 60 years of experience in sub-surface engineering and geology and have been responsible for running complex and challenging fields and drilling operations, both onshore and offshore.

In addition the Board has significant expertise and experience of dealing with the political and social issues facing the industry at both the local and national governmental levels, having been actively involved in the governmental consultation program surrounding shale gas exploration and in the challenges of local planning issues in connection with exploration activity and asset development.

Details of the Directors are listed below.

#### **Andrew Philip Austin (age 51)**

Andrew Austin is one of the founders and the former chief executive officer of Igas Energy plc ("Igas"). He previously specialised in energy projects in the gas, electricity and renewables sector. Mr Austin was an executive director of Igas from 2004 to 2015 and CEO from 2007 to 2015 with full time responsibility for day to day operations and business development. During this period he was responsible for the transformation of Igas Energy from a non-operated partner to the leading onshore hydrocarbon producer in the United Kingdom operating on behalf of major companies

including Total, GDF and Ineos. Prior to joining Igas, Mr Austin was involved in ventures as principal and has also raised substantial funds from private and public equity for clients during the course of his career to date. Mr Austin spent 17 years working in investment banking in the City of London with Merrill Lynch, Nomura, Citibank and Barclays Capital. Latterly he was General Manager of Creditanstalt Investment Bank in London. He also has six years of management and consultancy experience with clean tech companies including Generics Group and Whitfield Solar.

**Richard Alan Benmore (age 59)**

Richard Benmore, B.Sc, M. Sc, Ph.D, has over 30 years of experience in the Oil and Gas industry with Conoco, Oryx Energy, Nimir Petroleum, Nexen Petroleum and is currently at Igas Energy. Richard has held a variety of roles starting his career as a petroleum geologist before moving into various commercial, business development and E&P managerial positions. He recently managed Nexen's unconventional projects in the U.K. and Poland and was a board member of Nexen Exploration U.K.

**John Andrew Corran Morrow (age 62)**

John Morrow is a Chartered Engineer and has over 30 years of experience in the Oil and Gas Industry and he is currently Head of Exploration and Production at Glencore, which he joined in 2011. John was previously the Chief Operating Officer and on the Board of Bowleven plc, having joined the company in 2005. Prior to that he spent 10 years at BG Group, where he was Managing Director of the Joint Venture which operated the giant Karachaganak field in Kazakhstan. Following that he was responsible for BG's technical effect in the Mediterranean Basin and its African assets and thereafter was Project Director (Middle East) where he was responsible for the development of new LNG projects. Before joining BG, John spent the first 15 years of his career at Royal Dutch Shell where he held a variety of operational and commercial roles in the UK, Malaysia and the Netherlands.

**Company objective**

Creating an energy company that is equipped to do business in the harsh environment of sub \$50 oil with a minimal cost base was the strategy behind the establishment of Rockrose Energy in 2015.

After listing as an acquisition vehicle on the London Stock Exchange in January 2016, the Company has evaluated more than 35 opportunities. These have ranged from onshore production assets to pipelines and electricity generating assets. The focus is on mature cash producing assets in politically stable geographies, particularly the UK.

The objective of the Board remains focused on pursuing a targeted acquisition strategy focused on onshore and offshore production opportunities, power generation and infrastructure, and believes that it is differentiated by its approach to asset stewardship and capital efficiency, aiming to create a scalable energy business that is able to deliver shareholder returns in a low oil price environment.

The Directors have focussed on acquisition opportunities to acquire licence interests (directly or indirectly) in circumstances where certain key criteria are met, these include situations where the designed operator is experienced and has a history of excellent asset stewardship and situations where the MER UK Strategy principles (described above) result in (a) the likely extension of field life; and (b) where existing minority interest holders might regard a late life asset as non-core and hence be prepared to strike a deal on terms advantageous to both the vendor and Rockrose (and which satisfies the commercial objectives of both parties).

The acquisitions of the Scott and Telford Interests and the Egerton Acquisition are a demonstration of this strategy and the Company will continue to target offshore cash generative production assets and accretive onshore opportunities, where the potential exists to consolidate working interests and operatorship to a size capable of attracting major industry players.

Rockrose is committed to minimising the overheads and administrative costs of running the assets, with a small executive team and purchasing other services as required.

Rockrose will not be the designated operator of any of the licence interests owned within the Enlarged Group. Typically the designated operator of a field licence manages the activity on behalf of all the interest holders pursuant to the terms of a joint operating agreement. The operator produces forward projections of activity and costings for both operational and capital expenditure

and the holders of the licence interests are responsible for their respective shares of that expenditure in proportion to their interests in the licence. In respect of the Scott and Telford Interests the current operator expenditure plans are set out in the Competent Persons Report on pages 104 to 109 in Part IX of this document. Rockrose will be responsible for 5.16% of the expenditure in respect of activity on the Scott Interest and 2.36% of the expenditure on the Telford Interest; Rockrose will also be entitled to the same respective shares of revenues from production on those licences.

Rockrose has reviewed and evaluated the plans and budgets produced by the operators of the licence fields which are the subject of the Acquisitions and its share of the relevant costs. Rockrose has specifically chosen the licence interest which are the subject of the Acquisitions in part based upon the track record of the operators and their approach to asset stewardship. Rockrose expects to be supportive of all economically viable plans which may be advanced by the respective operators to comply with the principals and obligations on all relevant persons under the MER UK Strategy. Rockrose, which does not have large overhead and operating costs itself, and is not an exploration company seeking new discoveries, is able to consider and evaluate marginal projects on a different basis to large oil and gas multinationals (who may have a very different profile for priorities of capital deployment to available projects). It is thus likely that almost all economically viable further development plans will be value generative to Rockrose over time. The Directors of Rockrose accordingly see the business strategy of Rockrose as aligned both to the MER UK Strategy, being designed to take advantage of the initiatives and policies which will be driven by that strategy, and with the OGA's published principal policy objectives on decommissioning.

Looking forward, Rockrose will continue to evaluate other complimentary acquisitions, with the aim of building a material energy business that is equipped to flourish in the prevailing harsh hydrocarbon price environment.

The Directors believe that Rockrose is currently unique in terms of a business strategy built to maximise on the potential offered by being a sustainable participant in UK Continental Shelf licence interests at current low oil prices and designed to capitalise on the opportunities created by the MER UK Strategy. The Directors are not aware of direct competitors to Rockrose with respect to the specific business strategy, but are mindful that completion for further investment opportunities may come from a variety of sources.

It is clearly possible that competition for future acquisitions could come from financial investors (such as private equity funds or hedge funds with an appropriate sector focus) and whilst barriers to entry exist in terms of the requirement for OGA approval to become a participant in a UK licence interest, those barriers to entry may not be significant to the establishment of a direct competitor entity. Competition for licence interests that are available for sale may also come from other established oil and gas companies or indeed from the other holders of interests in the licence for sale (as with the proposed Wytch Farm Interest acquisition, where Rockrose was pre-empted on the sale by the other licence participants).

Rockrose also notes that as and when the price of oil increases the level of competition with respect to licence interests that are available is likely to increase; whilst at current oil prices the capital base and cost structure of Rockrose makes many opportunities financially viable and attractive to Rockrose that would not be so attractive to a larger oil and gas company, this competitive advantage may be significantly eroded if oil prices returned to materially higher levels.

The business strategy of Rockrose is materially dependent on the collective experience of the Directors in identifying and assessing acquisition opportunities and the true potential of those opportunities in the context of the Rockrose business model. The skills and experience of all three Directors is important to the continued growth of the business and whilst the Directors do not believe that the business is dependent on any particular Director at the current time, the loss of any Director is likely to slow or constrain the ability of Rockrose to grow the business at the levels and rates planned by the Board.

The Board does not consider Rockrose to be dependent on a limited number of customers or suppliers at the current time but clearly in the context of being a minority interest holder in licence assets, the operational aspects of the business in terms of asset stewardship and management rest with the designated operator of the relevant field interest. Operators in this context are frequently the majority (or largest) interest owner, and so have the greatest economic exposure to the performance of the licence asset. Rockrose has specifically selected the licence interests which

are the subject of the Acquisitions based on the track record and experience of the relevant operators. The assets required for production activities on the licence interests are either jointly owned by the participants in the licence as joint property, or leased by the designated operator for the benefit of the parties to the licence.

### **Strategy with respect to the Acquisitions**

The Company has selected the assets comprised in the Maersk Acquisition and the Egerton Acquisition on the basis that whilst they are late-life field assets they remain capable of economic viability even in a low oil price environment. The Company recognises that small minority interests have, until recently, been of limited interest to larger, traditional, oil and gas exploration companies. The Company also notes that the UK Government is considering steps to facilitate the extension of late-life fields by examining steps to make tax treatment favourable to the transfer of such assets and in particular the transfer of associated tax reliefs with the interests in such assets.

The Company has reviewed operator-produced plans for the assets comprised in the Maersk Acquisition and the Egerton Acquisition and continues to conduct diligence on the plans and prospects for the assets the subject of the Proposed Sojitz Acquisition. The Directors believe that all the assets are still capable of producing positive net cashflows in the short-term and, dependent on future longer term development plans and enhanced recovery techniques, of continuing to produce economically beyond what might currently be considered a useful economic life. These net income streams could be very material to a company the size of Rockrose.

Rockrose will, where possible, support further development expenditure programs which are evidenced by reasonable expectations of achieving continued positive production cash-flow, potentially in circumstances where a major oil and gas company might not consider such plans meaningful in the context of their own asset portfolios.

### **Working Capital**

The Company is of the opinion that the working capital available to the Enlarged Group is sufficient for the present requirements of the Enlarged Group, that is for at least the 12 months following the date of this document.

### **Dividend policy**

The Company's current intention is to retain any earnings for use in its business operations and accordingly expects that any returns for Shareholders will derive primarily from capital appreciation of the Ordinary Shares. The Company intends to pay dividends on the Ordinary Shares at such times (if any) and in such amounts (if any) as the Board determines appropriate in its absolute discretion. The Company will only pay dividends to the extent that to do so is in accordance with all applicable laws.

### **Strategic decisions**

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

The Directors are responsible for carrying out the Company's objectives, implementing its business strategy and conducting its overall supervision, acquisition, divestment and other strategic decisions will all be considered and determined by the Board. Mr Austin will, in addition to acting as Chairman, be the Director charged with day-to-day responsibility for the implementation of the Company's acquisition strategy.

The Board will provide leadership within a framework of prudent and effective controls. The Board will establish the corporate governance values of the Company and will have overall responsibility for setting the Company's strategic aims, defining the business plan and strategy and managing the financial and operational resources of the Company.

No Shareholder approval will be sought by the Company in relation to the making of any further acquisition unless such transaction constitutes a reverse takeover of the Company. Shareholder approval will be sought for further acquisitions at the Company's next annual general meeting.

#### ***Frequency of meetings***

The Board will schedule quarterly meetings and will hold additional meetings as and when required. The expectation is that this will not result in more than four meetings of the Board each year.

### **Corporate governance**

The Company will observe the requirements of the UK Corporate Governance Code (so far as it is practicable). As at the date of this document, the Company is, and at the date of Admission will be, in compliance with the UK Corporate Governance Code, save as set out below:

- Given the composition of the Board, certain provisions of the UK Corporate Governance Code (in particular the provisions relating to the division of responsibilities between the Chairman and chief executive and executive compensation), are considered by the Board to be inapplicable to the Company. In addition, the Company does not comply with the requirements of the UK Corporate Governance Code in relation to the requirement to have a senior independent director.
- The UK Corporate Governance Code also recommends the submission of all directors for re-election at annual intervals. No Director will be required to submit for re-election until the first annual general meeting of the Company following the Maersk Acquisition.
- Until the Company's first annual general meeting, the Company will not have nomination, remuneration, audit or risk committees. The Board as a whole will instead review its size, structure and composition, the scale and structure of the Directors' fees (taking into account the interests of Shareholders and the performance of the Company) 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. Following the Company's annual general meeting, the Board intends to put in place nomination, remuneration, audit and risk committees.

As at the date of this document, the Board has adopted the policies and procedures to comply with Market Abuse Legislation including a share dealing code ("Dealing Code") on the dealing in securities of the Company by Directors and employees. The Board will be responsible for taking all proper and reasonable steps to ensure compliance with the Dealing Code by the Directors.

## PART VIII

### THE ACQUISITIONS AND THE PROPOSED SOJITZ ACQUISITION

#### 1. Details of the Maersk Acquisition

The Company announced on 14 September 2016 that it had (through Rockrose (UKCS1)) conditionally agreed to acquire the Scott and Telford Interests from Maersk.

The Maersk Acquisition Agreement was entered into on 22 December 2016 and was conditional upon third party pre-emptive rights and regulatory approvals. The third party pre-emptive rights have expired. Approval of the OGA for the Group as the holder of petroleum exploration and/or production licences and for the Maersk Acquisition was obtained on 14 June 2017. Formal completion of the Maersk Acquisition will take place through the Master Deed process (explained below).

The consideration for the Maersk Acquisition is £14,540,000, payable to Rockrose UKCS1 plus a further sum payable to Rockrose UKCS1 by way adjustments for income, expenditure and working capital (reflecting an effective economic date for the transaction of 1 January 2016) which are receivable in cash on, or shortly after completion.

On 15 June 2017 the parties entered into a deed of amendment to the Maersk Acquisition Agreement, extending the long-stop date for satisfaction of conditions precedent to completion from 19 June 2017 to 17 September 2017.

The Maersk Acquisition Agreement contains customary warranties and representations relating to the Scott & Telford Interests which are given by the Seller to the Company, on the one hand, and by the Company to the Seller on the other hand, as at the date of signing the Maersk Acquisition Agreement, with each such representation and warranty being repeated on the date of completion of the Maersk Acquisition.

Claims under the Maersk Acquisition Agreement are subject to certain financial, time and other limitations. The threshold to be exceeded in respect of the aggregate amount of all warranty claims is 20 per cent. of the base consideration, in which case the Seller shall be liable for the whole amount claimed and not only the excess. The limitation period in respect of warranty and indemnity claims under the Maersk Acquisition Agreement expires 12 months following completion of the Maersk Acquisition. The overall cap and aggregate liability of Maersk in respect of claims under the Maersk Acquisition Agreement will not exceed the consideration as finally determined.

The Maersk Acquisition Agreement includes restrictions regarding use and management of the Scott and Telford Interests pending completion of the Maersk Acquisition.

The Maersk Acquisition Agreement is governed by the laws of England and Wales and the parties have irrevocably submitted to the exclusive jurisdiction of the courts of England and Wales in relation to any action or proceeding arising out of the Maersk Acquisition Agreement.

The Company has given a parental guarantee of the obligations Rockrose UKCS1 in connection with the Maersk Acquisition.

Legal completion of the Maersk Acquisition will take place through a system known as "Master Deed". Master Deed is a well-established part of the legal framework of the oil and gas industry relating to asset transfers in the UKCS. Before the adoption of the Master Deed, the conclusion of a deal relating to the transfer of a particular asset often required all the licensees with an interest in the asset to enter into a novation agreement where they consented to the transferee taking on rights and obligations of the transferor. Notwithstanding the promotion of standard forms of novation agreement, the need separately to agree with, and obtain the signature of, all such licensees to any such agreement presented a time-consuming and costly exercise that could cause significant delay. It is expected that legal completion will take place not later than 31 July 2017. The Company will not own the assets until the "Master Deed" process completes.

Under the Master Deed the transferor may elect to use transfer arrangements when transferring an interest in a licence or related agreement. If it does so, then the other licensees with interests in the asset are, in cases where they are parties to the Master Deed, bound to act in accordance with such arrangements.

Under the Master Deed transfer arrangements an 'execution document' is now used to effect the legal transfer of rights and obligations. The parties to the Master Deed have appointed an administrator to act as their attorney for the execution of the execution document. The

administrator is a specially created subsidiary of the UK Offshore Operators Association called UKCS Administrator Limited.

Once the form of the execution document has been agreed by the transferor and transferee (which is already the case in respect of the Maersk Acquisition), and all the remaining participants have indicated their consent to the proposed transfer, the conclusion of the execution document is considerably simplified by the fact that the administrator can sign on behalf of all the remaining participants that are parties to the Master Deed.

The reduction in the number of required signatories required and simplification of the mechanics will correspondingly reduce the time required to conclude the legal documentation, however the process is still dependent upon positive action by all of the parties and accordingly the formal process can take some weeks.

As part of the Maersk Acquisition, Rockrose UKCS1 will become a party to certain joint operating agreements with the partners in the respective field blocks. Rockrose UKCS1 may also become a party to certain commercial agreements relating to the Scott and Telford Interests including sales agreements, pipeline agreements and other third party contracts, or in the alternative, the operator will procure these services and bill Rockrose UKCS1 its respective share of the costs or pay over to Rockrose UKCS1 its respective share of revenues. These matters are dealt with in the joint operating agreements to which Rockrose UKCS1 will become party upon completion.

Also as part of the Maersk Acquisition, Rockrose UKCS1 will accede to a decommissioning security agreement in respect of the Scott Field and will be required to post £4.74 million as security against future decommissioning costs. Such arrangements are a standard commercial practice with late-life oil and gas licence assets and are often in place well in advance of the operator and the interest holders formally agreeing a decommissioning plan and final budget with each other and the relevant regulators.

At present there is no agreed decommissioning field plan for the Telford Field but the Company has budgeted prudently for its contribution to all decommissioning costs and obligations in assessing its working capital requirements.

## **2. The Egerton Acquisition**

### ***Egerton Acquisition***

#### **Overview**

On 22 March 2017 the Company announced that it had entered into an agreement, conditional, *inter alia*, upon Admission and certain regulatory approvals, to acquire the entire issued share capital of Egerton for the sum of £1.00 with deferred consideration payable to the Company of £666,000 (in two instalments on the first anniversary of completion and the date which falls 18 months from completion). At completion (and as a result of a pre-completion reorganisation), Egerton will have net cash of £333,000. At the same time the Company entered into the Subscription Agreement with Arunvill pursuant to which Arunvill agreed to subscribe in cash in the total amount of £4,000,000 for New Ordinary Shares in the Company on Admission at the Issue Price.

The transaction will also be subject to confirmation from the OGA that the Egerton Acquisition will neither result in the revocation of the petroleum exploration and/or production licences held by Egerton nor will it require any further change of control of Egerton.

The Egerton Acquisition Agreement was entered into on 22 March 2017 pursuant to which the Egerton Sellers have conditionally agreed to sell and the Company has conditionally agreed to purchase (through Rockrose (UKCS1) the entire issued share capital of Egerton.

On 21 June 2017 the parties to the Egerton Acquisition Agreement and the Egerton Subscription Agreement entered into side letters, extending the date for satisfaction of the conditions precedent to 18 August 2017 and making minor amendments in relation to the timing and replacement of the current decommissioning security arrangements.

Accordingly, completion of the Egerton Acquisition is subject to the satisfaction of the following conditions by no later than 18 August 2017:

- regulatory consents;
- and Re-Admission occurring.

The Company has agreed to use reasonable endeavours to procure that the conditions described above are satisfied not later than 18 August 2017 and no party is entitled to withdraw from the Egerton Acquisition Agreement before that date unless any of the conditions described above become incapable of fulfilment.

The Egerton Acquisition Agreement contains customary warranties and representations relating to Egerton which are given by the Egerton Sellers to the Company (on a several basis), on the one hand, and by the Company to the Egerton Sellers on the other hand, as at the date of signing the Egerton Acquisition Agreement, with each such representation and warranty being repeated on the date of completion of the Egerton Acquisition.

Claims under the Egerton Acquisition Agreement are subject to certain financial, time and other limitations. The threshold to be exceeded in respect of the aggregate amount of all warranty claims is £100,000 in which case the Egerton Sellers and/or the Company (as the case may be) shall be liable for the whole amount claimed and not only the excess, save that each Egerton Seller shall only be liable in respect of his or her relevant percentage of such amount claimed. The limitation period in respect of warranty and indemnity claims under the Egerton Acquisition Agreement expires following completion of the Egerton Acquisition in the case of the general warranties and seven years following completion of the Egerton Acquisition in the case of a claim under the tax covenant. The overall cap and aggregate liability of the Egerton Sellers in respect of claims under the Egerton Acquisition Agreement will not exceed £300,000.

In respect of the Egerton Acquisition, Egerton's share of anticipated decommissioning costs for the Mordred Field is currently estimated at US\$5m and the Enlarged Group will be required to assume and/or replace a current decommissioning insurance bond which is in place to secure this sum by November 2018. There are no recent decommissioning plans in respect of the Galahad Field.

The Egerton Acquisition Agreement includes restrictions regarding the conduct of the business of Egerton pending completion of the Egerton Acquisition, including a restriction on the creation or issue of any share or loan capital or the grant of any option in respect of the same, the declaration or making of any dividend or the entry into any contract or commitment outside of the ordinary course of business.

The Egerton Acquisition Agreement also includes customary restrictions regarding the conduct of the Company pending completion of the Egerton Acquisition, including a restriction on the creation or issue of any share or loan capital or the grant of any option in respect of the same, the declaration or making of any dividend, or doing anything other than of a routine and not important nature other than as may be necessary in connection with the terms of the Egerton Acquisition Agreement or as required by law or regulation.

The Egerton Acquisition Agreement may be terminated at any time by the Company prior to completion of the Egerton Acquisition without liability if the Egerton Sellers shall have breached any of the warranties or other terms of the Egerton Acquisition Agreement or if any event occurs which has or is likely to have a material adverse effect on the financial position or business prospects of Egerton, not being an event which affects generally all companies carrying on business similar to that of Egerton in a part or parts of the world where Egerton carries on business.

The Egerton Acquisition Agreement is governed by the laws of England and Wales and the parties have irrevocably submitted to the exclusive jurisdiction of the courts of England and Wales in relation to any action or proceeding arising out of the Egerton Acquisition Agreement.

### **3. The Proposed Sojitz Acquisition**

The Company announced on 22 March 2017 that it had entered into heads of terms to acquire a subsidiary of a major trading company which holds small non-operated interests in gas fields located in the Southern North Sea. The Company noted that the proposed acquisition also included significant tax assets.

The proposed acquisition is the purchase of the entire issued share capital of Sojitz Energy Project Limited ("**Sojitz**") from Sojitz Corporation, a Japanese corporate entity and Sojitz Europe plc, a English company, who have together agreed in principal to sell Sojitz to the Company.

The consideration for the Proposed Sojitz Acquisition is expected to be US\$2,300,000, payable in cash by the Company, less adjustments for income, expenditure and working capital (reflecting an effective economic date for the transaction of 1 January 2016). The Proposed Sojitz Acquisition is expected to take the form of a put and call option on the shares in Sojitz and is subject to the

Sojitz Sellers completing a corporate reorganisation prior to the sale to remove certain assets that are not subject to the proposed acquisition.

The transaction will be also be subject to confirmation from the OGA that the Sojitz Acquisition will neither result in the revocation of the petroleum exploration and/or production licences held by Sojitz nor will it require any further change of control of Sojitz.

Also as part of the Proposed Sojitz Acquisition, Rockrose will accede to a bilateral decommissioning security agreement (given that no formal decommissioning agreements are currently in place with the other parties to the licence assets) with the Sojitz Sellers in respect of anticipated decommissioning costs pending the formal agreement of a decommissioning plan and final budget with the participants in the licences and the relevant regulators.

## **PART IX**

### **COMPETENT PERSONS REPORT**

The Acquisitions constitute a reverse takeover under the Listing Rules. Consequently, the Company is required by paragraph 131 to 133 of the ESMA update of the CESR recommendations in respect of the consistent implementation of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive to include an independent mineral expert's report in this document on the Licence Interests of the Enlarged Group along with a glossary of the technical terms used in the mineral experts' report. The Company commissioned Petrenel to prepare the independent experts' reports (referred to as the Competent Persons' Reports), which are set out in full below.

# An Independent Evaluation of Rockrose Energy plc's share of the Petroleum Resources of the Scott and Telford Fields, UK



Prepared by:

**Stewart Whiteley & Alena Stranska**

**Effective Date: March 31, 2017**

Document Number: PET\_2017\_RR\_001

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## MANAGEMENT SUMMARY

### Introduction

Rockrose Energy plc ('Rockrose', or 'the Company') has entered into an agreement with Maersk Oil ('Maersk') to acquire Maersk's interest in the Scott and Telford oil fields located offshore in the United Kingdom (UK) sector of the North Sea. Petrenel ('The Petroleum and Renewable Energy Company Limited'), in connection with the acquisition, and at the request of the Rockrose directors, has undertaken an independent assessment of the Petroleum Reserves and Resources attributed to the Company's future working interests (WI) in the Scott and Telford oil fields.

The Petroleum Reserves and Resources presented herein are attributed to Rockrose, although as of June 2017, the recently purchased share of these fields has not yet been transferred into their name. Upon completion of the acquisition, Rockrose will secure a 5.16% WI in Scott and a 2.36% WI in Telford, with Nexen Petroleum UK Limited ('NEXEN') holding 41.9% WI and operatorship in the Scott field and 80.403% WI and operatorship in the Telford field.

The estimates of Petroleum Resources presented in this report have been prepared in accordance with the guidelines set forth in the Petroleum Resource Management System prepared and sponsored by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists and the Society of Petroleum Evaluation Engineers, as well as with the ESMA recommendations. All Petroleum Reserves and Resources presented in this report have a reference (or effective) date of March 31, 2017.

### Field Description

The Scott and Telford oil fields are located approximately 170 km and 175 km NE of Peterhead in the Outer Moray Firth area of the UK Continental Shelf (UKCS). The fields, which straddle Blocks 15/21 and 15/22, lie in a water depth of approximately 140 m. The Telford field, which includes a separate accumulation called Marmion, is located approximately 9 km south of the Scott field.

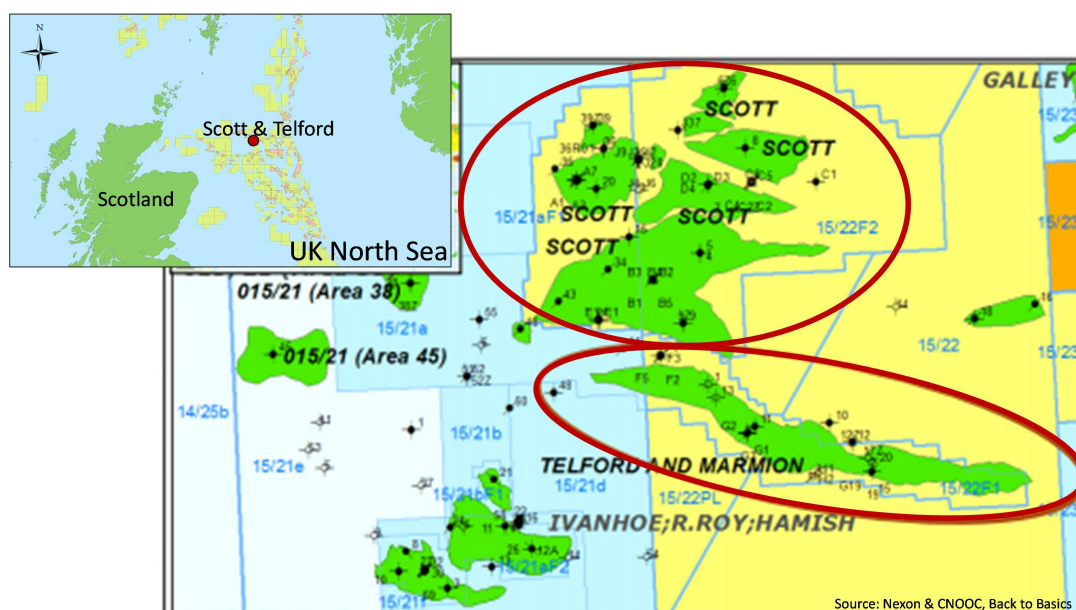


Figure MS 1.1 - Scott and Telford Field Location Map

The Scott Field was discovered in 1983 with well 15/22-4. The field covers an area of approximately 35 km<sup>2</sup>, and is composed of a number of rotated fault blocks separated by NW and SE dipping faults. Light oil (34 – 39 deg API) is present in good quality Upper Jurassic sandstones (the Scott and Piper Sandstones) at depths of between 10,400 and 13,000 ft TVDss. The reservoirs were deposited in a shallow marine environment and are characterised by good reservoir properties. Reservoir has good porosities over 25% and permeability of 1 to 2 Darcy. The field is highly faulted and compartmentalised with different fluid contacts across the field.

The Telford field, which was originally discovered in 1974, is an elongated structure approximately 11 km long and 1 km wide formed by a tilted and segmented fault-block bounded to the north east by a large WNW-ESE trending fault. The field comprises four separate accumulations (Marmion, West Telford, Central Telford and East Telford) separated by faults. Light oil and free gas is trapped in Piper and Scott sandstones at depths of 9,500 to 10,700 ft TVDss.

The Scott field was developed between 1991 and 1993 using a combined fixed platform and subsea concept. Two bridge linked platforms were installed together with a subsea system comprising production and injection well clusters and associated production and injection manifolds and flowlines. To date, a total of 46 producers and 22 water injectors, including side-tracks had been drilled in the field. The Scott field came on production in September 1993. Oil production peaked at 202,500 bopd in October 1995 but has since declined. Oil production in 2016 has averaged 12,200 bopd with a water-cut of 90% and an average GOR of 786 scf/bbl. As of 28<sup>th</sup> February 2017, the field had produced a total of 432 MMb of oil and 294 Bscf of gas, equivalent to a recovery factor for oil of about 46%.

The Telford field was developed between 1995 and 1996 with sub-sea wells and facilities tied-back to the Scott production platform (10 km subsea lines). The Telford field came on stream in October 1996 and reached a peak production rate of 41,500 bopd in March 1998. An infill campaign was carried out between 2011 and 2013, resulting in improved production performance, but production has since declined to an average oil production rate in 2016 of 2,300 bopd with a water-cut of approximately 75% and an average GOR of 1798 scf/bbl. To date, a total of 12 production wells, including side-tracks and 3 injection wells have been drilled in the field, of which only two production and one water injector wells are currently active. As of 28<sup>th</sup> February 2017, the field had produced a total of 103 MMb of oil and 218 Bscf of gas, equivalent to a recovery factor for oil of about 48%.

Oil and condensate is exported via a 24" subsea pipeline into the BP operated Forties Pipeline System to the Kinneil reception terminal on the Firth of Forth. Natural gas is used on the Scott platform as fuel and the excess gas is exported via the Apache operated Scottish Area Gas Evacuation (SAGE) pipeline system to St Fergus in north-east Scotland.

### **Future Petroleum Recovery and Development Plans**

The future petroleum recovery from the Scott and Telford fields is dependent on maintaining production from the existing wells for as long as economically possible by undertaking side-tracks or workovers of the closed in wells to drain small quantities of undrained or bypassed oil in, or to provide additional water injection to, the different reservoir compartments, maintaining the integrity of the facilities, and reducing operating costs.

Further development activity is planned in both fields by the Operator. The short term development activity includes;

- i) a four well side-tracking and workover campaign on the Scott field to maintain production. This activity commenced in Q4 2016 and it is anticipated to be completed in Q2 2018.
- ii) replacement of one or both flowlines that connect Telford field and Scott platform. This activity is expected to be completed by H2 2018.

In the longer term, the Operator has identified over 40 potential infill drilling and workover opportunities in Scott and a further four opportunities in Telford to increase production and oil recovery. Whilst many of these activities need further work to confirm the benefits and mitigate risks, Petrenel believes that there is a good chance that further “barrel chasing” opportunities to maintain or even enhance production and cost saving opportunities to defer the cessation of economic production (‘COP’), will be identified.

Limited information is available on the Operator’s future development plans for the Telford field. Production from the F5 well has been reinstated. The replacement of the corroded flowline is currently scheduled for H2 2018. A number of options are under review including partial or full replacement of the lines. No infill drilling activity is currently planned to be undertaken in the short-term. In the longer term, it has been assumed that a number of side-tracks will be undertaken, contingent upon further technical studies.

## **Production Forecast**

Oil production from the existing wells in Scott and Telford is forecast by Petrenel to decline from an average of 14,800 bopd (Gross, 100%) in Q1 2017 to 7,500 bopd (Gross, 100%) by Q1 2020 assuming that routine well interventions continue to be carried out as normal. In addition and providing the planned 2017-2018 side-track and workover campaign on Scott and the Telford flowline reinstatement are successful, then production is expected to be maintained at over 10,000 bopd (Gross, 100%) until 2020. Oil production from both fields is predicted to average 14,300 bopd (Gross, 100%, 640 bopd net WI) in 2017 which is in good agreement with the Operator’s estimates.

Gas sales (allowing for fuel consumption on Scott) are forecast to decline from 14.4 MMscf/d in Q1 2016 to 9 MMscf/d in 2020. The Scott platform, assuming further development activity takes place, is forecast to become fuel deficient by 2022 in the Low (Proven, 1P) case and 2030 in the Mid (2P) case.

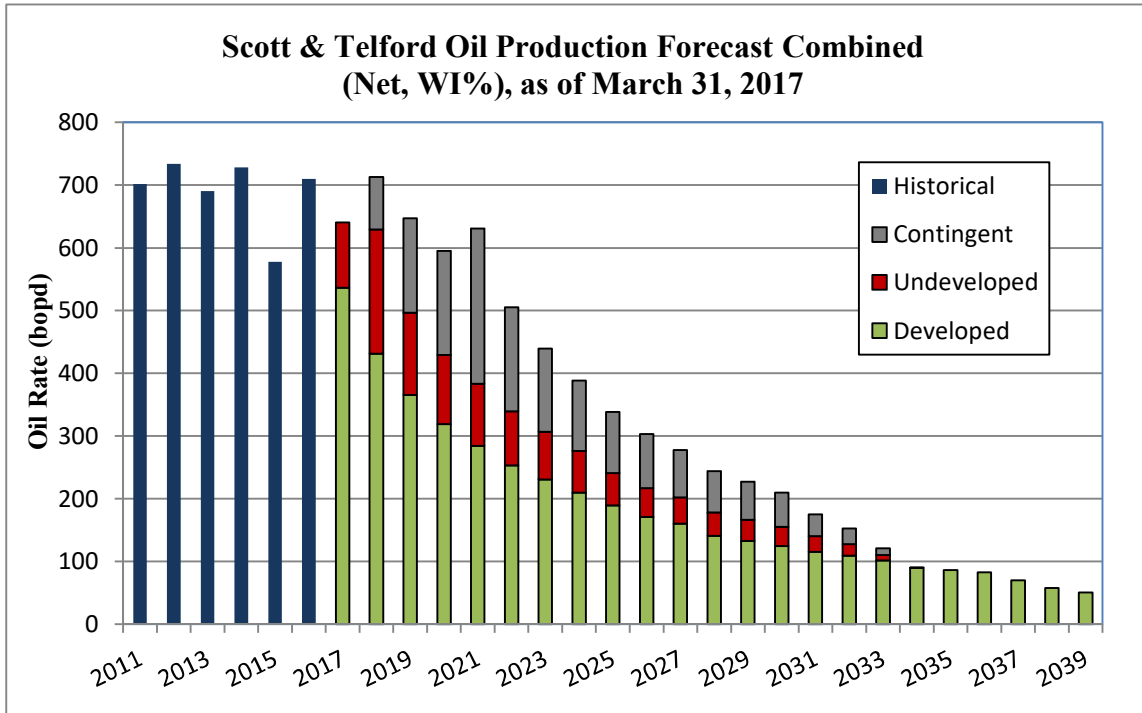


Figure MS 1. 2 - Scott and Telford Combined Oil Production Forecast by Resource Category

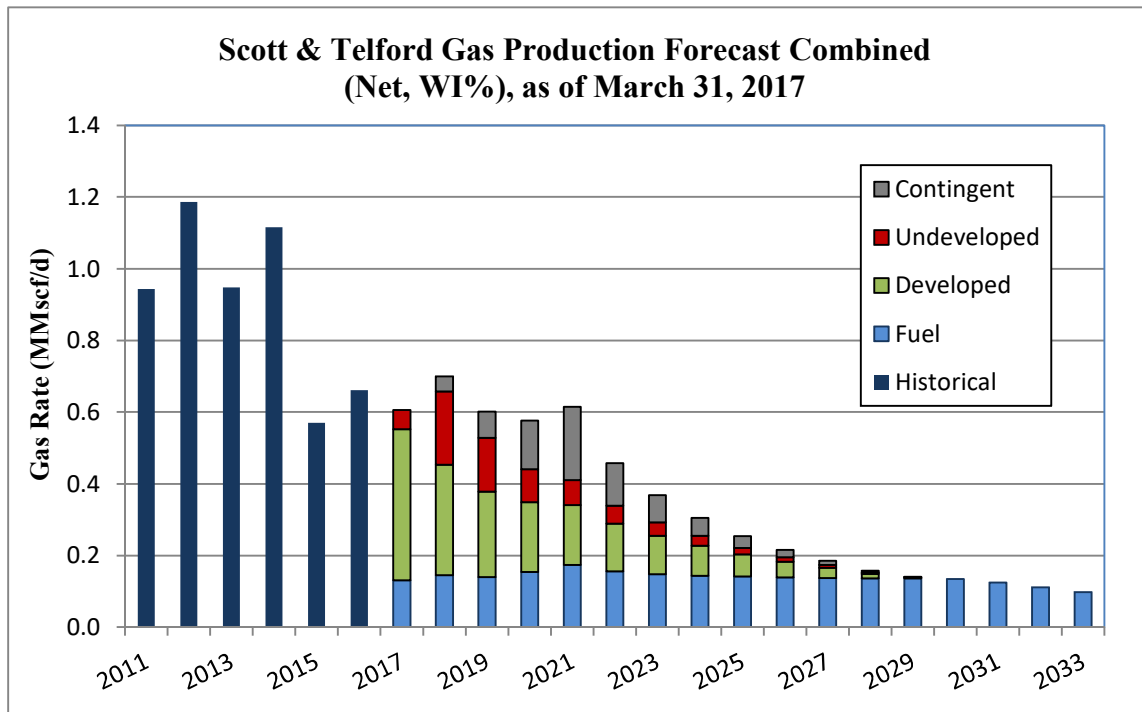
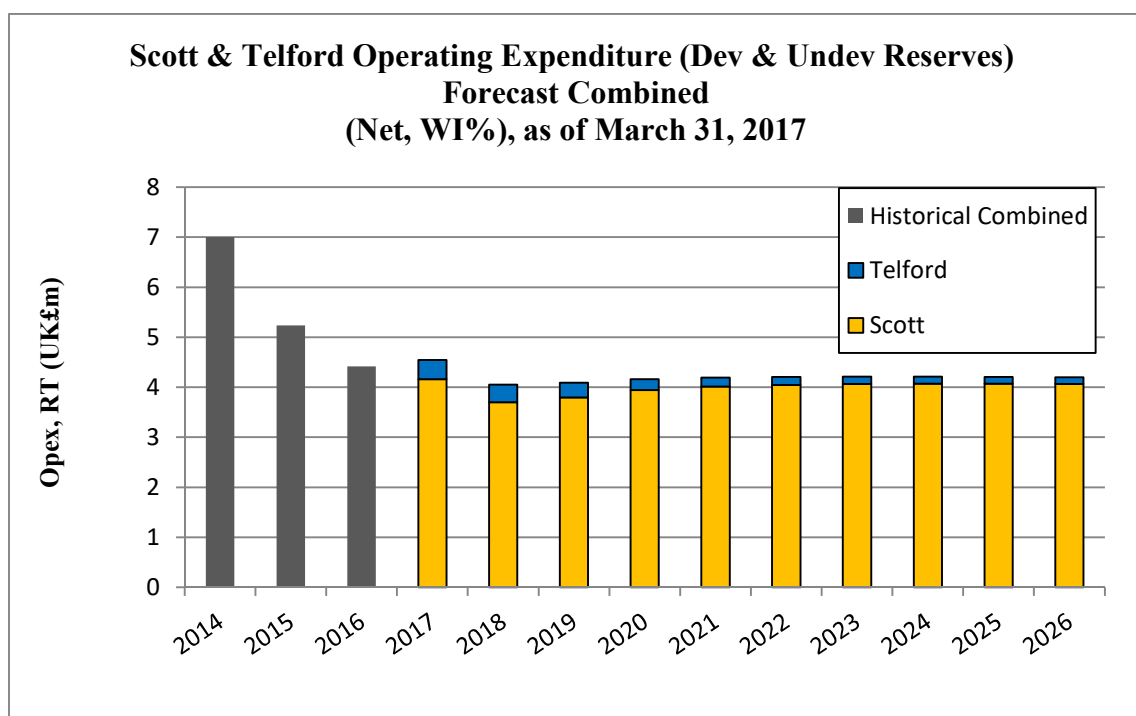


Figure MS 1. 3 - Scott and Telford Combined Gas Production Forecast by Resource Category

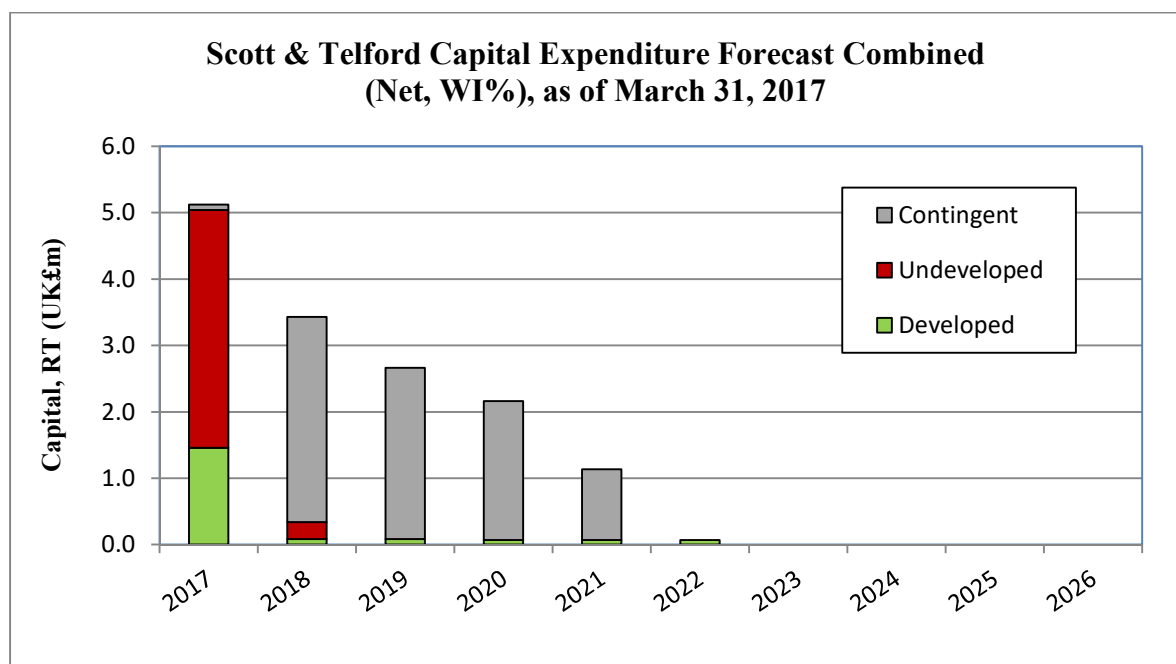
## Operating and Capital Expenditure Forecast

The Operator has achieved substantial reductions in operating costs over the last 3 years (for example on Scott a reduction from £129 m (Gross, 100%) in 2014 to £75 m (Gross, 100%) in 2016 has been achieved) and the Operator is making concerted efforts to further reduce costs. However, whilst some further reduction can be expected, these will be harder to achieve as the readily achievable reduction measures have been implemented and the platform, wells and subsea facilities continue to age. Petrenel assumes that in the longer term further reductions in opex will be offset by increased extraordinary maintenance costs. Total operating costs for both fields are expected to reduce slightly from UK\$ 97 m (Gross, 100% or £ 4.6 m Net, WI %) in 2017 to approximately UK£ 84 m (Gross, 100% or £ 4.2 m Net, WI %) in the longer term.



**Figure MS 1. 4 - Scott and Telford Combined 2P (Dev & Undev) Operating Expenditure Forecast by Field**

The bulk of the future capital expenditure is on well-related activities (side-tracks and well hook-ups) and the estimated costs of this work by the Operator are considered to be reasonable. Capital expenditure over the next two years on planned well activity and the Telford pipeline replacement is expected to total UK£ 118.4 m (Gross, 100%), UK£ 5.3 m (Net). Petrenel has checked the Operator’s estimates of decommissioning costs (UK£ 968 m (Gross, 100%) for both fields and facilities) and consider these to be reasonable.



**Figure MS 1. 5 - Scott and Telford Combined Capital Expenditure Forecast by Resource Category**

### Economic Evaluation and Cessation of Production

Petrenel has undertaken an economic evaluation of the Scott and Telford fields using Petrenel’s Q1 2017 forecast oil and gas prices and field operating cost forecasts to establish the Cessation of Production date (COP) or the date when it will become uneconomic to continue to produce the fields. The estimates take into account tariffs received from the Rochelle field. The estimated COP dates for the combined Scott and Telford developments are summarised in the table below. Estimate of Future Net Revenue associated with the Reserves and Resources was outside of the work-scope and thus not included in this CPR.

**Table MS 1. 1 – Summary of COP Dates**

Summary of COP Dates			
Reserves	Low (1P)	Best (2P)	High (3P)
Developed Reserves (Production from existing wells only)	Q2 2024	Q1 2028	Q4 2030
Developed & Undeveloped Reserves (Production from existing and planned wells)	Q2 2026	Q1 2030	Q4 2034
Reserves plus Contingent Resources	Low (1P/1C)	Mid (2P/2C)	High (3P/3C)
	Q1 2028	Q4 2031	Q4 2035



## Petroleum Reserves & Resources

The Gross (Total, 100%) and Net (WI %) estimates of petroleum Reserves in the Scott and Telford fields are presented below.

**Table MS 1. 1 – Reserves Summary, by Category, as of March 31, 2017**

Reserves Category	Light & Medium Oil <sup>(1)</sup>		Natural Gas <sup>(2)</sup>		Natural Gas Liquids		Oil Equivalent <sup>(3)</sup>	
	Gross <sup>(4)</sup> (MMbbl)	Net <sup>(5)</sup> (MMbbl)	Gross <sup>(4)</sup> (Bcf)	Net <sup>(5)</sup> (Bcf)	Gross <sup>(4)</sup> (MMbbl)	Net <sup>(5)</sup> (MMbbl)	Gross <sup>(4)</sup> (MMboe)	Net <sup>(5)</sup> (MMboe)
<b>Proved</b>								
Developed Producing	14.59	0.66	7.07	0.28	0.60	0.03	16.25	0.73
Developed Non-Producing	0	0	0	0	0	0	0	0
Undeveloped	7.53	0.33	4.20	0.13	0.33	0.01	8.49	0.36
<b>Total Proved</b>	<b>22.12</b>	<b>1.00</b>	<b>11.27</b>	<b>0.41</b>	<b>0.94</b>	<b>0.04</b>	<b>24.74</b>	<b>1.10</b>
Probable	11.77	0.59	11.34	0.46	0.73	0.03	14.24	0.69
<b>Total Proved Plus Probable</b>	<b>33.89</b>	<b>1.58</b>	<b>22.60</b>	<b>0.88</b>	<b>1.66</b>	<b>0.07</b>	<b>38.98</b>	<b>1.79</b>
Possible	15.33	0.72	14.03	0.58	0.92	0.04	18.40	0.85
<b>Total Proved Plus Probable Plus Possible</b>	<b>49.22</b>	<b>2.31</b>	<b>36.63</b>	<b>1.46</b>	<b>2.58</b>	<b>0.11</b>	<b>57.38</b>	<b>2.64</b>

Notes:

1. Light & medium oil includes condensate produced from non-associated gas reservoirs

2. Natural gas resources include both associated and non-associated gas (combined) and are sales quantities after deduction of gas for own use, losses, and shrinkage

3. Barrel of oil equivalents or BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 5.9 mscf: 1 bbl for natural gas and a BOE conversion ratio of 1.322 bbl: 1 bbl for natural gas liquids based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

4. Gross – 100% WI.

5. Net – Company's entitlement (WI) after deduction of royalties

**Table MS 1. 2 – Reserves Summary (net WI), by Field, as of March 31, 2017**

Field	Light & Medium Oil <sup>(1)</sup>			Natural Gas <sup>(2)</sup>			Natural Gas Liquids			Oil Equivalent <sup>(3)</sup>		
	1P (MMb)	2P (MMb)	3P (MMb)	1P (Bscf)	2P (Bscf)	3P (Bscf)	1P (MMb)	2P (MMb)	3P (MMb)	1P (MMboe)	2P (MMboe)	3P (MMboe)
<b>Developed Reserves</b>												
Scott	0.590	1.013	1.324	0.218	0.490	0.735	0.021	0.042	0.059	0.644	1.127	1.493
Telford	0.074	0.080	0.099	0.067	0.114	0.142	0.004	0.007	0.008	0.089	0.105	0.130
<b>Sub-total</b>	<b>0.665</b>	<b>1.093</b>	<b>1.423</b>	<b>0.285</b>	<b>0.604</b>	<b>0.877</b>	<b>0.026</b>	<b>0.048</b>	<b>0.067</b>	<b>0.733</b>	<b>1.232</b>	<b>1.622</b>
<b>Undeveloped Reserves</b>												
Scott	0.288	0.432	0.786	0.051	0.141	0.354	0.008	0.015	0.031	0.303	0.467	0.869
Telford	0.046	0.059	0.098	0.076	0.131	0.224	0.004	0.007	0.012	0.062	0.086	0.144
<b>Sub-total</b>	<b>0.334</b>	<b>0.491</b>	<b>0.883</b>	<b>0.127</b>	<b>0.272</b>	<b>0.578</b>	<b>0.012</b>	<b>0.022</b>	<b>0.043</b>	<b>0.365</b>	<b>0.553</b>	<b>1.014</b>
<b>Reserves</b>												
Scott	0.879	1.445	2.109	0.269	0.631	1.089	0.029	0.057	0.090	0.946	1.595	2.362
Telford	0.120	0.139	0.197	0.143	0.245	0.367	0.009	0.013	0.020	0.151	0.191	0.274
<b>Total</b>	<b>0.999</b>	<b>1.584</b>	<b>2.306</b>	<b>0.412</b>	<b>0.876</b>	<b>1.455</b>	<b>0.038</b>	<b>0.070</b>	<b>0.110</b>	<b>1.097</b>	<b>1.785</b>	<b>2.636</b>

Notes:

1. Light & medium oil includes condensate produced from non-associated gas reservoirs

2. Natural gas resources include both associated and non-associated gas (combined) and are sales quantities after deduction of gas for own use, losses, and shrinkage

3. Barrel of oil equivalents or BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 5.9 mscf: 1 bbl for natural gas and a BOE conversion ratio of 1.322 bbl: 1 bbl for natural gas liquids based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

4. Gross – 100% WI.

5. Net – Company's entitlement (WI) after deduction of royalties

The Gross (Total, 100%) and Net (WI %) estimates of Contingent Resources in the Scott and Telford fields are presented below. Values reported in the following tables are un-risked and are considered to be economically recoverable. The commercial chance of undertaking some



further development activity in the two fields and of recovering at least the Low (1C estimate) is considered to be high (>80%).

**Table MS 1. 3 - Contingent Resource Summary, by Category, as of March 31, 2017**

Resource Category	Light & Medium Oil <sup>(1)</sup>		Natural Gas <sup>(2)</sup>		Natural Gas Liquids		Oil Equivalent <sup>(3)</sup>	
	Gross <sup>(4)</sup>	Net <sup>(5)</sup>	Gross <sup>(4)</sup>	Net <sup>(5)</sup>	Gross <sup>(4)</sup>	Net <sup>(5)</sup>	Gross <sup>(4)</sup>	Net <sup>(5)</sup>
	MMbbl	MMbbl	Bcf	Bcf	MMbbl	MMbbl	MMboe	MMboe
<b>Low (1C)</b>								
Development Pending	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Development Unclarified	6.96	0.36	1.07	0.06	0.19	0.01	7.28	0.37
Development Not viable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Sub-total</b>	<b>6.96</b>	<b>0.36</b>	<b>1.07</b>	<b>0.06</b>	<b>0.19</b>	<b>0.01</b>	<b>7.28</b>	<b>0.37</b>
<b>Best (2C)</b>								
Development Pending	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Development Unclarified	14.85	0.66	8.41	0.28	0.66	0.03	16.78	0.72
Development Not viable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Sub-total</b>	<b>14.85</b>	<b>0.66</b>	<b>8.41</b>	<b>0.28</b>	<b>0.66</b>	<b>0.03</b>	<b>16.78</b>	<b>0.72</b>
<b>High (3C)</b>								
Development Pending	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Development Unclarified	24.77	1.01	21.70	0.70	1.44	0.05	29.54	1.17
Development Not viable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Sub-total</b>	<b>24.77</b>	<b>1.01</b>	<b>21.70</b>	<b>0.70</b>	<b>1.44</b>	<b>0.05</b>	<b>29.54</b>	<b>1.17</b>

Notes:

1. Light & medium oil includes condensate produced from non-associated gas reservoirs
2. Natural gas resources include both associated and non-associated gas (combined) and are sales quantities after deduction of gas for own use, losses, and shrinkage
3. Barrel of oil equivalents or BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 5.9 mscf: 1 bbl for natural gas and a BOE conversion ratio of 1.322 bbl: 1 bbl for natural gas liquids based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.
4. Gross – 100% WI.
5. Net – Ccompany's entitlement (WI) after deduction of royalties

**Table MS 1. 4 - Contingent Resource Summary, by Category, as of March 31, 2017**

Field	Light & Medium Oil			Natural Gas (Sales)			Natural Gas Liquids			Oil Equivalent		
	1C	2C	3C	1C	2C	3C	1C	2C	3C	1C	2C	3C
	(MMb)	(MMb)	(MMb)	(Bscf)	(Bscf)	(Bscf)	(MMb)	(MMb)	(MMb)	(MMboe)	(MMboe)	(MMboe)
Scott	0.355	0.561	0.789	0.055	0.152	0.343	0.010	0.018	0.031	0.372	0.600	0.870
Telford	0.000	0.093	0.222	0.000	0.129	0.353	0.000	0.007	0.020	0.000	0.120	0.297
<b>Sub-total</b>	<b>0.355</b>	<b>0.653</b>	<b>1.011</b>	<b>0.055</b>	<b>0.281</b>	<b>0.696</b>	<b>0.010</b>	<b>0.025</b>	<b>0.051</b>	<b>0.372</b>	<b>0.720</b>	<b>1.167</b>

Notes:

1. Light & medium oil includes condensate produced from non-associated gas reservoirs
2. Natural gas resources include both associated and non-associated gas (combined) and are sales quantities after deduction of gas for own use, losses, and shrinkage
3. Barrel of oil equivalents or BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 5.9 mscf: 1 bbl for natural gas and a BOE conversion ratio of 1.322 bbl: 1 bbl for natural gas liquids based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.
4. Gross – 100% WI.
5. Net – Ccompany's entitlement (WI) after deduction of royalties

The future classification of these resources as petroleum reserves is contingent upon further technical work being undertaken to define future development activities and update field development plans.

The Prospective Resources within the Scott and Telford field development areas have not been evaluated as insufficient subsurface technical information was available to do so. The Palaeozoic has some potential in this area where the elements of a combined Mesozoic/Palaeozoic working petroleum system could be present. Opportunities may occur where the Kimmeridge Clay source rock lies below or is juxtaposed against Permian and possibly Carboniferous reservoirs below the Smith Bank and Zechstein formations (seals).



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This could potentially occur along the major faults bounding the rotated fault blocks that form the Scott and particularly Telford fields. It is noted that the Operator has identified one lead in the Telford field within the Palaeozoic, but no information is available. Further work should be done, if it has not been done already, to assess the Palaeozoic potential.

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## **An Independent Evaluation of Rockrose Energy plc's share of the Petroleum Resources of the Scott and Telford Fields, North Sea UK**

### **1. Introduction**

Rockrose Energy plc ('Rockrose', or 'the Company') has entered into an agreement with Maersk Oil ('Maersk') to acquire Maersk's interest in the Scott and Telford oil fields located offshore in the United Kingdom (UK) sector of the North Sea. Petrenel ('The Petroleum and Renewable Energy Company Limited'), in connection with the acquisition, and at the request of the Rockrose directors, has undertaken an independent assessment of the Petroleum Reserves and Resources attributed to the Company's future working interests (WI) in the Scott and Telford oil fields.

The Petroleum Reserves and Resources presented herein are attributed to Rockrose, although as of June 2017, the recently purchased share of these fields has not yet been transferred into their name. Upon completion of the acquisition, Rockrose will secure a 5.16% WI in Scott and a 2.36% WI Telford field, with Nexen Petroleum UK Limited ('NEXEN') holding 41.9% WI and operatorship in the Scott field and 80.403% WI and operatorship in the Telford field. Rockrose will acquire an interest in the field through acquisition of Maersk's share in Licence P218. The Licence is subject to standard UK seaward production licence terms.

The estimates of Petroleum Resources presented in this report have been prepared in accordance with the guidelines set forth in the Petroleum Resource Management System prepared and sponsored by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists and the Society of Petroleum Evaluation Engineers, as well as with the ESMA recommendations.

The evaluation was carried out between the 8<sup>th</sup> February 2017 and the 30<sup>th</sup> June 2017 and has been based on production data up to the end of February 2017 and other relevant operational information up to the end of March 2017. The information made available for this review included historical production data, forward activity work programmes, historical and planned expenditure, JV committee meeting presentations and some supporting technical information. It should be noted that the data set was incomplete and, in particular, geological and well data and the results of technical work carried out by the Operator or partners were not made available. In Petrenel's professional opinion, whilst the data set was incomplete, sufficient information was made available to estimate the petroleum resources with reasonable certainty.

All Petroleum Reserves and Resources presented in this report have a reference (or effective) date of March 31, 2017. Petroleum Reserves and Resources are reported separately. The Contingent and Prospective Resources are reported exclusive of Reserves.

## 2. Field Description

### 2.1 The Scott Field

#### 2.1.1 Location, History & Licencing

The Scott Field straddles Blocks 15/21 and 15/22 on the southern flanks of the Witch Ground Graben in the Outer Moray Firth area of the UK Continental Shelf. The field is located approximately 175 km NE of Peterhead in a water depth of 142 m. The field was discovered in 1983 with well 15/22-4 and appraised with further wells drilled between 1985 and 1991. Development (Annex B) was approved in 1990. The field was developed between 1991 and 1993 and came on stream in September 1993. Development approval for the South Scott area was granted in 1994.

The Scott Field is unitised. Nexen, a wholly-owned subsidiary of CNOOC Limited, is the operating partner of Scott (41.90%). The other partners are Dana (20.64%), Edison North Sea Limited (10.47%), Maersk Oil North Sea UK Ltd (5.16%) and MOL Operations UK Limited 21.83%). Maersk hold a share in Scott through their 10.83332% working interest in Block 15/21a (Licence P218).

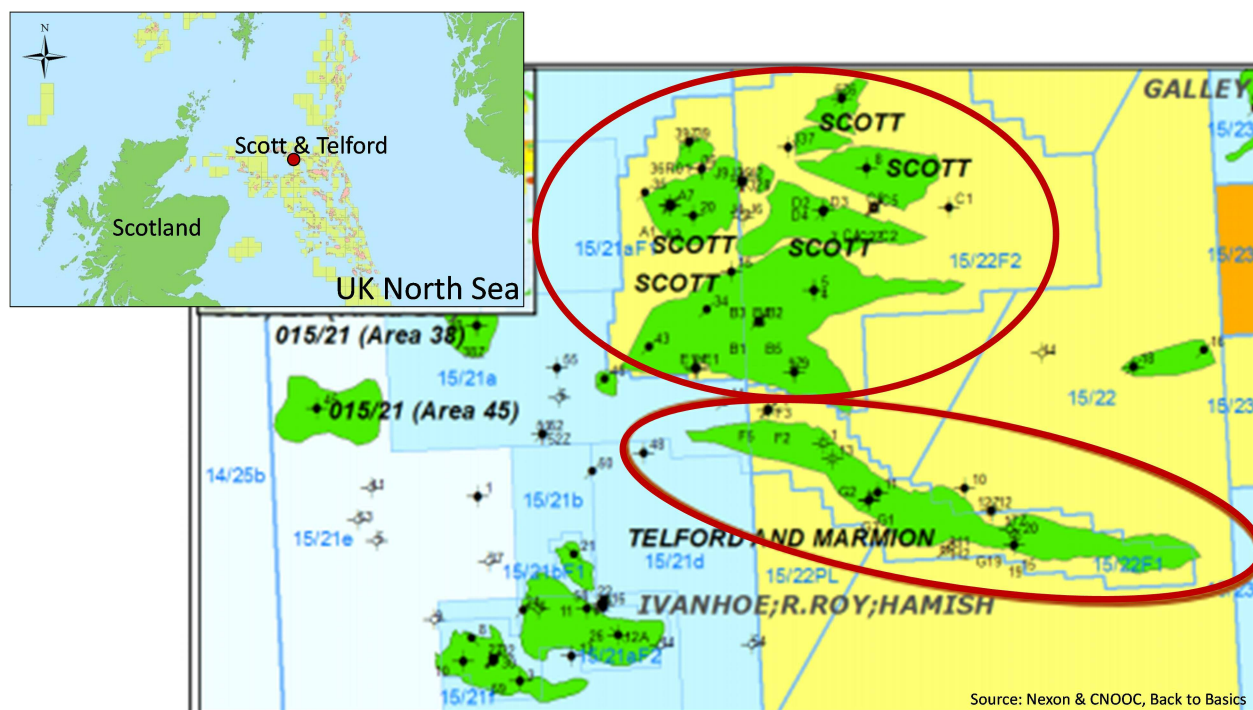


Figure 2. 1 - Scott Field Location Map

### 2.1.2 Structural and Reservoir Geology

The Scott Field, which covers an area of approximately 35 km<sup>2</sup>, is composed of a number of rotated fault blocks separated by NW and SE dipping faults. Light oil (34 – 39 deg API) is present in good quality Upper Jurassic sandstones (the Scott and Piper Sandstones) at depths of between 10,400 and 13,000 ft TVDs. The Kimmeridge Clay formation provides the primary top seal to the group of reservoirs and was also the source of the trapped hydrocarbons.

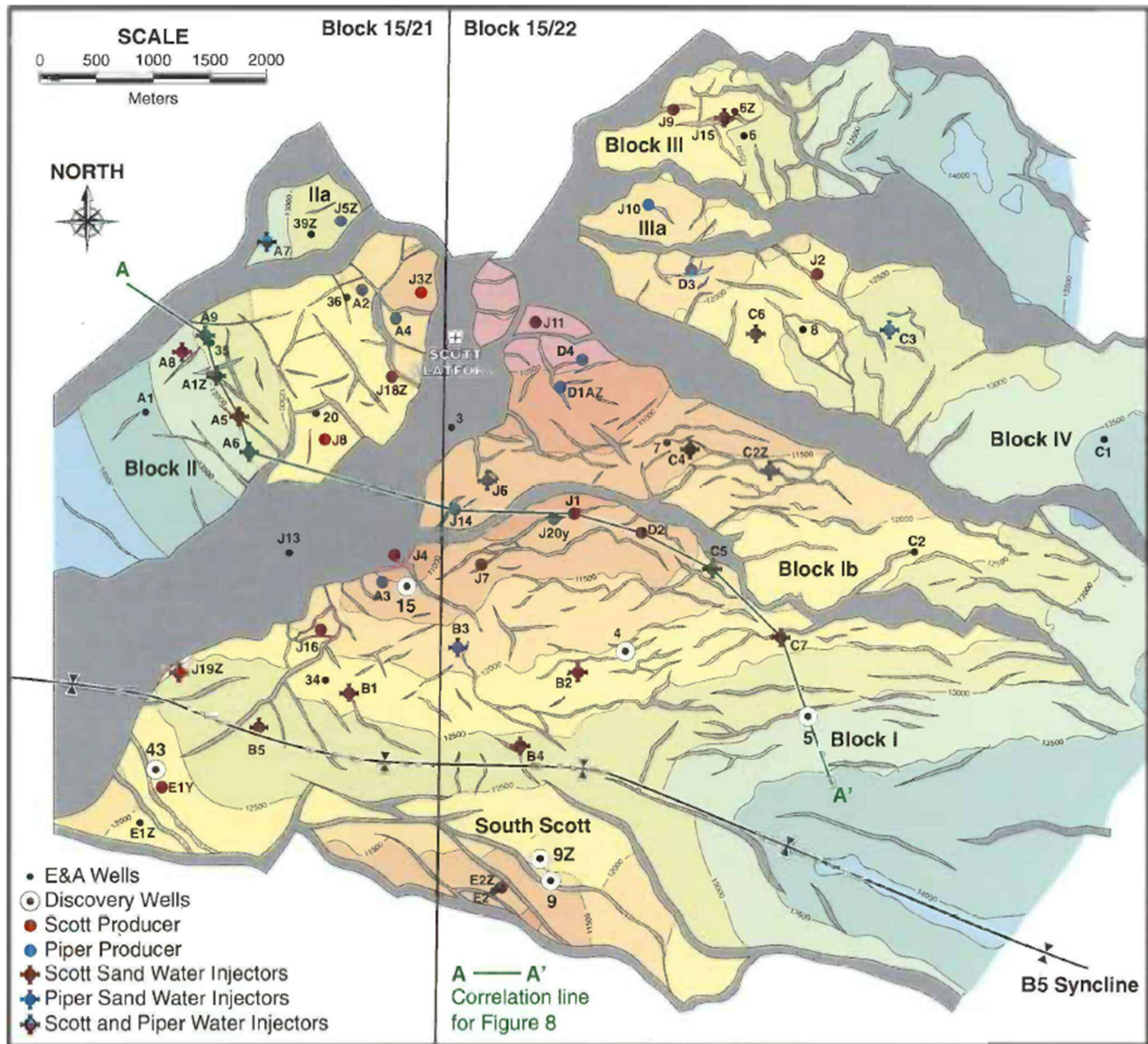
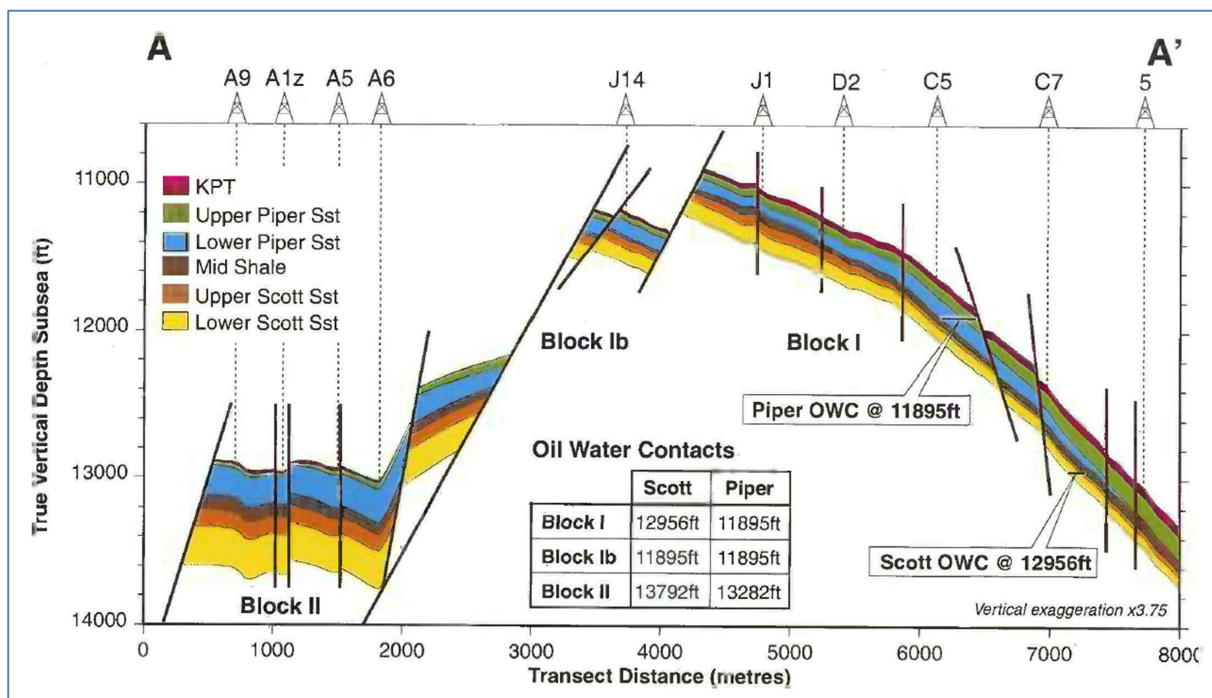


Figure 2. 2 - Scott Field Depth Structure Map

The Scott and Piper sandstone reservoirs are shallow to distal marine sandstones separated by a regional sealing shale, the Mid Shale. The Scott sandstone ranges in gross thickness from about 50 to 300 ft. and the Piper sandstone ranges in gross thickness from about 130 to 170 ft. The sandstones have high net to gross ratios (about 80%), typical porosities of 10%-22%, and high oil saturations of 85% -95%. The reservoir permeability ranges from less than 1 md to about 6 D. The better quality reservoir is generally present in the upper part of each sandstone formation.

The field is highly faulted and compartmentalised with different fluid contacts across the field. Furthermore the two reservoirs in the various fault blocks have different Oil Water Contact (OWC's). The OWC elevations in the shallower Piper reservoir range from 11,895 ft. TVDss to 13698 ft. TVDss and tend to be shallower than those in the deeper Scott reservoir (11895 ft. tvss to 13792 ft. TVDss).



**Figure 2. 3 - Schematic Cross-section through the Scott field**

The reservoirs were initially over pressured with initial pressures ranging from 8,300 to 9,100 psia at a datum depth of 12,000 ft. tvss (over pressure 2,700 to 3,500 psi). Reservoir pressures were initially slightly different in each of the fault blocks showing the field to be compartmentalised. Reservoir temperatures range from 87 to 120 deg. C. The oil in the Scott field is light (API 34 to 39) and under-saturated (bubble point 1930 – 3890 psig) with solution GOR's ranging from 578 to 1,398 scf/bbl. The oil tends to become gassier and the overpressures increase to the North (closer to the Witch Ground Graben).

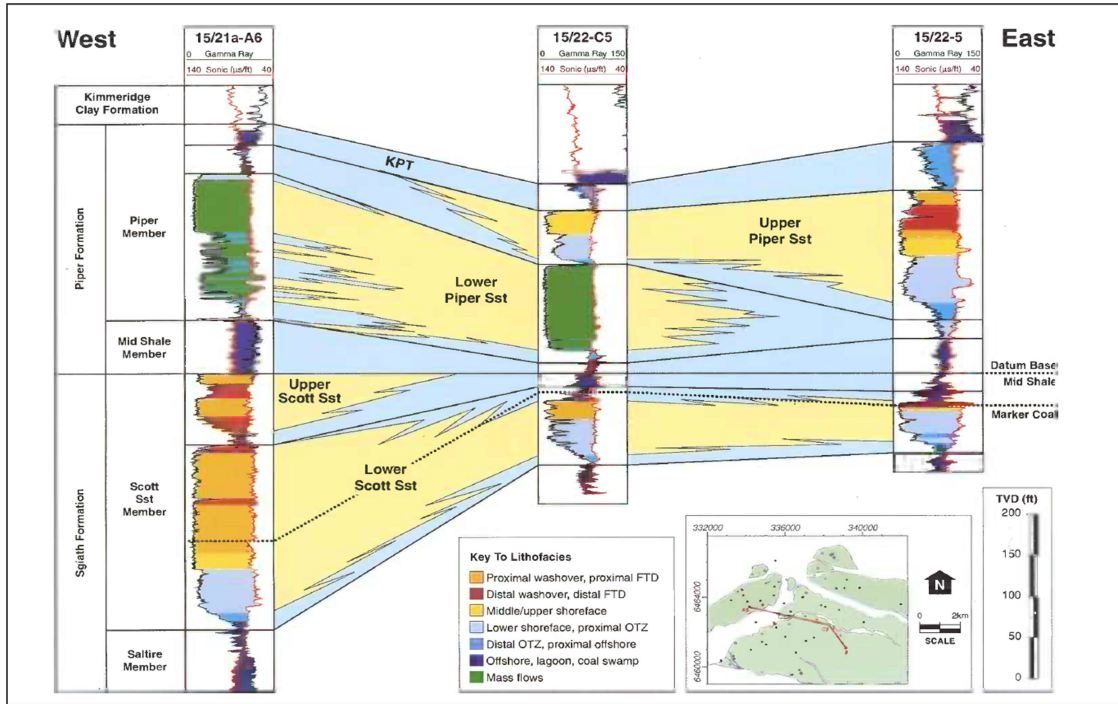


Figure 2. 4 - Schematic Cross-plot across the Scott field

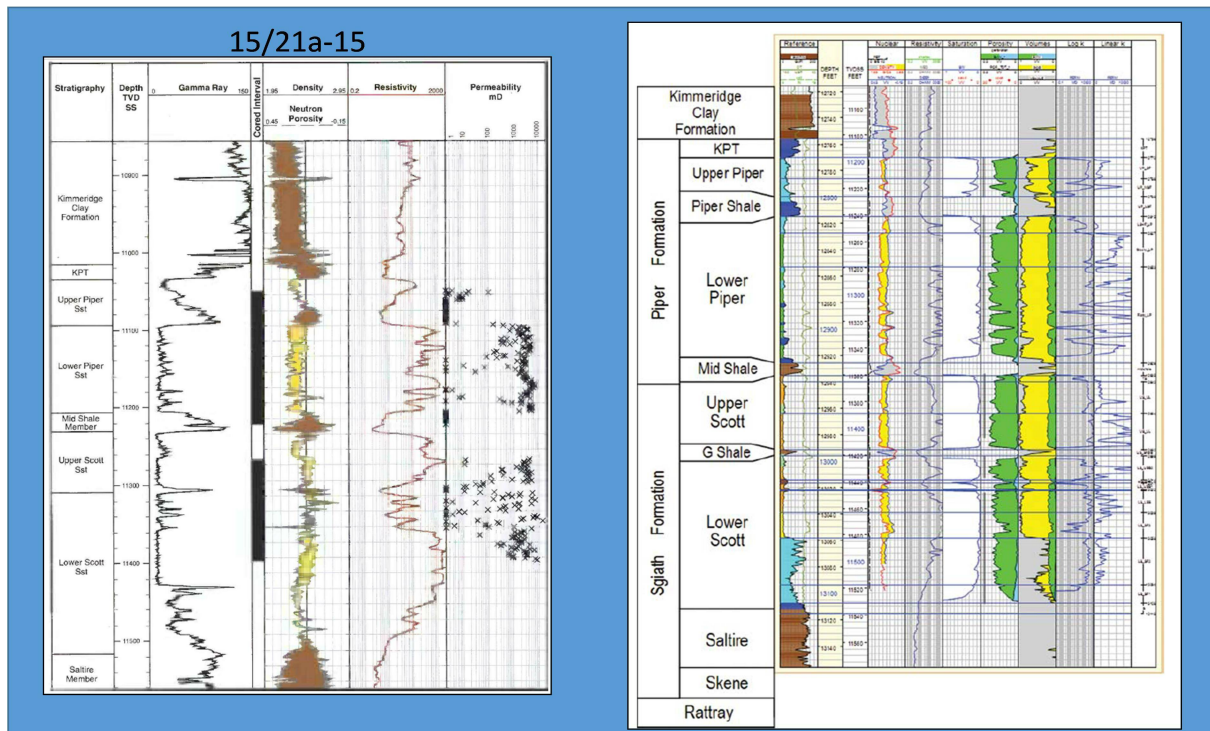


Figure 2. 5 - Example of Composite Log - Scott field

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### 2.1.3 Petroleum Initially In-place

Estimates of the quantities of Petroleum Initially In-place (PIIP) for the Scott field by the Operator or Rockrose have not been provided and there is insufficient subsurface data in the form of structural maps and logs available to allow Petrenel to independently confirm the Stock Tank Oil or Gas Initially In-place (STOIIP or GIIP).

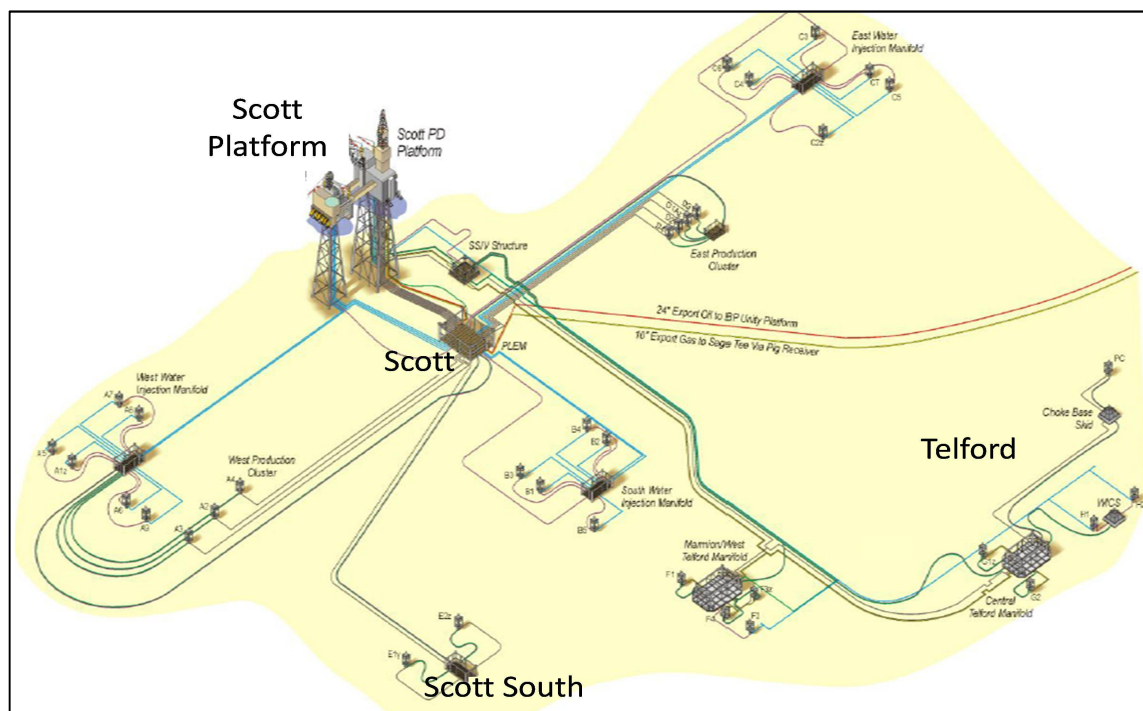
The original estimate of STOIIP prepared for the Annex B Field Development Plan submission in 1990 was 1,129 MMb. This initial estimate was subsequently revised downwards to 1,059 MMb in 1997 and 946 MMb in 1999 following additional development drilling in the field. Maersk reported in their Information Memorandum that the STOIIP was in excess of 900 MMb.

### 2.1.4 Production & Export Facilities

The Scott field was developed using a combined fixed platform and subsea concept. Water injection is provided to maintain reservoir pressure. Two bridge linked platforms were installed in the field; one containing production and drilling facilities (JD) with 28 well slots and the other utilities and accommodation (JU). The processing capacity of the facilities was 225,000 bopd. In addition a subsea system consisting of six production and injection well clusters, three water injection and two oil production manifolds, a pipeline end manifold (PLEM) and associated production and injection flowlines, was installed and connected to the JD platform.

The platform processes well stream fluids from the Scott and Telford/Marion fields and exports the separated oil and gas to shore. Gas condensate production from Rochelle is routed via the East subsea production manifold to dedicated Rochelle production facilities located on the Scott platform via a 30km flowline. Oil and condensate is exported via a 24" subsea pipeline into the BP operated Forties Pipeline System to the Kinneil reception terminal on the Firth of Forth. Natural gas is used on the Scott platform as fuel and the excess gas is exported via the Ancala operated SAGE pipeline system to St Fergus in north-east Scotland. It should be noted that more recently the majority of the produced gas has been used for fuel consumption.

The field was initially developed with 23 production and 20 injection wells. Water injectors were located down-flank with production wells located in up-dip positions (but avoiding crestal positions due to the risk of reservoir not being present). However due to the reservoir complexity, and in order to improve recovery, additional wells have been drilled and side-tracks of existing wells undertaken since then. As of February 2017 a total of 46 production wells and 22 injection wells, including side-tracks had been installed.



**Figure 2. 6 - Scott and Telford Production, Processing and Export Infrastructure**

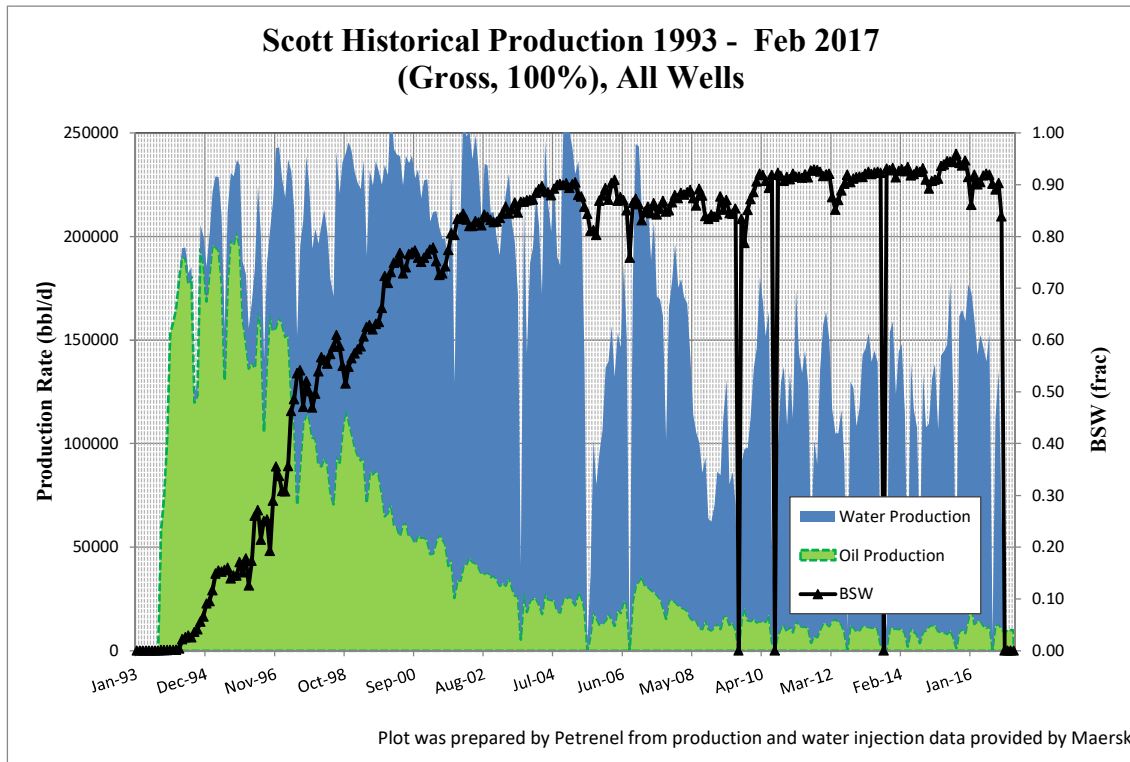
### 2.1.5 Historical Production

The field came on production in September 1993 and gas export and water injection commenced 6 weeks later. Production quickly increased due to pre-drilling of production wells and by April 1994 the field was producing in excess of 180,000 bbl/d of oil. Oil production peaked at an oil rate of 202,500 bbl/d in October 1995. The high production rates were accompanied by premature water breakthrough in several wells and a reduction in productivity due to scaling. This, combined with difficulties in maintaining reservoir pressure because of poor injectivity in some wells, contributed to a rapid decline in production.

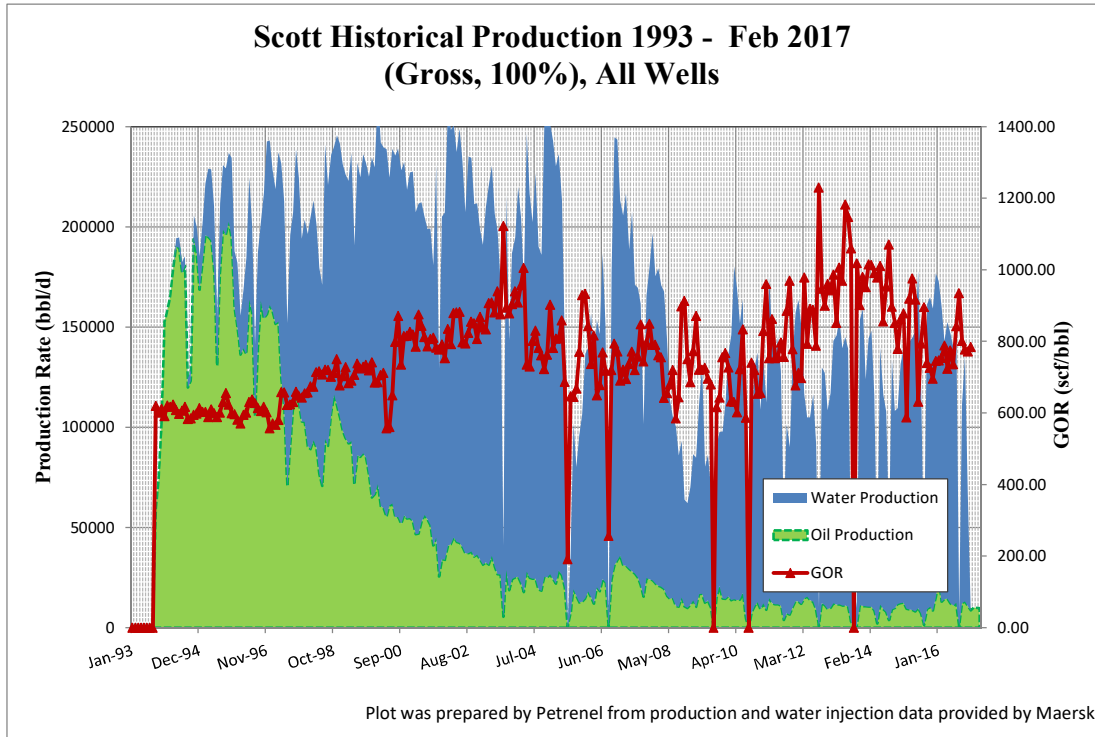
Oil production declined to less than 100,000 bbl/d by early 1999 and the field water-cut increased to over 60%. By the end of 2005 production had declined to less than 20,000 bbl/d and the water cut had increased to about 90%. An infill drilling programme in 2005 and 2007 successfully raised production to about 34,000 bbl/d. However production has since continued to decline, despite further infill drilling and workovers, and by the start of 2015 the field was producing about 10,000 bbl/d of oil at a water cut of 93%. A side-track of well J3 (ST-07), named well J-40, in 2015 increased oil production from the field to 23,700 bbl/d and reduced the average water-cut to 80% in January 2016. Production however rapidly declined and by May 2016 the field was producing 12,077 bbl/d. Oil production in February 2017 averaged 9925 bopd at a water cut of 91%.

Gas production peaked at 128 Mscf/d in September 1995 and has since declined to 8 MMscf/d in November 2016. The field’s producing GOR for the first four years of production remained relatively stable at about 600 scf/bbl. Since then this has fluctuated between 370 and 1,310 scf/bbl. The last reported GOR was 810 scf/bbl in February 2017.

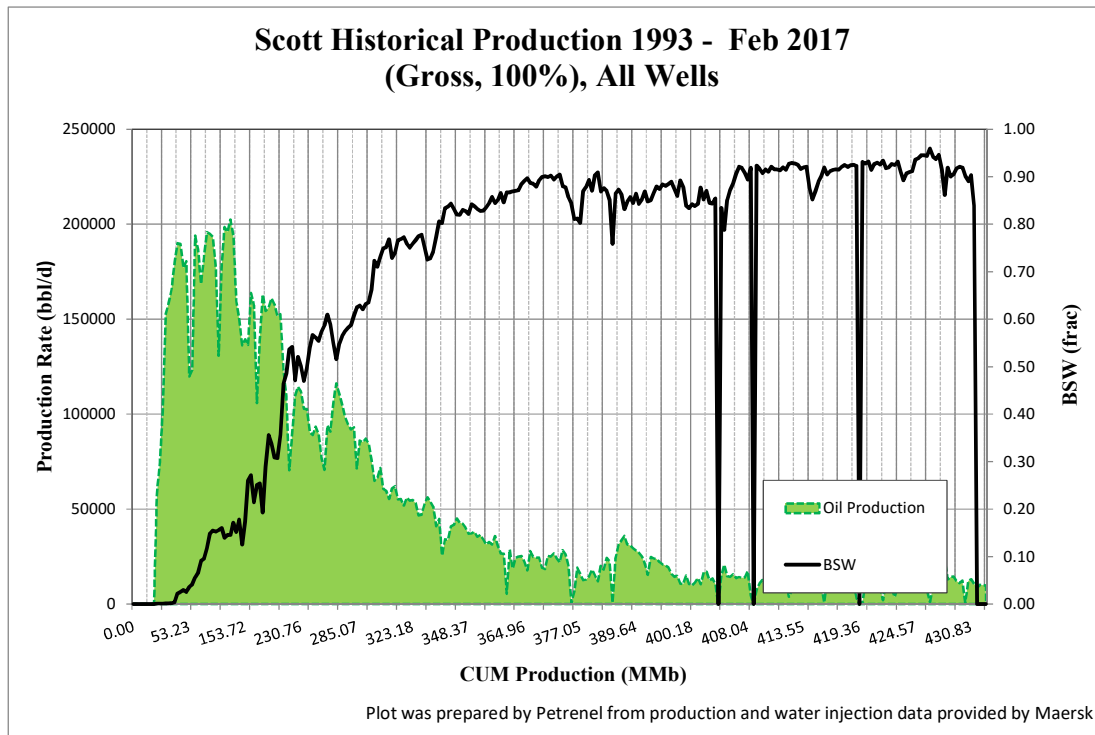
The field had produced a total of 432 MMb of oil and 294 Bscf of gas by the end of February 2017, equivalent to a recovery factor for oil of about 46%. This compares with a total of 515 MMb of oil recovery predicted in the original Annex B Field Development Plan. Predicted recoveries were progressively reduced in the late 1990’s due to disappointing drilling results and by 1999 the expected field oil recovery had been reduced to 446 MMb.



**Figure 2. 7 - Scott Historical Production (1993 – Feb 2017)**



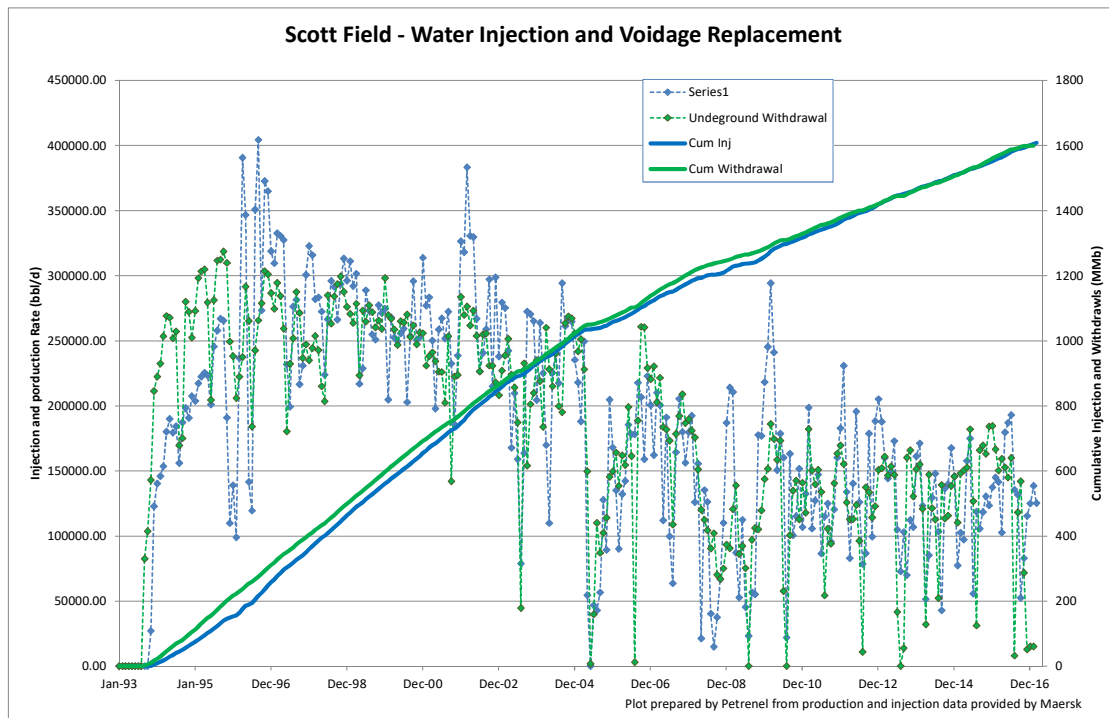
**Figure 2. 8 - Scott Historical Production (1993 – Feb 2017)**



**Figure 2. 9 - Scott Historical Production (1993 – Feb 2017) – Oil Rate vs Cum Oil**

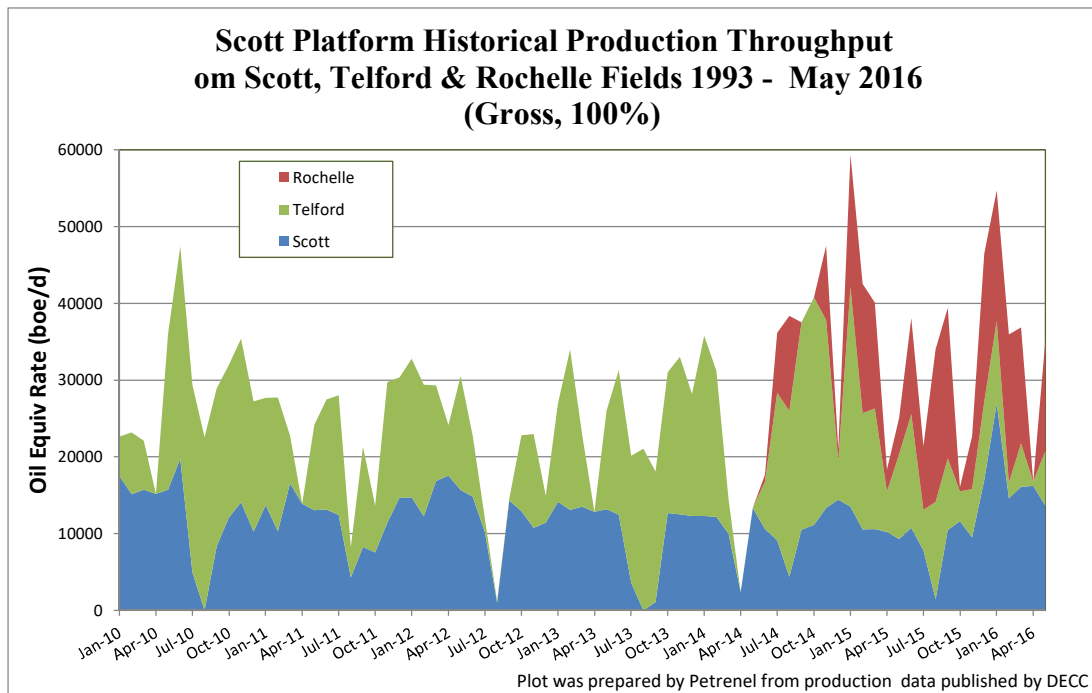
Water injection started in November 1993 and reached a peak of 404 Mb/d in September 1996. Injection has decreased to a current level of 141 Mb/d in November 2016. During the early years of field life (1993 to 1996) water injection was below target. However by 1997 water injection was keeping pace with underground withdrawals. By the end of February 2017, voidage replacement appears to have been largely achieved with a total of 1604 MMb

of water injected and 1600 MMb of underground withdrawals (please note underground withdrawal estimates are only approximate).



**Figure 2. 10 - Water Injection and Voidage Replacement**

The Scott Platform handles production from the Scott, Telford and Rochelle fields (all operated by Nexen) and provides injection to the Scott and Telford fields. The total oil and gas production, from all three fields, was approximately 30,000 boe/d in 2016.



**Figure 2. 11 - Production through the Scott Platform (Scott, Telford & Rochelle)**

### 2.1.6 Historical Expenditure

Capital expenditure in 2016 totalled approximately UK£ 46.3 m, substantially below the original budget of UK£ 90.9 m. The reduced expenditure was primarily due to deferment of well drilling activity. The historical capital expenditure for the Scott field is presented below.

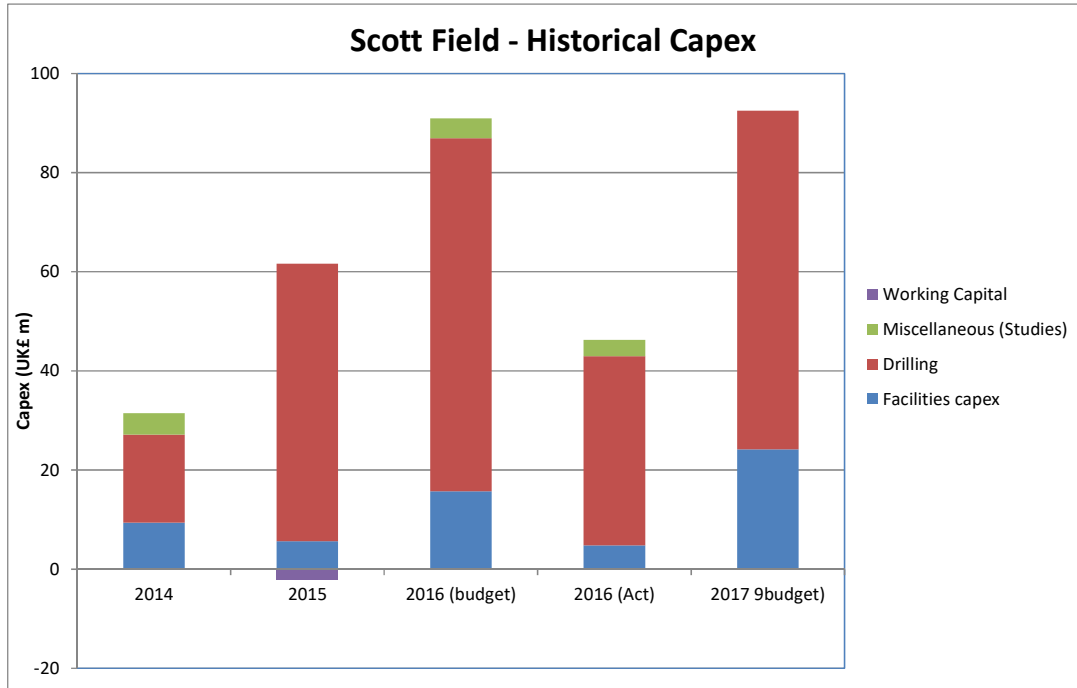


Figure 2. 12 - Scott Historical Capital Expenditure 2014-2016 (Gross, 100%)

A substantial reduction in field operating cost has been achieved over the last few years. Annual operating and maintenance costs have reduced from UK£ 129 m in 2014 to UK 75 m in 2016. The historical operating expenditure for the Scott field is presented below.

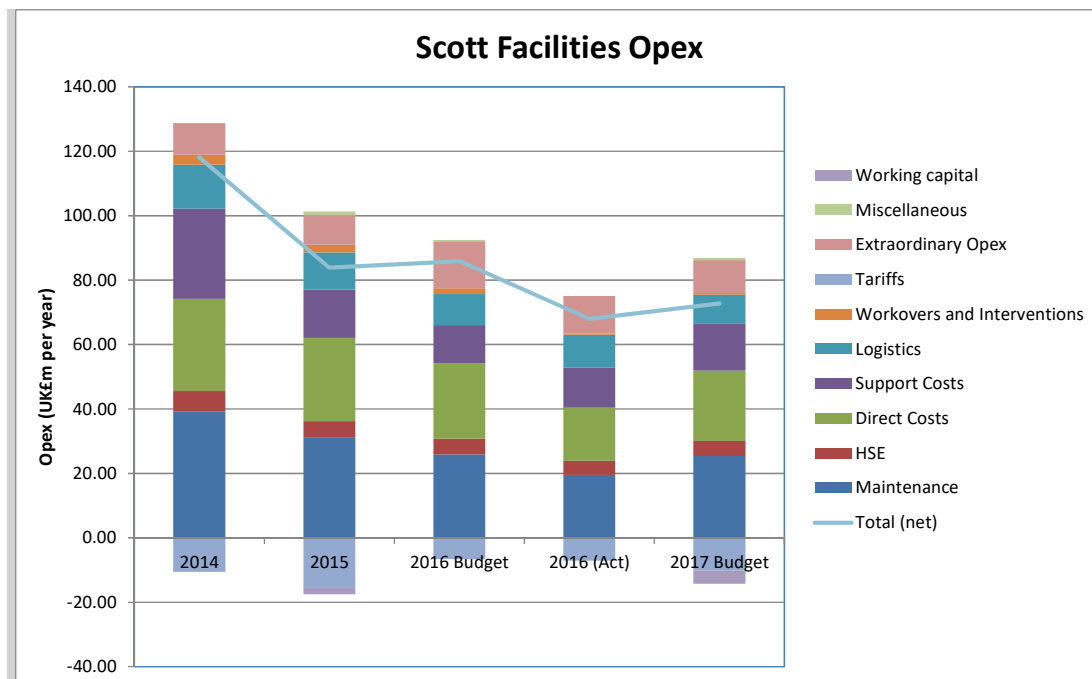


Figure 2. 13 - Scott Historical Operating Expenditure 2014-2016 (Gross, 100%)

## 2.2 The Telford Field

### 2.2.1 Location, History & Licencing

The Telford Field, including the Marmion extension, straddles Blocks 15/21a and 15/22 on the southern flanks of the Witch Ground Graben in the Outer Moray Firth area of the UK Continental Shelf. The field is located approximately 170 km NE of Peterhead in a water depth of 140 m. The central part of Telford is located approximately 9 km south of the Scott Field Platform.

The first well in the Telford area (15-22-1) was drilled in 1974 and encountered gas. A subsequent appraisal well in 1975 encountered water. In 1991 Amerada Hess discovered oil in the Marmion field with well 15/21a-44 and the following year Amoco discovered oil in the central part of Telford with well 15/22-11. The field was appraised with two further wells, 15/22-12 and 15/22-13. Development (Annex B) as a subsea tie back to the Scott platform was approved in 1995. The field was rapidly developed over 1995 and 1996 and came on stream in October 1996.

The Telford field is unitised. Nexen, a wholly-owned subsidiary of CNOOC Limited, is currently the operating partner of Telford (80.403%). The other equity partners currently are Edison North Sea Limited (15.65%), Maersk Oil North Sea UK Ltd (2.36%) and MOL Operations UK Limited (1.59%). Maersk hold a share in Telford through their 10.83332% working interest in Block 15/21a (Licence P218).

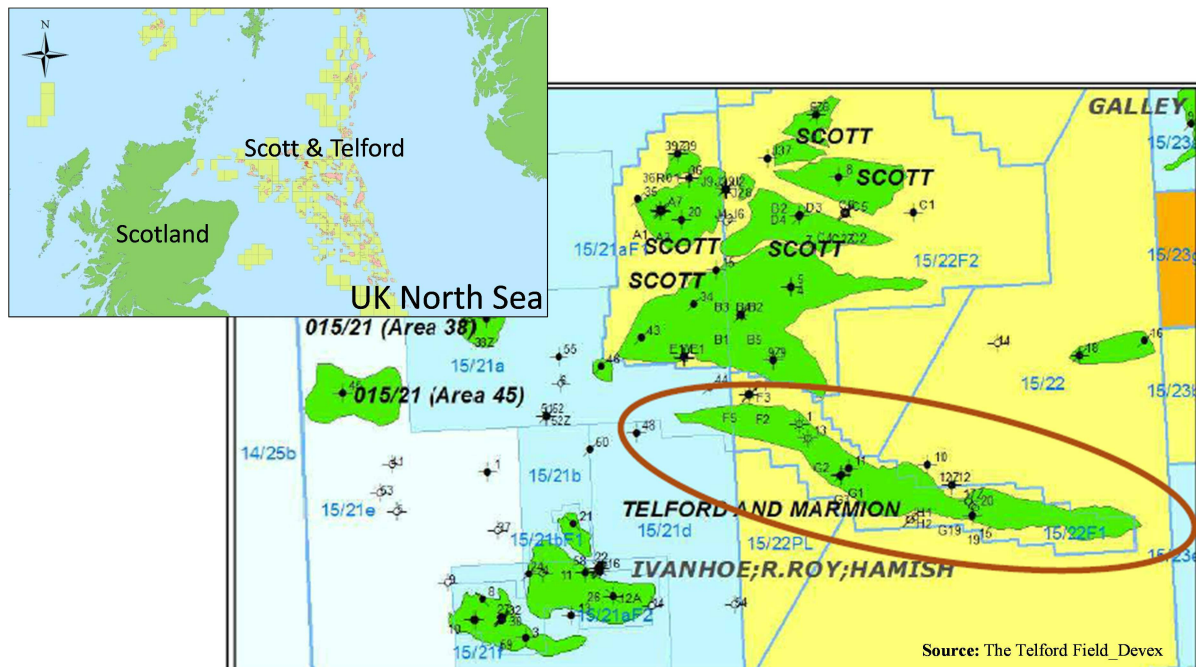
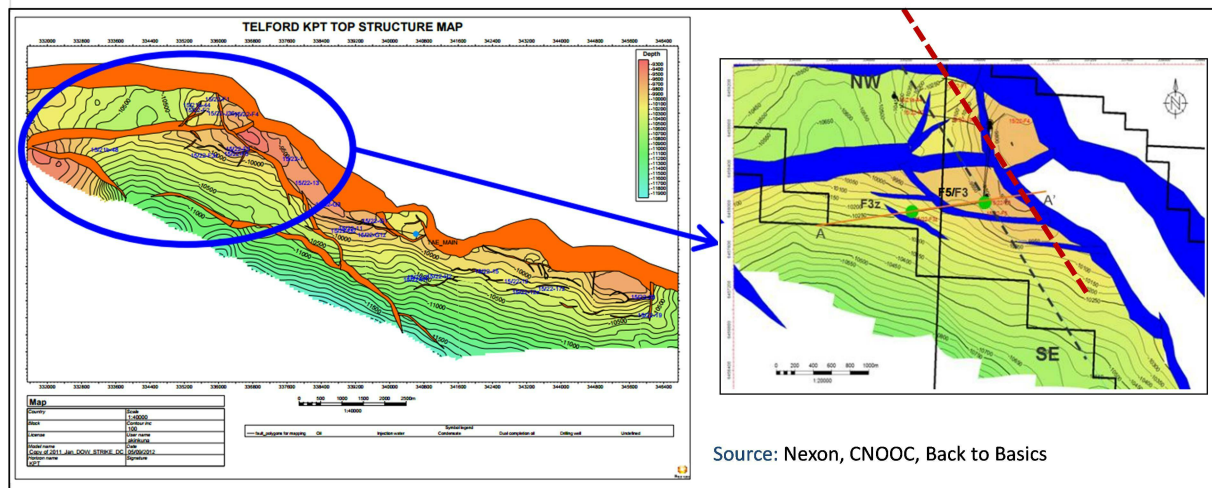


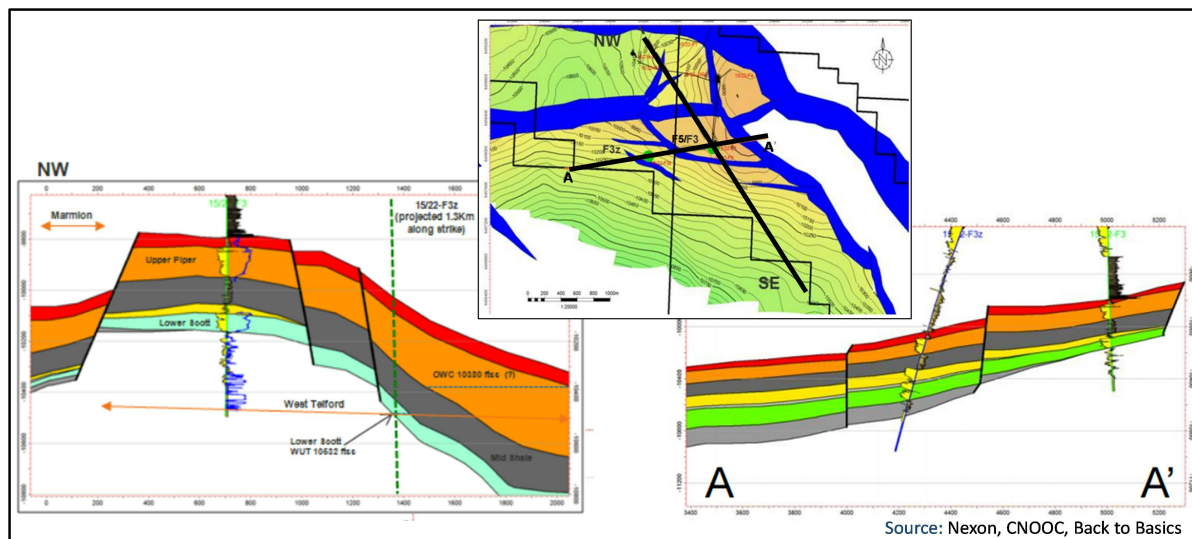
Figure 2. 14 - Telford Location Map

### 2.2.2 Structural and Reservoir Geology

The Telford field is an elongated structure approximately 11 km long and 1 km wide formed by a tilted and segmented fault-block bounded to the north east by a large WNW-ESE trending fault. The field comprises four separate accumulations (Marmion, West Telford, Central Telford and East Telford) separated by faults. Light oil and gas is trapped in shallow marine Piper and Scott sandstones of Upper Jurassic age at depths of 9500 to 10,700 ft tvss. The Kimmeridge Clay formation provides the top seal and was also the source of the trapped hydrocarbons.



**Figure 2.15 - Telford Depth Structure Map**



**Figure 2.16 - Schematic Cross-section across the Telford Field**

The Piper and Scott reservoir units (formerly known as the Chanter and Pibroch units) are formed by shallow to distal marine sandstones separated. The reservoirs are separated by a regional shale, the Mid Shale in Marmion but are more contiguous over Central Telford. The Upper Piper and Scott sandstone in the Telford field are of good quality with a high net to gross ratios, typical porosities of 15%-20%, and typical reservoir permeability 100 mD to about 4D. Well test productivities exceed 200 bopd/psi.

The field contains predominantly light oil (39 API) with a GOR of about 2000 scf/bbl overlain by a small gas cap (in Central Telford). The maximum oil column height was originally about 750 ft. The original position of the GOC was difficult to determine from the available pressure data at the time. The Marmion field was found to contain under-saturated oil, but oil in Central Telford was close to being saturated. The initial reservoir pressure in Central Telford was approximately 4650 psia at a depth of 10,000 ft.

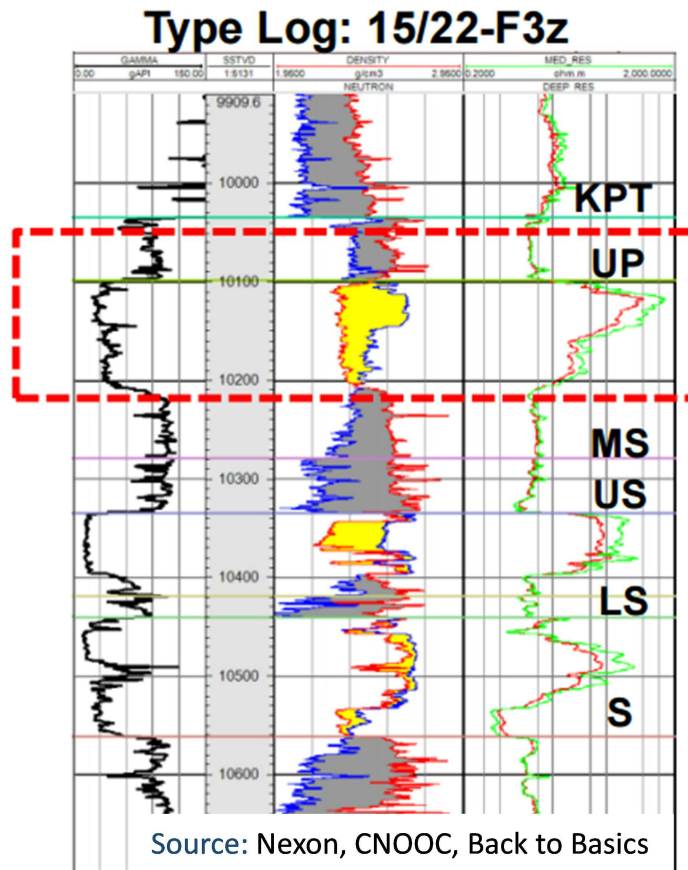


Figure 2. 17 - Example of Type Log - Telford Field

### 2.2.3 Petroleum Initially In-place

Estimates of the quantities of the Petroleum Initially in Place (PIIP) for the Telford field by the Operator or Rockrose have not been provided and there is insufficient subsurface data in the form of structural maps and logs available to allow Petrenel to independently confirm the STOIP or GIIP.

The PIIP in the field (including Marmion and the East and Central Telford blocks) at the time of development was estimated to be 126 MMb of oil and 211 Bcf of gas. The estimates of oil and gas initially in place have significantly grown since the early development of the field. The latest estimates published by the Operator in the public domain were reported to be approximately 225 MMb of oil and condensate and 493 Bscf of free and solution gas.

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## 2.2.4 Production and Export Facilities

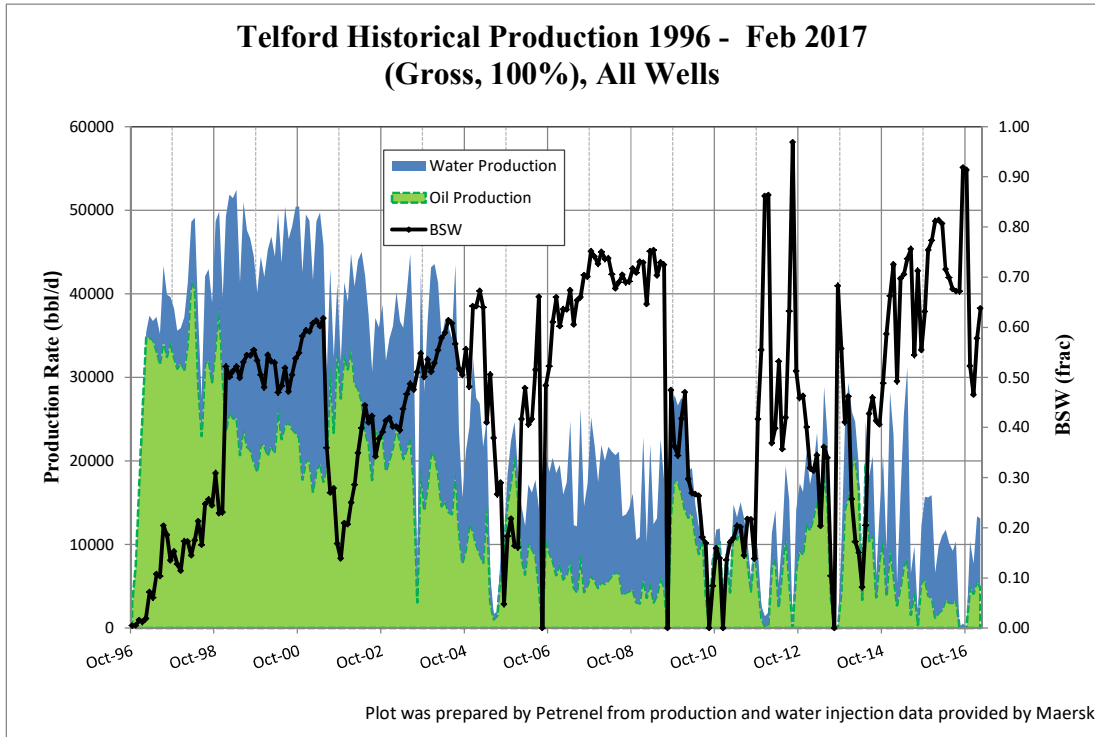
The field was developed with sub-sea wells and facilities tied-back to the Scott production platform. The subsea system comprises two production manifolds (Marmion/West Telford) and Central Telford) plus one small (2 well) water injection manifold. Oil production is achieved through two 8” lines (A & B) installed in a loop. Water injection is achieved through a 10” line connected to the water injection manifold and a single water injection well. A 4” gas lift line supplies gas to Marmion for continuous gas lift and to Central Telford for well kick-off. A methanol injection line and control umbilical complete the system. For further details on the Scott platform and export routes please refer to Section 2.1.4 Production & Export Facilities.

The initial field development included three production and three water injection wells. However since then a number of additional wells have been drilled and side tracks undertaken. There are currently 12 production wells drilled in the field of which two have been side-tracked. Ten wells are currently shut-in, one is on production (S\_G20) and one is suspended (S\_F5) awaiting flowline repair.

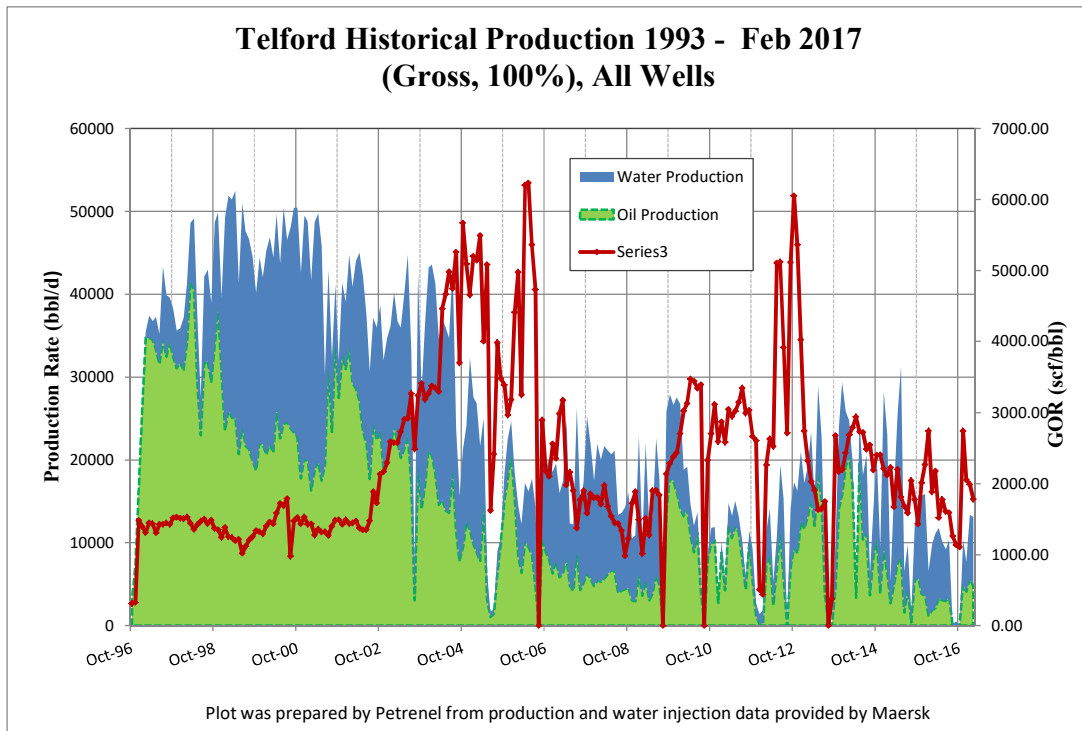
Pipeline integrity checks carried out in 2016, showed that the two existing flowlines between Telford and the Scott platform had suffered from some corrosion. Production through one of the two pipelines has, as a consequence, been suspended and the line is planned to be repaired in 2017/2018.

## 2.2.5 Historical Production

The Telford field came on stream in October 1996 and reached a peak production rate of 41,500 bopd in March 1998 before declining to about 5,000 bopd in 2009. An infill campaign carried out between 2010 and 2013, resulted in increased production rates (up to 20,500 bopd in February 2014), but production has since declined to an average oil production rate in 2016 of approximately 2,300 bopd with a water-cut of approximately 75%. Oil production in February 2017 averaged 4,760 bopd at a water-cut of 64%.



**Figure 2. 18 - Telford Historical Production (1996 – Feb 2017)**



**Figure 2. 19 - Telford Historical Production (1993 – Feb 2017)**

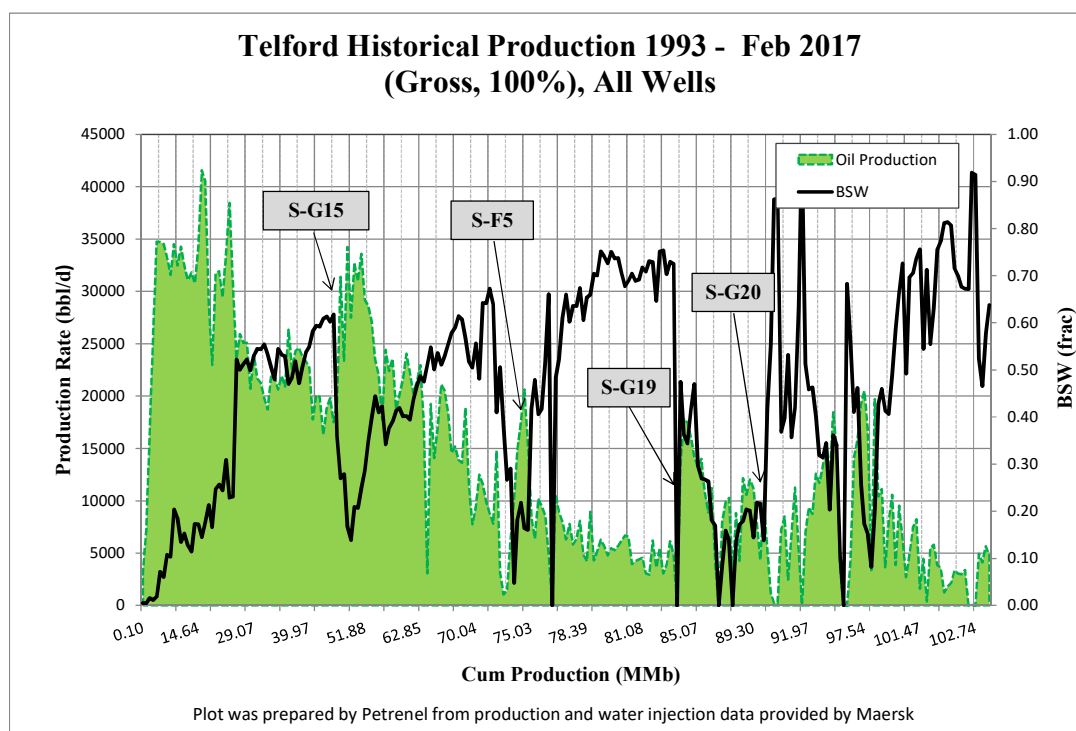


Figure 2. 20 - Telford Historical Production (1993 – Feb 2017) – Oil Rate vs Cum Oil

Table 2. 1 - Telford Well Summary

Well	Status	Start	Peak Oil rate	Oil Rate (end	Cum Prod	GOR	BSW
			(bopd)	(bopd)	31/03/2017	(end 2016)	(end 2016)
					(MMb)	(scf/bbl)	(frct)
S_F1	Shut In	Oct-96	15687.8	0.0	3.85	0.0	0.00
S_F4	Shut In	Dec-99	10219.8	0.0	0.69	0.0	0.00
S_G15	Shut In	Aug-01	13907.5	0.0	8.11	0.0	0.00
S_G17Z	Shut In	Sep-05	17693.7	0.0	6.62	0.0	0.00
S_G19	Shut In	Sep-09	21980.5	0.0	8.35	0.0	0.00
S_G1Z	Shut In	Jan-97	28180.1	0.0	26.16	0.0	0.00
S_G2	Shut In	Dec-96	26949.1	0.0	25.48	0.0	0.00
S_F3Z	Shut In	Sep-98	20589.4	0.0	7.22	0.0	0.00
S_F5	Producing	Apr-05	17053.9	9018.6	3.99	3361.6	0.53
S_G20	Producing	May-12	17516.3	7325.1	9.32	2326.1	0.50
S_G3	Shut In	Jun-04	6978.1	0.0	2.99	0.0	0.00
S_J36	Shut In	Oct-07	1073.1	219.0	0.65	0.0	0.00
Wells Highlighted in Green and 2016/2017 producers							

As of February 2017, the field had produced a total of 103.3 MMb of oil and 218.4 Bscf of gas, equivalent to a recovery factor for oil of about 48% from 12 development wells supported by 3 water injectors. It should be noted that over 50% of total production was from 2 wells (S\_Z2 and S\_G1Z). Production has generally been intermittent, but this mainly appears to be due to issues with maintenance and operational issues on the Scott Platform and flow line integrity.

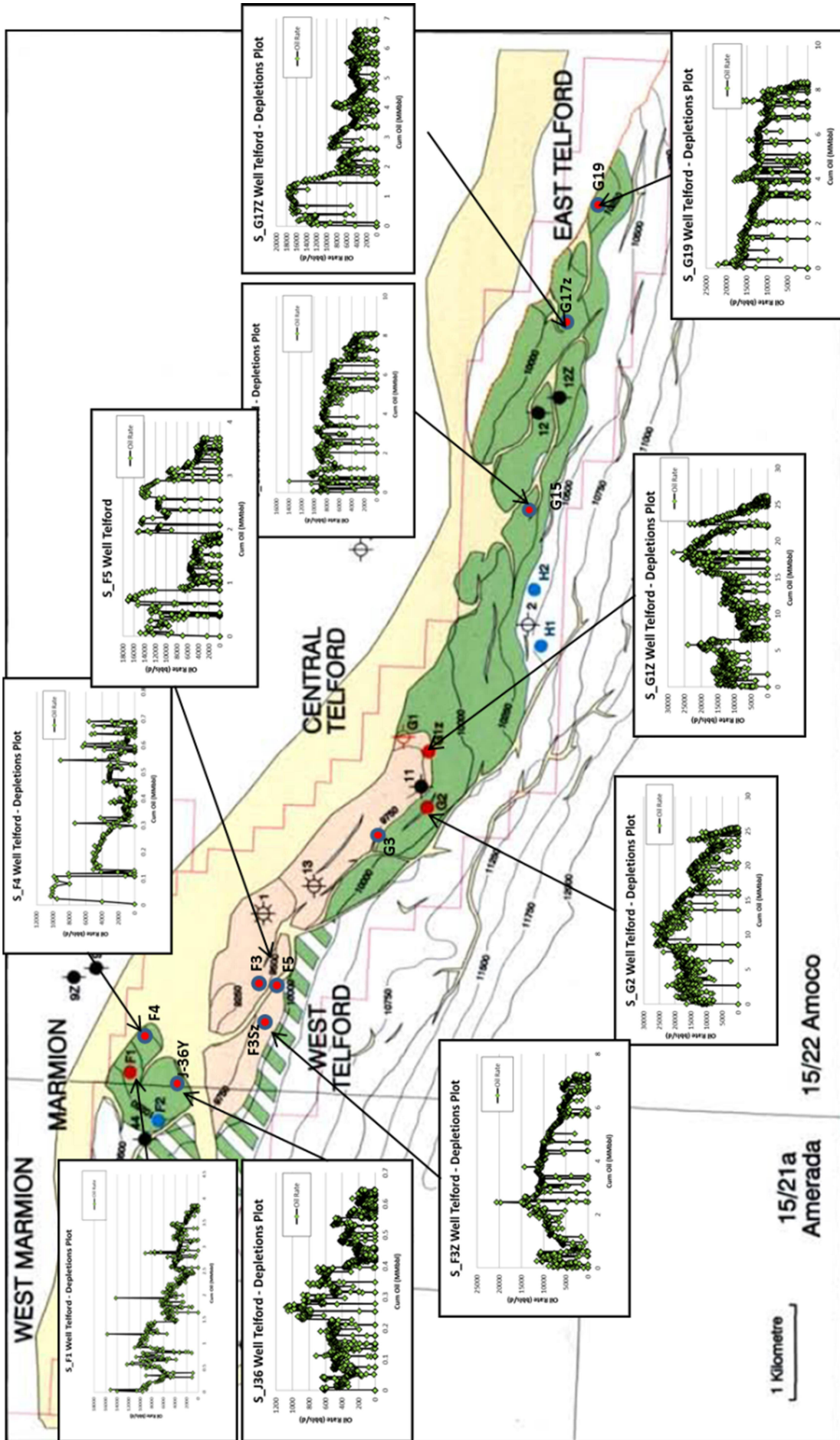


Figure 2.21 - Telford Structure Map Showing Well Locations And Oil Production History

### 2.2.6 Historical Expenditure

Capital expenditure in 2016 totalled UK£ 27.7 m, significantly below the original budget of UK£ 31.7 m. The reduced expenditure was primarily due to deferment of well drilling activity. The historical capital expenditure for the Telford field is presented below.

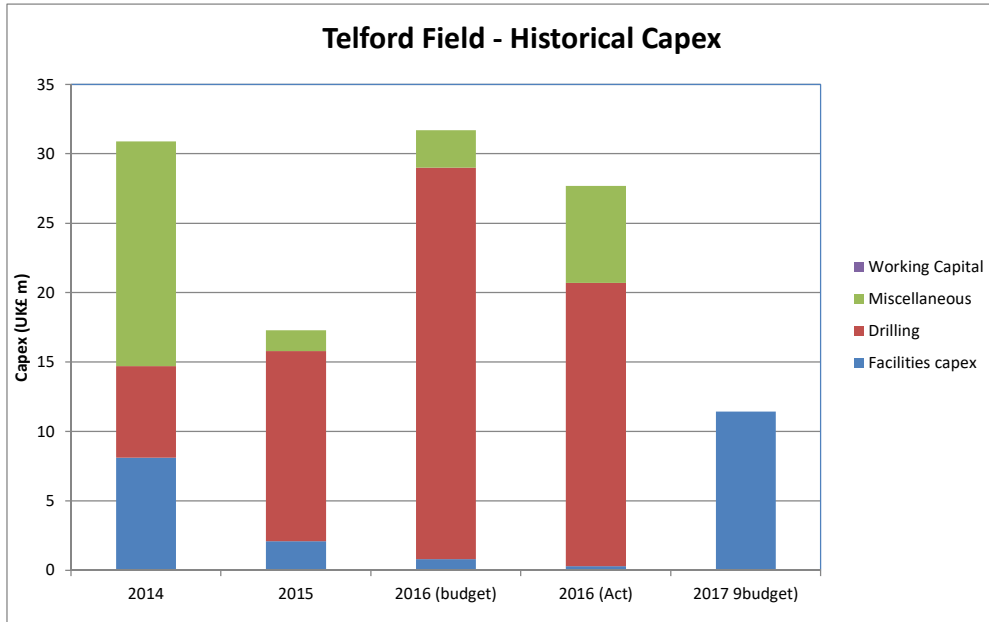


Figure 2. 22 - Telford Historical Capital Expenditure 2014-2016 (Gross, 100%)

A substantial reduction in field operating cost has been achieved over the last few years. Annual operating and maintenance costs have reduced from UK£ 38.6 m in 2014 to UK 26.7 m in 2016. The historical operating expenditure for the Scott field is presented below.

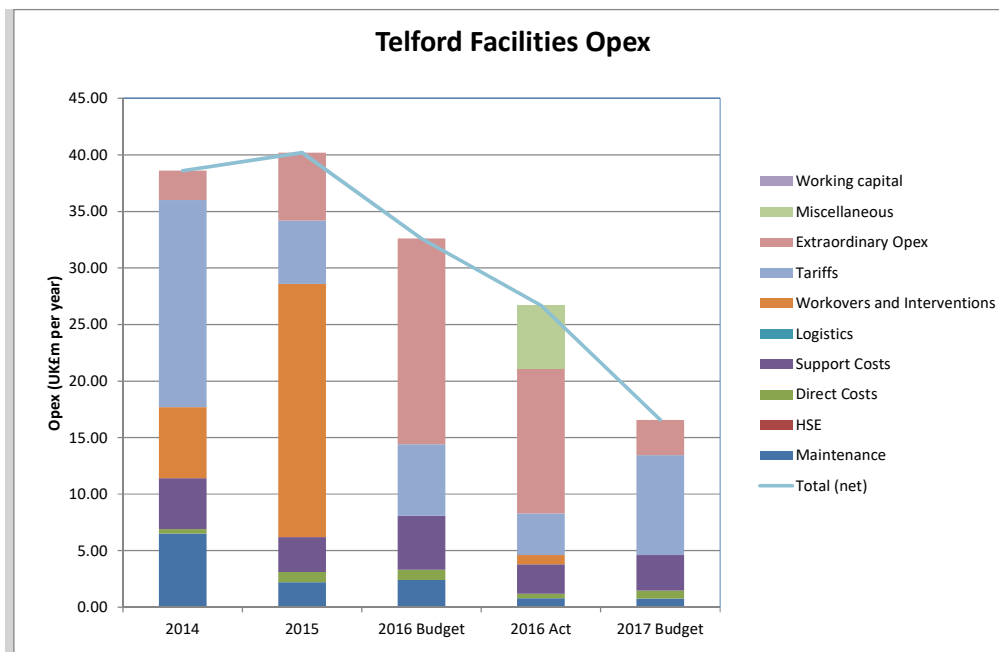


Figure 2. 23 - Scott Historical Operating Expenditure 2014-2016 (Gross, 100%)

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### 3. Production and Development Plans

#### 3.1 General Overview

The future petroleum recovery from the Scott and Telford fields is dependent on maintaining production from the existing wells for as long as economically possible, undertaking side-tracks or workovers of the closed in wells to drain small quantities of undrained or bypassed oil in, or to provide additional water injection to, the different reservoir compartments, maintaining the integrity of the facilities, and reducing operating costs.

Further development activity is planned in both fields by the Operator. The short term development activity includes:

- i) a four well side-tracking and workover campaign on the Scott field to maintain production (this activity commenced in Q4 2016 and it is anticipated to be completed in Q2 2018)
- ii) replacement of one or both of the flowlines that connect Telford field and Scott platform. This activity is expected to be completed by H2 2018.

In the longer term, the Operator has identified a number of infill drilling and workover opportunities in Scott and Telford to increase production and oil recovery. Whilst many of these activities need further work to confirm the benefits and mitigate risks, Petrenel believes that there is a good chance that further “barrel chasing” opportunities to maintain or even enhance production and cost saving opportunities to defer the COP, will be identified.

#### 3.2 The Scott Field

The operator has identified over 40 potential infill drilling (side-tracking) and workover opportunities in the field. Petrenel considers many of these activities to be speculative. However, four activities (ST-66, ST-02, ST-37, and ST-52) have been matured and are being undertaken over 2017 and 2018.

The first activity, ST-66, commenced after the 2016 summer shutdown (TAR) and is expected to be finished in May 2017. The second activity, ST-02, has been agreed and is currently scheduled for Q2 2017. The other two proposed activities (ST-37 and ST-52) are yet to be committed by the joint venture partners although there is budget provision for ST-37 in 2017. Currently, there are no longer-term infill drilling activities planned by the Operator.

In addition to the drilling activity, a number of well interventions and scale treatments are expected to be undertaken each year.

Petrenel has assumed the following infill drilling or side-tracking programme in preparing production forecasts and estimating the future undeveloped recovery.

**Table 3. 1 - Scott – Assumed Future Activity**

<b>Activity Supporting Undeveloped Reserves</b>	<b>Low (1P)</b>	<b>Best (2P)</b>	<b>High (3P)</b>
<b>Facility</b>	<b>None</b>	<b>None</b>	<b>None</b>
<b>Drilling</b> (well ST-66 & ST-02- approved by partners)	<b>2 wells</b> ST-66 & ST-02	<b>2 wells</b> ST-66 & ST-02	<b>2 wells</b> ST-66 & ST-02
<b>Not Yet Committed</b> (well ST-52 & ST-37 - yet to be approved)	<b>No further activity</b>	<b>1 well</b> (ST-37)	<b>2 wells</b> (ST-37 & ST-52)
<b>Activity Supporting Contingent Resources</b>	<b>Low (1C)</b>	<b>Mid (2C)</b>	<b>High (3C)</b>
<b>Facility</b>	<b>None</b>	<b>None</b>	<b>None</b>
<b>Drilling</b>	<b>4 wells</b> (ST-37 & ST-52 + 2 unspecified)	<b>6 wells</b> (ST-52 + 2 unspecified)	<b>7 wells</b> (unspecified)

### 3.3 The Telford Field

Limited information is available on the Operator’s future development plans for the field. A number of options are being considered for the replacement of the corroded pipelines including a full replacement of both lines or a partial replacement of the more severely corroded sections. The replacement of the flowline is assumed to take place in H2 2017 and H1 2018. The Operator has identified a further four infill drilling and workover opportunities however these are immature and no infill drilling activity is currently planned to be undertaken in the short-term.

Petrenel has assumed following activity programme in preparing production forecasts and estimating the future undeveloped recovery from the field.

**Table 3. 2 - Telford - Assumed Future Activity**

<b>Activity Supporting Reserves</b>	<b>Low (1P)</b>	<b>Best (2P)</b>	<b>High (3P)</b>
<b>Facility</b>	Flow Line Replacement	Flow Line Replacement	Flow Line Replacement
<b>Drilling</b>	<b>None</b>	<b>None</b>	<b>None</b>
<b>Activity Supporting Contingent Resources</b>	<b>Low (1C)</b>	<b>Mid (2C)</b>	<b>High (3C)</b>
<b>Facility</b>	<b>None</b>	<b>None</b>	<b>None</b>
<b>Drilling</b>	<b>No further activity</b>	<b>2 wells</b> (unspecified)	<b>3 wells</b> (unspecified & possibly TAF & Telford Deep & MAE)

## 4. Petroleum Recovery

### 4.1 The Developed Ultimate Recovery

The Developed Ultimate Recovery (DUR) from the existing wells and facilities has been assessed using decline curve analysis. Low, Mid, and High estimates have been prepared for each well and each field. Only those wells that are on production or have recently been produced and that are judged to be currently closed in for reservoir management purposes, have been included. Exponential decline has been assumed in determining each wells Low ultimate recovery, whilst for the Mid and High cases hyperbolic decline has been assumed. DUR's were assessed assuming a technical abandonment rate of 500 bopd for each field and 100 bopd for each well. A simplified probabilistic approach has been adopted in summing up the individual wells to field level, assuming each well's behaviour is statistically independent.

The Remaining Recovery estimates are the remaining recovery from the existing wells assuming that routine well intervention would continue as normal but there would be no further development drilling activity. It is emphasised that these estimates are estimates of technical recovery before deduction for fuel, NGL shrinkage and the application of an economic cut-off.

#### Scott Field

Decline curve analysis was carried out on each well in the Scott field and for the field as a whole. Examples are shown in the following plots.

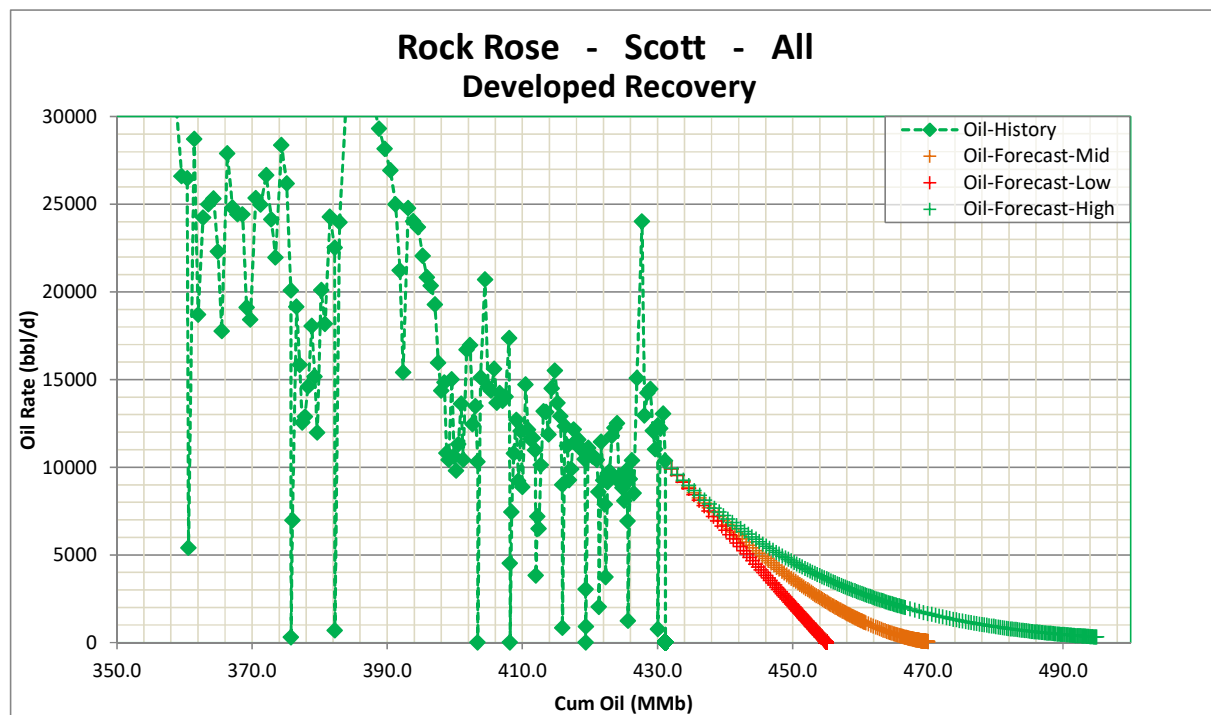


Figure 4.1 - Scott Field Developed Ultimate Recovery

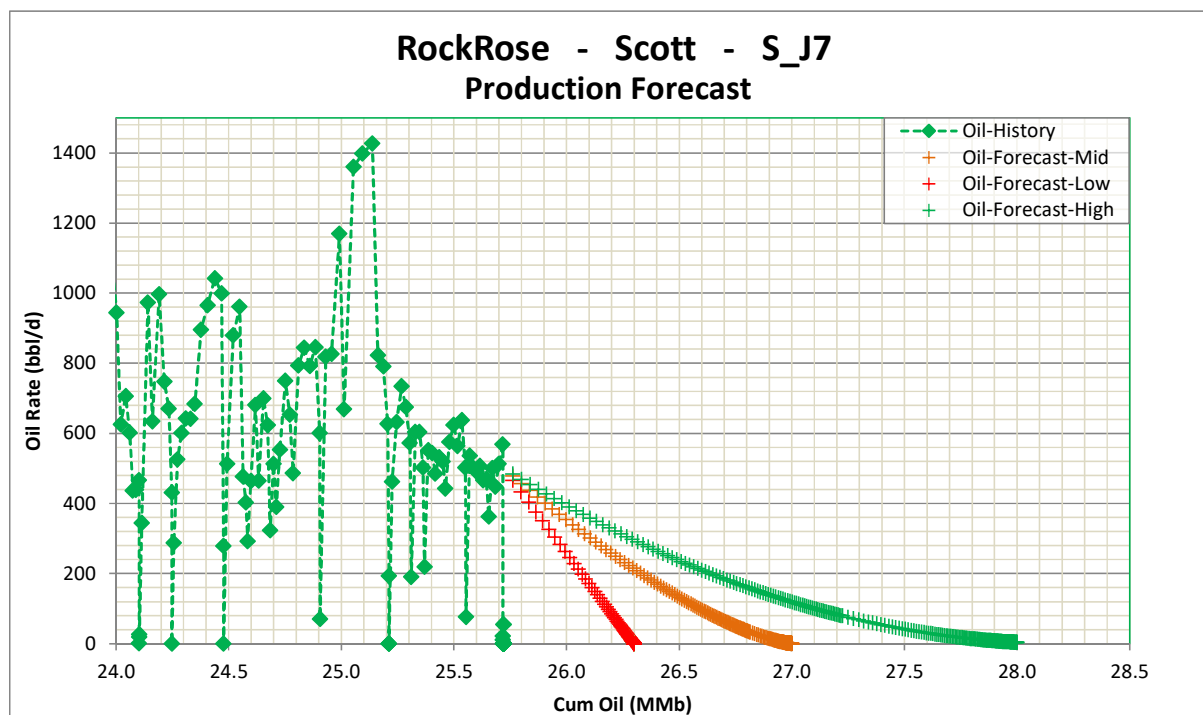


Figure 4. 2 - Well S\_J7 Developed Ultimate Recovery

The Expected DUR of oil for the Scott field is estimated to be 470.8 MMb (Gross, 100%) with a range from a Low (P90) value of 457.7 MMb (Gross, 100%) to a High (P10) value of 488.5 MMb (Gross, 100%).

The Remaining Developed Recovery of oil as of the 31/3/2017 (Table 4. 1) is estimated to range from a Low (P90) value of 25.3 MMb (Gross, 100%) to a High (P10) value of 56.2 MMb (Gross, 100%) with a Best estimate of 38.5 MMb (Gross, 100%). This is in good agreement with the last available Operator’s estimate.

Table 4. 1 - Scott Field – Developed Ultimate & Remaining Oil Recovery (31/3/2017)

Well	Status	Start of Production	Cum Prod 31/3/2017 (MMb)	DUR			Remaining Recovery		
				P90 (MMb)	Mid (MMb)	P10 (MMb)	P90 (MMb)	Mid (MMb)	P10 (MMb)
S_A2	Closed In	Sep-93	24.03	24.03	24.03	24.03	0.00	0.00	0.00
S_A3	Closed In	Sep-93	37.62	37.62	37.62	37.62	0.00	0.00	0.00
S_A4	Closed In	Sep-93	31.51	31.51	31.51	31.51	0.00	0.00	0.00
S_D1	Closed In	Oct-93	22.73	22.73	22.73	22.73	0.00	0.00	0.00
S_D2	Closed In	Sep-93	29.27	29.27	29.27	29.27	0.00	0.00	0.00
S_D3	Closed In	Sep-93	15.82	15.82	15.82	15.82	0.00	0.00	0.00
S_D4	Closed In	Sep-93	33.13	33.13	33.13	33.13	0.00	0.00	0.00
S_J1	Closed In	Mar-94	17.38	17.38	17.38	17.38	0.00	0.00	0.00
S_J2	Closed In	Jun-94	10.60	10.60	10.60	10.60	0.00	0.00	0.00
<b>S_J4</b>	<b>Producing</b>	<b>Nov-94</b>	<b>36.30</b>	<b>45.16</b>	<b>50.00</b>	<b>55.00</b>	<b>8.86</b>	<b>13.70</b>	<b>18.70</b>
S_J3Z	Closed In	Jan-95	15.73	15.73	15.73	15.73	0.00	0.00	0.00
S_J6P	Closed In	May-95	6.71	6.71	6.71	6.71	0.00	0.00	0.00



Well	Status	Start of Production	Cum Prod	DUR			Remaining Recovery		
			31/3/2017 (MMb)	P90 (MMb)	Mid (MMb)	P10 (MMb)	P90 (MMb)	Mid (MMb)	P10 (MMb)
S_J5Z	Closed In	Aug-95	7.26	7.26	7.26	7.26	0.00	0.00	0.00
S_E1Y	Closed In	Oct-95	13.69	13.69	13.69	13.69	0.00	0.00	0.00
<b>S_J7</b>	<b>Producing</b>	<b>Oct-95</b>	<b>25.73</b>	<b>26.49</b>	<b>26.75</b>	<b>27.08</b>	<b>0.77</b>	<b>1.02</b>	<b>1.36</b>
S_J8	Closed In	Dec-95	2.83	2.83	2.83	2.83	0.00	0.00	0.00
S_J9	Closed In	Feb-96	1.80	1.80	1.80	1.80	0.00	0.00	0.00
<b>S_E2Z</b>	<b>Producing</b>	<b>Mar-96</b>	<b>10.18</b>	<b>13.67</b>	<b>14.98</b>	<b>17.49</b>	<b>3.49</b>	<b>4.80</b>	<b>7.31</b>
S_J10	Closed In	Apr-96	0.30	0.30	0.30	0.30	0.00	0.00	0.00
<b>S_J11</b>	<b>Producing</b>	<b>May-96</b>	<b>15.26</b>	<b>16.49</b>	<b>17.81</b>	<b>19.40</b>	<b>1.23</b>	<b>2.55</b>	<b>4.14</b>
S_J14	Closed In	Dec-96	9.80	9.80	9.80	9.80	0.00	0.00	0.00
S_J16	Closed In	Sep-98	16.04	16.04	16.04	16.04	0.00	0.00	0.00
S_J18Z	Closed In	Jan-99	0.39	0.39	0.39	0.39	0.00	0.00	0.00
<b>S_J20Y</b>	<b>Producing</b>	<b>Sep-99</b>	<b>4.08</b>	<b>4.45</b>	<b>4.63</b>	<b>4.81</b>	<b>0.37</b>	<b>0.56</b>	<b>0.73</b>
S_J15P	Closed In	Mar-00	0.09	0.09	0.09	0.09	0.00	0.00	0.00
S_J12Y	Closed In	Apr-01	2.59	2.59	2.59	2.59	0.00	0.00	0.00
<b>S_J17</b>	<b>Producing</b>	<b>Jul-01</b>	<b>7.42</b>	<b>12.70</b>	<b>15.50</b>	<b>18.75</b>	<b>5.28</b>	<b>8.08</b>	<b>11.33</b>
S_J21	Closed In	Sep-01	1.32	1.32	1.32	1.32	0.00	0.00	0.00
S_J13Z	Closed In	Apr-02	0.79	0.79	0.79	0.79	0.00	0.00	0.00
<b>S_J22</b>	<b>Producing</b>	<b>Jun-02</b>	<b>4.32</b>	<b>5.04</b>	<b>5.38</b>	<b>6.19</b>	<b>0.71</b>	<b>1.06</b>	<b>1.87</b>
<b>S_J23</b>	<b>Producing</b>	<b>Nov-02</b>	<b>1.56</b>	<b>1.87</b>	<b>2.00</b>	<b>2.50</b>	<b>0.31</b>	<b>0.44</b>	<b>0.94</b>
<b>S_J24</b>	<b>Producing</b>	<b>Apr-03</b>	<b>3.16</b>	<b>3.39</b>	<b>3.50</b>	<b>3.78</b>	<b>0.24</b>	<b>0.34</b>	<b>0.62</b>
S_J26	Closed In	Jul-03	0.10	0.10	0.10	0.10	0.00	0.00	0.00
S_J25	Closed In	Sep-03	1.40	1.40	1.40	1.40	0.00	0.00	0.00
S_J27	Closed In	Apr-04	0.00	0.00	0.00	0.00	0.00	0.00	0.00
S_J28	Closed In	Apr-04	0.59	0.59	0.59	0.59	0.00	0.00	0.00
<b>S_J29</b>	<b>Producing</b>	<b>Jul-04</b>	<b>2.96</b>	<b>4.69</b>	<b>5.39</b>	<b>6.45</b>	<b>1.73</b>	<b>2.44</b>	<b>3.49</b>
S_J30Z	Closed In	Jan-06	1.15	1.15	1.15	1.15	0.00	0.00	0.00
S_J32	Closed In	Jun-06	1.64	1.64	1.64	1.64	0.00	0.00	0.00
S_J33	Closed In	Jul-06	5.06	5.06	5.06	5.06	0.00	0.00	0.00
<b>S_J34</b>	<b>Producing</b>	<b>Dec-06</b>	<b>3.68</b>	<b>4.31</b>	<b>4.62</b>	<b>5.25</b>	<b>0.62</b>	<b>0.94</b>	<b>1.57</b>
<b>S_J35</b>	<b>Producing</b>	<b>Apr-07</b>	<b>2.08</b>	<b>2.77</b>	<b>3.05</b>	<b>3.76</b>	<b>0.70</b>	<b>0.98</b>	<b>1.68</b>
<b>S_J38Z</b>	<b>Producing</b>	<b>Sep-09</b>	<b>1.85</b>	<b>2.42</b>	<b>2.68</b>	<b>3.18</b>	<b>0.56</b>	<b>0.82</b>	<b>1.32</b>
S_J39	Closed In	Mar-10	0.24	0.24	0.24	0.24	0.00	0.00	0.00
S_J37Y	Closed In	Mar-11	0.03	0.03	0.03	0.03	0.00	0.00	0.00
<b>S_J40</b>	<b>Producing</b>	<b>Dec-15</b>	<b>2.08</b>	<b>2.54</b>	<b>2.88</b>	<b>3.18</b>	<b>0.46</b>	<b>0.80</b>	<b>1.10</b>
<b>Total (incl all wells)</b>			<b>432.3</b>	<b>457.7</b>	<b>470.8</b>	<b>488.5</b>	<b>25.3</b>	<b>38.5</b>	<b>56.2</b>

## Telford Field

The Expected DUR for the Scott field is estimated to be 109.4 MMb (Gross, 100%) with a range from a Low (P90) value of 108.1 MMb (Gross, 100%) to a High (P10) value of 113.8 MMb (Gross, 100%)

The Remaining Developed Recovery as of 31/3/2017 (Table 4. 2) is estimated to range from a Low (P90) value of 3.2 MMb (Gross, 100%) to a High (P10) value of 6.4 MMb (Gross, 100%) with a Best estimate of 4.0 MMb (Gross, 100%). This is in good agreement with the last available Operator’s estimate.

**Table 4. 2 - Telford Field – Developed Ultimate & Remaining Oil Recovery (31/3/2017)**

Well	Status	Start of Production	Cum Prod	DUR			Remaining Recovery		
			31/3/2017 (MMb)	P90 (MMb)	Mid (MMb)	P10 (MMb)	P90 (MMb)	Mid (MMb)	P10 (MMb)
S_F1	Shut In	Oct-96	3.85	3.85	3.85	3.85	0.00	0.00	0.00
S_F4	Shut In	Dec-99	0.69	0.69	0.69	0.69	0.00	0.00	0.00
S_G15	Shut In	Aug-01	8.11	8.11	8.11	8.11	0.00	0.00	0.00
S_G17Z	Shut In	Sep-05	6.62	6.62	6.62	6.62	0.00	0.00	0.00
S_G19	Shut In	Sep-09	8.35	8.35	8.35	8.35	0.00	0.00	0.00
S_G1Z	Shut In	Jan-97	26.16	26.16	26.16	26.16	0.00	0.00	0.00
S_G2	Shut In	Dec-96	25.48	25.48	25.48	25.48	0.00	0.00	0.00
S_F3Z	Shut In	Sep-98	7.22	7.22	7.22	7.22	0.00	0.00	0.00
<b>S_F5</b>	<b>Producing</b>	<b>Apr-05</b>	<b>3.99</b>	<b>5.58</b>	<b>6.12</b>	<b>8.09</b>	<b>1.59</b>	<b>2.13</b>	<b>4.10</b>
<b>S_G20</b>	<b>Producing</b>	<b>May-12</b>	<b>9.32</b>	<b>12.20</b>	<b>12.95</b>	<b>15.37</b>	<b>2.96</b>	<b>3.71</b>	<b>6.13</b>
S_G3	Shut In	Jun-04	2.99	2.99	2.99	2.99	0.00	0.00	0.00
S_J36	Shut In	Oct-07	0.65	0.85	0.89	0.92	0.20	0.23	0.27
<b>Total (incl all wells)</b>			<b>103.5</b>	<b>108.1</b>	<b>109.4</b>	<b>113.8</b>	<b>3.2</b>	<b>4.0</b>	<b>6.4</b>

Note: 1.

## 4.2 Undeveloped and Contingent Recovery

### Scott Field

The estimated Undeveloped Recovery associated with production from future development infill drilling has been based on an analysis of historical well performance and an extrapolation of likely well recoveries into the future. The last 10 wells drilled in the field between 2004 and 2016 have an average DUR of 2.3 MMb and the 10 wells drilled between 2001 and 2004 have an average DUR of 3.1 MMb.

Infill opportunities are likely to get progressively weaker and more risky, as shown by the clear trend of decreasing DUR with drilling date. The next ten wells in the field, statistically, are likely to have lower recoveries than the last ten.

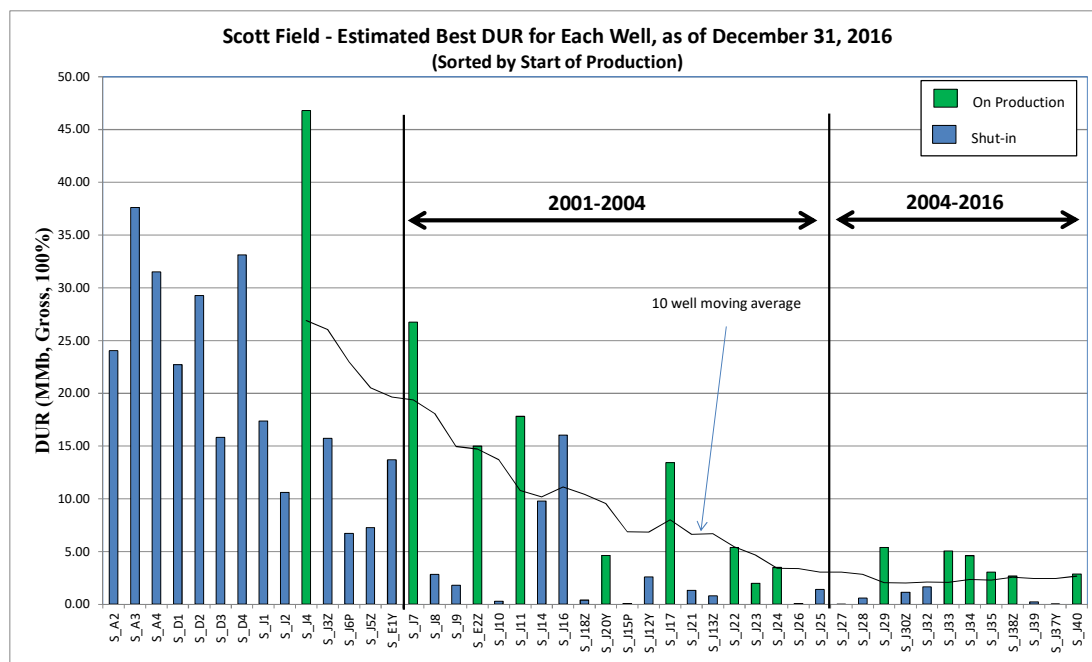


Figure 4.3 - Scot Field – Summary DUR by well

Petrenel has assumed, for the four planned side-tracks in 2017 and 2018, that the average oil recovery will be 2 MMb each. This is approximately 50% lower than the Operator’s estimates. Petrenel has assumed that later wells that are contingent upon further technical studies will recover on average 1.5 MMb.

### Telford Field

As in the case of Scott, the estimated Undeveloped Recovery associated with production from future development infill drilling in Telford has been based on an analysis of historical well performance and an extrapolation of likely well recoveries into the future.

The last five wells drilled in the field between 2004 and 2012 have an average DUR of 9.5 MMb and unlike Scott wells, the most recent wells drilled in the field (2007-2012) were better producers with expected recoveries ranging from 10 MMb to 12 MMb. Notwithstanding this the 2016 side-track (F2) failed to encounter productive reservoir.

Furthermore, the Operator has not identified any infill locations. It is likely that the best locations have been drilled up and that future infill opportunities are likely to be weaker and more risky.

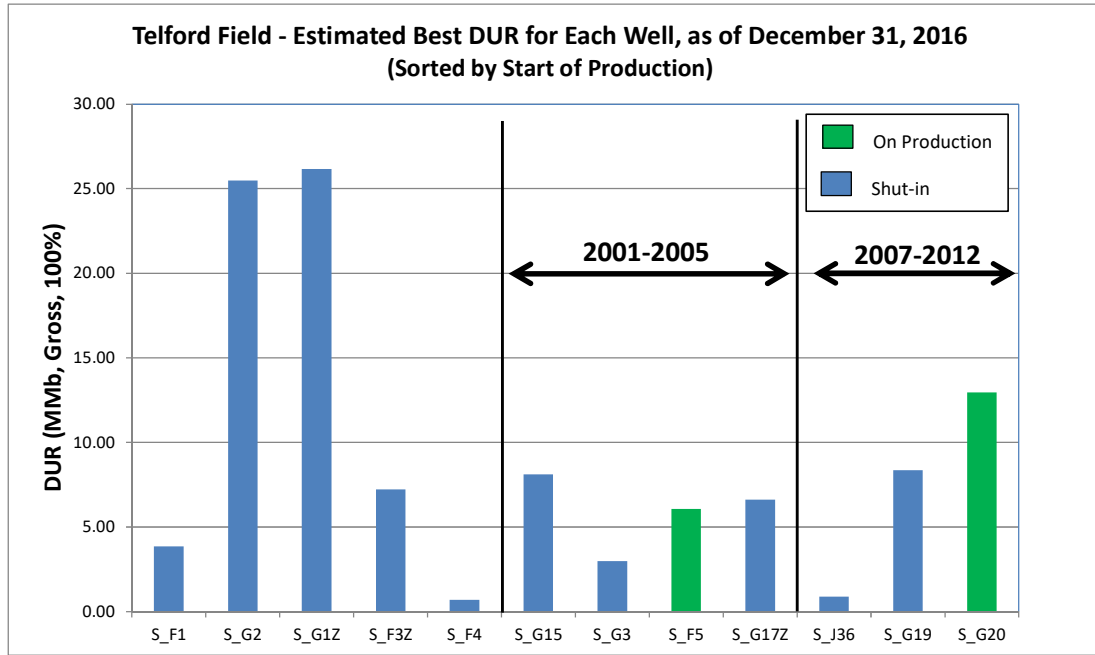


Figure 4. 4 - Telford Field – Summary DUR by Well

Petrenel has assumed, for the three future unspecified side-tracks, that the average oil recovery will be 2 MMb each.

### 4.3 Enhanced Oil Recovery

Estimates of the potential additional oil recovery due to the application of Tertiary (Enhanced Oil Recovery) techniques have not been made and are not presented in this report as there are, at present, no firm plans by the Operator to study these opportunities. Petrenel is of the opinion that certain enhanced oil recovery techniques (including CO2-EOR, Miscible flooding, Polymer Flooding and Low Salinity Water injection) could be applicable and could potentially enhance oil recovery from both fields by between 5 and 15% of the STOIIP. Such techniques are, however, unlikely to be commercial viable at current oil prices in this offshore environment and a significant and sustainable rise in real term oil prices is likely to be required before such projects can be considered. Further studies will be required to establish both the technical and commercial viability of these techniques.

#### 4.4 Total Technical Recovery

A summary of the Technical Recovery (total recovery from existing and abandoned wells and the planned and unspecified future wells down to the assumed technical limit) from the Scott and Telford fields is presented in the Table below.

**Table 4.3 - Technical Recovery Summary, As of March 31, 2017 (Gross, 100%)**

	Light Oil/Condensate			Gas			Oil Equiv.
	Low (MMb)	Mid (MMb)	High (MMb)	Low (Bcf)	Mid (Bcf)	High (Bcf)	Mid (MMboe)
<b>Total Cum Production as of December 31, 2016</b>							
Scott	432.3	432.3	432.3	293.9	293.9	293.9	482.1
Telford	103.4	103.4	103.4	218.6	218.6	218.6	140.5
<b>Total Cum Production</b>	<b>535.8</b>	<b>535.8</b>	<b>535.8</b>	<b>512.5</b>	<b>512.5</b>	<b>512.5</b>	<b>622.6</b>
<b>Remaining Developed Recovery</b>							
Scott	25.9	36.2	52.3	18.8	26.2	37.7	40.6
Telford	3.0	3.9	4.3	5.6	7.2	8.1	5.1
<b>Total Remaining Dev Rec</b>	<b>28.9</b>	<b>40.0</b>	<b>56.7</b>	<b>24.4</b>	<b>33.4</b>	<b>45.8</b>	<b>45.7</b>
<b>Undeveloped Recovery</b>							
Scott	4.6	7.4	12.4	2.7	4.4	7.5	8.1
Telford	1.6	2.3	4.1	5.2	7.7	13.6	3.6
<b>Total Undeveloped Recovery</b>	<b>6.1</b>	<b>9.7</b>	<b>16.5</b>	<b>7.9</b>	<b>12.1</b>	<b>21.1</b>	<b>11.7</b>
<b>Contingent Recovery</b>							
Scott	6.0	9.5	14.4	3.6	5.7	8.6	10.5
Telford	0.0	4.0	9.6	0.0	8.0	19.2	5.4
<b>Contingent Recovery</b>	<b>6.0</b>	<b>13.5</b>	<b>24.0</b>	<b>3.6</b>	<b>13.7</b>	<b>27.8</b>	<b>15.8</b>
<b>Estimated Ultimate Recovery</b>							
Scott	468.7	485.4	511.5	319.0	330.2	347.7	541.3
Telford	108.0	113.6	121.5	229.4	241.5	259.5	154.6
<b>Estimated Ultimate Recovery</b>	<b>576.8</b>	<b>599.0</b>	<b>632.9</b>	<b>548.4</b>	<b>571.7</b>	<b>607.2</b>	<b>695.9</b>

**Table 4.4 - Scott Field – Remaining and Future Recovery Summary**

Category	Light Oil/Condensate			Gas			Oil Equivalent
	Low (MMb)	Mid (MMb)	High (MMb)	Low (Bcf)	Mid (Bcf)	High (Bcf)	Mid (MMboe)
Cum as of March 31, 2017	432.3	432.3	432.3	293.9	293.9	293.9	482.1
Remaining Recovery	25.9	36.2	52.3	18.8	26.2	37.7	40.6
Undeveloped Recovery	4.6	7.4	12.4	2.7	4.4	7.5	8.1
Contingent Recovery	6.0	9.5	14.4	3.6	5.7	8.6	10.5
<b>EUR</b>	<b>468.7</b>	<b>485.4</b>	<b>511.5</b>	<b>319.0</b>	<b>330.2</b>	<b>347.7</b>	<b>541.3</b>

**Table 4.5 - Telford Field – Remaining and Future Recovery Summary**

Category	Light Oil/Condensate			Gas			Oil Equivalent
	Low (MMb)	Mid (MMb)	High (MMb)	Low (Bcf)	Mid (Bcf)	High (Bcf)	Mid (MMboe)
Cum as of March 31, 2017	103.4	103.4	103.4	218.6	218.6	218.6	140.5
Remaining Recovery	3.0	3.9	4.3	5.6	7.2	8.1	5.1
Undeveloped Recovery	1.6	2.3	4.1	5.2	7.7	13.6	3.6
Contingent Recovery	0.0	4.0	9.6	0.0	8.0	19.2	5.4
<b>EUR</b>	<b>108.0</b>	<b>113.6</b>	<b>121.5</b>	<b>229.4</b>	<b>241.5</b>	<b>259.5</b>	<b>154.6</b>

## 5. Production and Expenditure Forecasts

### 5.1 Production Forecasts

Petrenel have prepared production forecasts for the Scott& Telford fields, using the PIPPS™ Production Planning System. Low (1P or 1C), Mid (2P or 2C) and High (3P or 3C) forecasts have been prepared for the i) existing wells classified as Developed Reserves, ii) the firm planned activities classified as Undeveloped Reserves and iii) the additional unspecified side-tracks classified as Contingent Resources. All production forecasts were run from January 1, 2017 with forecast values for Q1 2017 matched to actuals. Forecasts were run with quarterly reporting periods until 2047 and annual periods thereafter. The Scott forecasts were run in combination with the forecasts for Telford and Rochelle to enable fuel gas requirements on the Scott platform to be properly accounted for.

Well initial rates have been based on either latest actual production values for the existing wells or an average of the peak values of recently drilled wells for the future wells. Well recoveries were based on the decline analysis described above. An annual planned facility shutdown (TAR) of 30 days with an unplanned downtime of 12% were modelled explicitly over the period 2017 to 2036. Thereafter an average planned and unplanned uptime factor for the wells and facilities combined of 81% was assumed, based on historical data.

It was assumed that the Scot Platform consumes 7 MMscf/d of fuel gas when fully operational. NGL yields at the Kinneil and St Fergus terminals were based on actual data reported for 2015 by the Operator. More recent information was not made available. An NGL yield of 40 bbl/MMscf for gas sent through the SAGE system to St Fergus and an NGL yield equivalent to 2% (by volume) of oil shipped to the Kinneil Terminal through the Forties Pipeline System was assumed. A gas shrinkage factor of 95% was applied to gas (after deduction of fuel) arriving at St Fergus corresponding with the NGL yield.

Oil production from the existing wells in Scott and Telford is forecast by Petrenel to decline from an average of 14,800 bopd (Gross, 100%) in Q1 2017 to 7,500 bopd (Gross, 100%) by Q1 2020 assuming that routine well interventions continue to be carried out as normal. In addition, and providing the planned 2017-2018 side-track and workover campaign on Scott and the Telford flowline reinstatement is successful, then production is expected to be maintained at over 10,000 bopd (Gross, 100%) until 2020. Oil production from both fields, assuming the planned drilling activity in Scott and the reinstatement of the Telford flowline is undertaken as planned, is predicted, to average 14,300 bopd in 2017 which is in good agreement with the Operator's estimates.

Gas sales (allowing for fuel consumption on Scott) are forecast to decline from 14.4 MMscf/d in Q1 2017 to 9.0 MMscf/d in 2020. Gas sales in 2017 are forecast to be 12.2 MMscf/d which is in good agreement with the Operator. The Scott platform, assuming further development activity takes place, is forecast to become fuel deficient by 2022 in the Low case and 2030 in the Mid case.

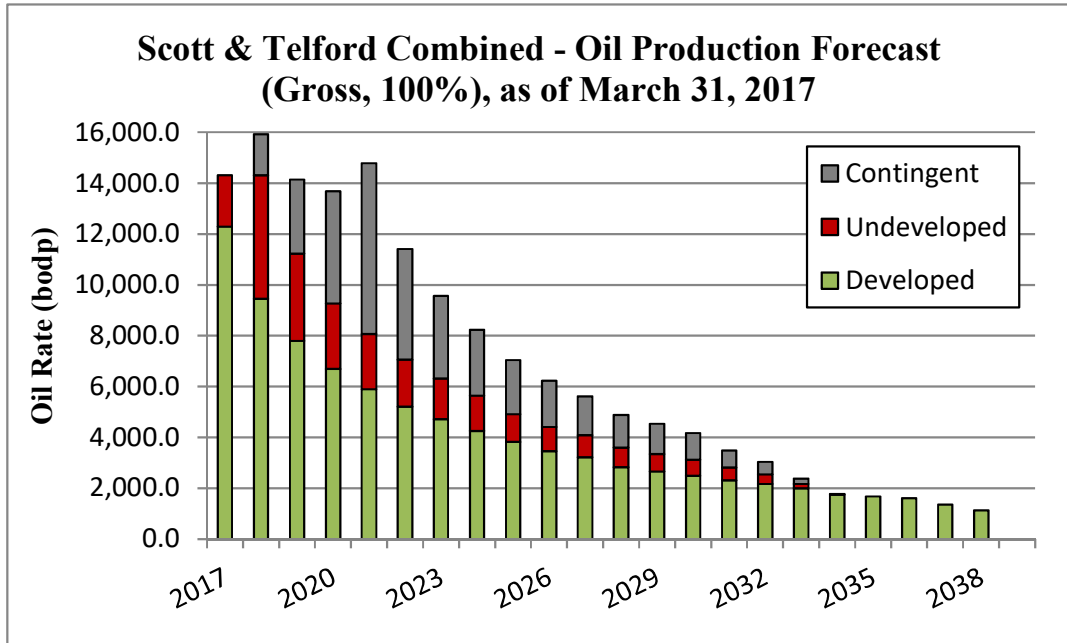


Figure 5.1 - Scott and Telford Combined – Oil Production Forecast by Resource Category

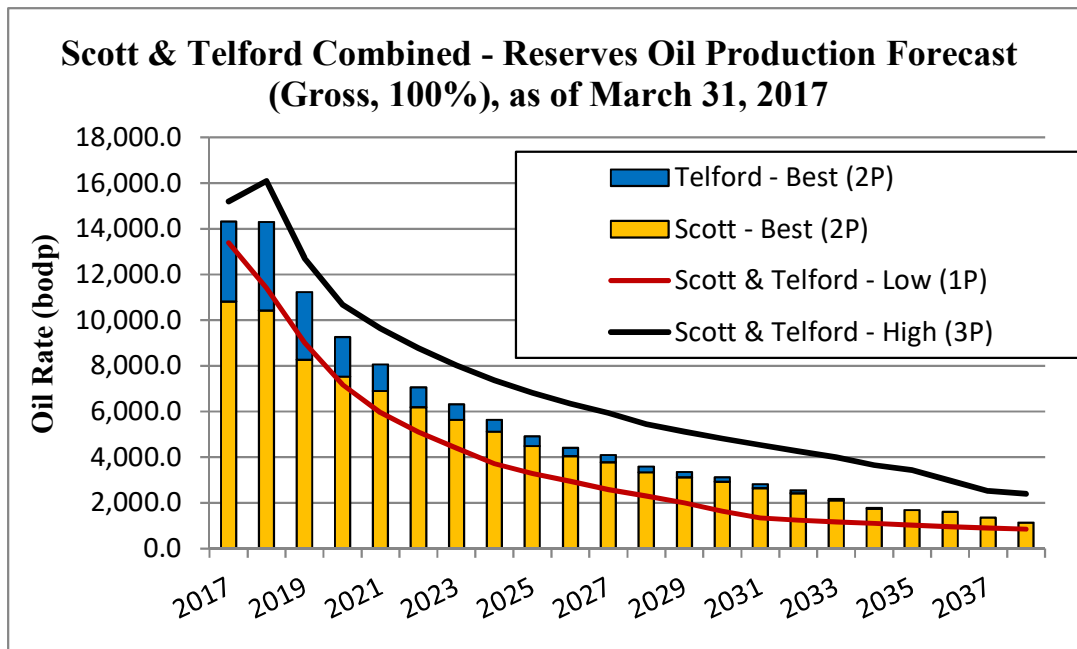


Figure 5.2 - Scott and Telford Combined – 1P, 2P & 3P Developed and Undeveloped Oil Production Forecast by Field

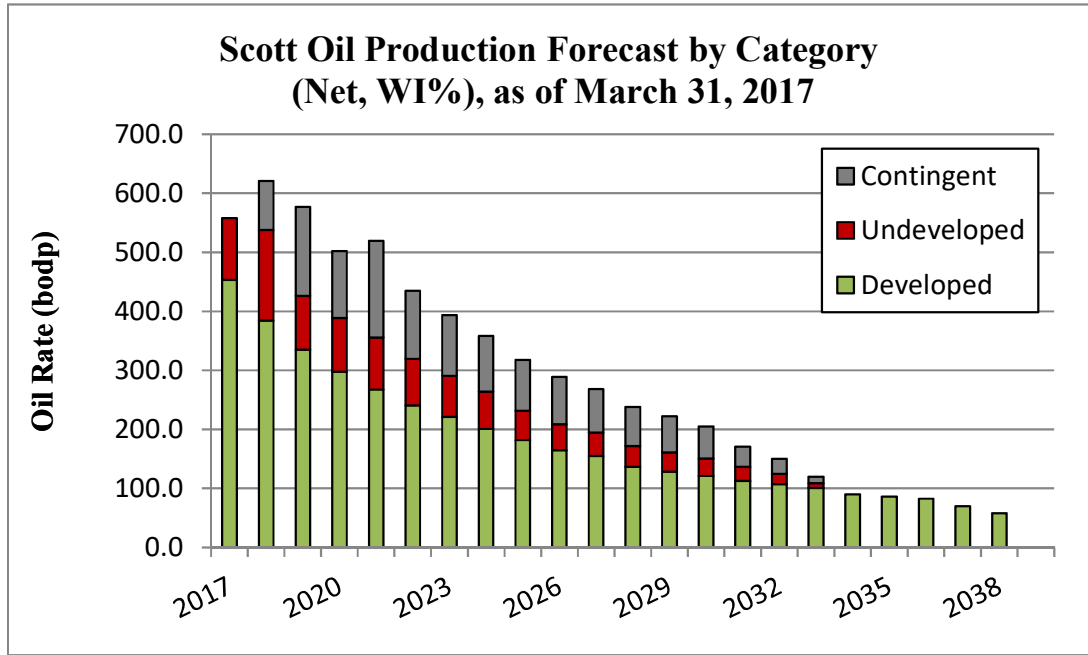


Figure 5.3 - Scott Oil Production Forecast by Resource Category

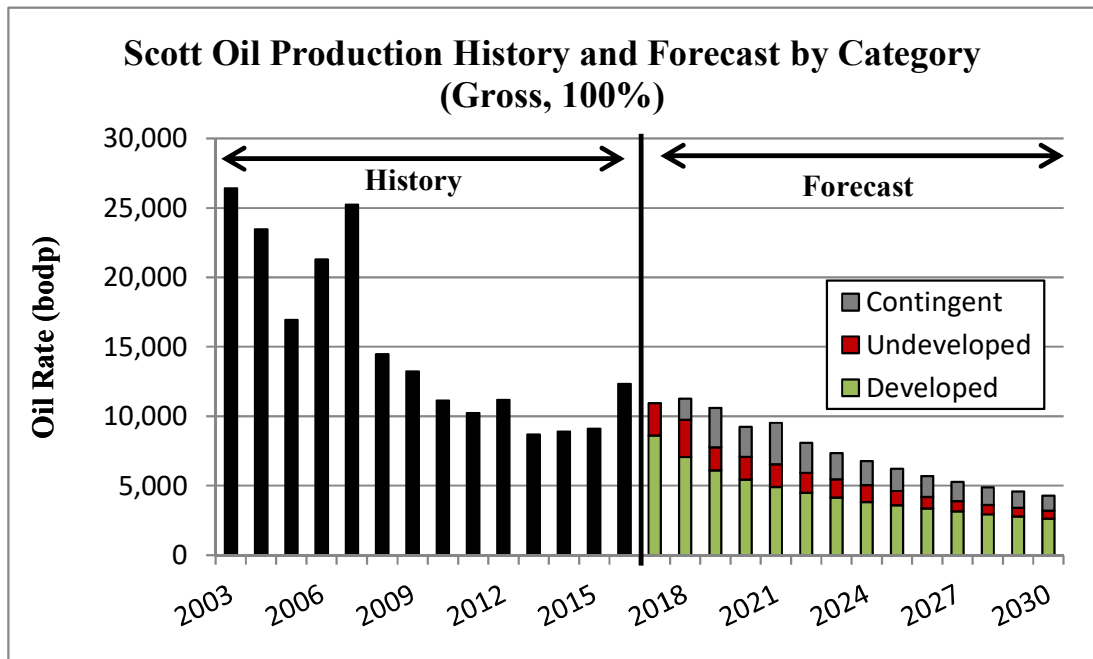


Figure 5.4 - Scott Historical and Forecast Oil Production by Resource Category

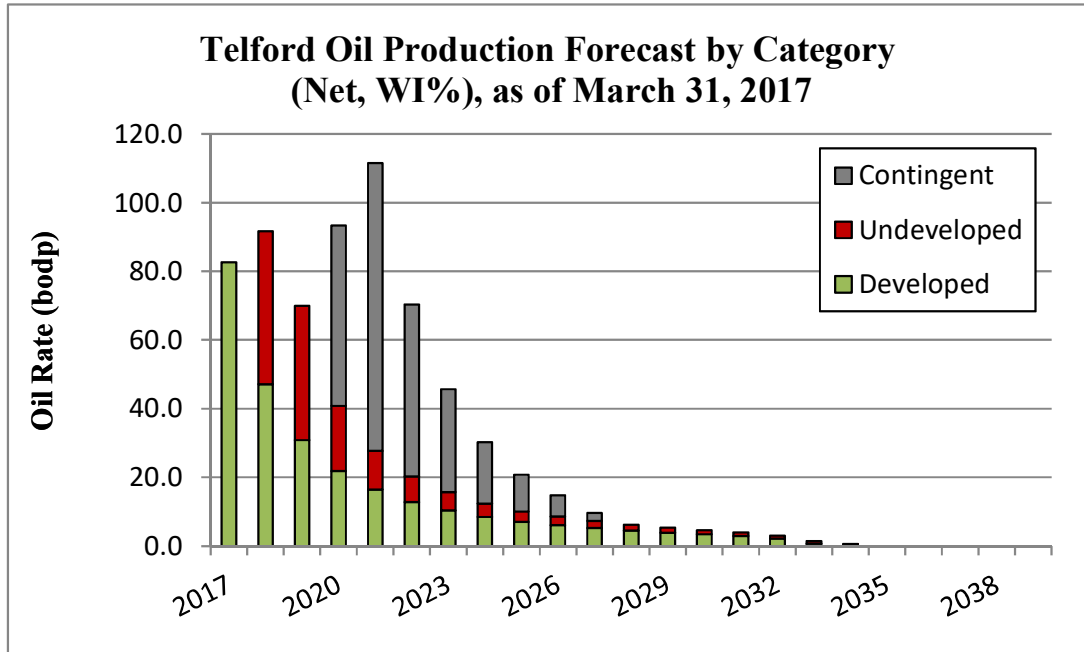


Figure 5.5 - Telford Oil Production Forecast by Resource Category

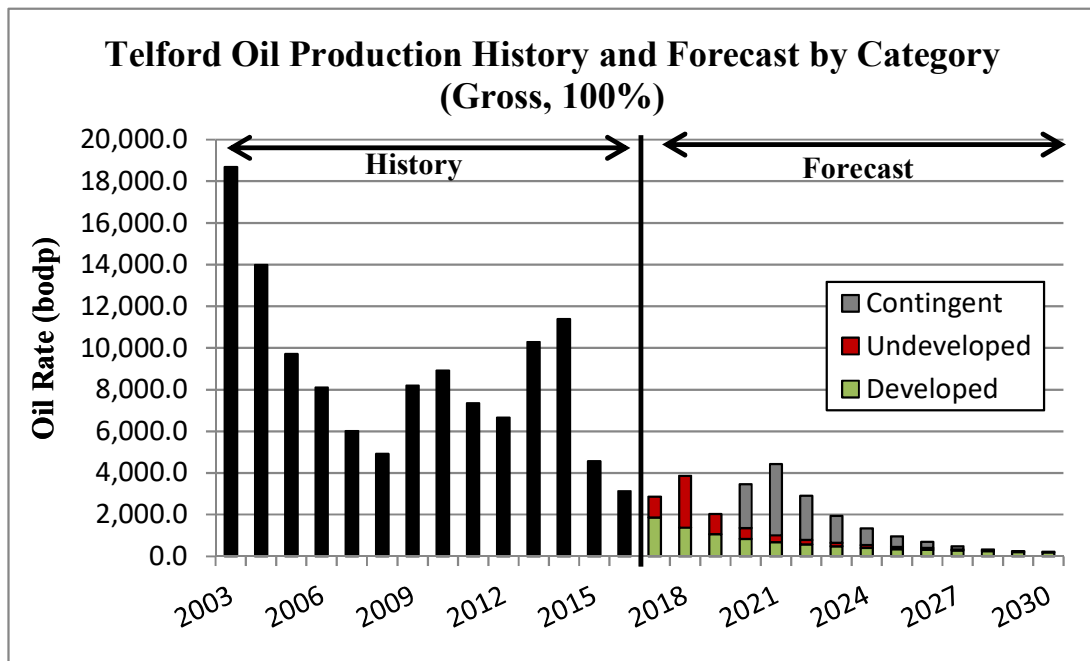


Figure 5.6 - Telford Historical and Forecast Oil Production by Resource Category

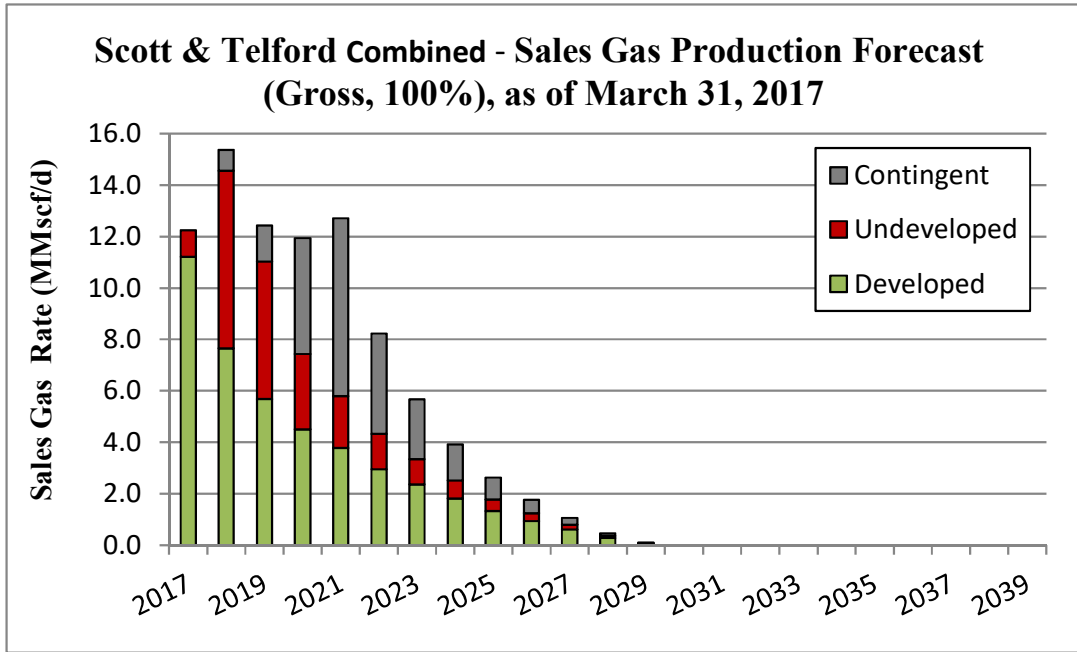


Figure 5. 7 - Scott and Telford Combined – Gas Sale Production Forecast by Resource Category

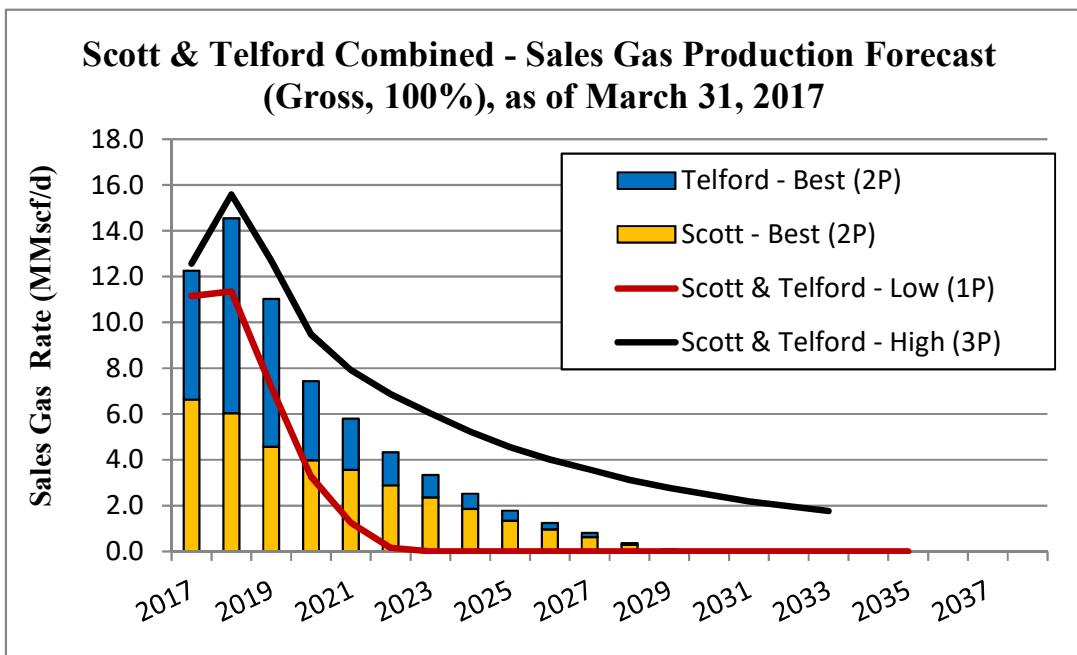


Figure 5. 8 - Scott and Telford Combined – 1P, 2P & 3P Sales Gas Production Forecast by Field

## 5.2 Capital Expenditure

The bulk of the future capital expenditure is on well related activities (side-tracks and well hook-ups) and the Telford to Scot pipeline replacement and the estimated costs of this work by the Operator are considered to be reasonable. Capital expenditure over the next two years on planned well activity and the Telford pipeline replacement is expected to total UK£ 118.4 m (Gross, 100%).

**Table 5.1 - Scott and Telford Combined – Summary of Capital Expenditure (RT, UK£m), As of March 31, 2017 (Gross, 100%)**

<b>Date</b>	<b>Developed Reserves (UK£m)</b>	<b>Undeveloped Reserves (UK£m)</b>	<b>Total Reserves (UK£m)</b>	<b>Contingent Resources (UK£m)</b>	<b>Total (UK£m)</b>
2017	28.84	75.30	104.14	1.59	105.73
2018	3.50	10.80	14.30	59.91	74.21
2019	3.50	0.00	3.50	62.91	66.41
2020	3.00	0.00	3.00	53.45	56.45
2021	3.00	0.00	3.00	20.65	23.65
2022	3.00	0.00	3.00	0.00	3.00
2023	0.00	0.00	0.00	0.00	0.00
2024	0.00	0.00	0.00	0.00	0.00
2025	0.00	0.00	0.00	0.00	0.00
2026	0.00	0.00	0.00	0.00	0.00
2027	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>44.84</b>	<b>86.10</b>	<b>130.94</b>	<b>198.51</b>	<b>329.45</b>

**Table 5.2 - Scott and Telford Combined – Summary of Capital Expenditure (RT, UK£m), As of March 31, 2017 (Net, WI%)**

<b>Date</b>	<b>Developed Reserves (UK£m)</b>	<b>Undeveloped Reserves (UK£m)</b>	<b>Total Reserves (UK£m)</b>	<b>Contingent Resources (UK£m)</b>	<b>Total (UK£m)</b>
2017	1.5	3.6	5.0	0.1	5.1
2018	0.1	0.3	0.3	3.1	3.4
2019	0.1	0.0	0.1	2.6	2.7
2020	0.1	0.0	0.1	2.1	2.2
2021	0.1	0.0	0.1	1.1	1.1
2022	0.1	0.0	0.1	0.0	0.1
2023	0.0	0.0	0.0	0.0	0.0
2024	0.0	0.0	0.0	0.0	0.0
2025	0.0	0.0	0.0	0.0	0.0
2026	0.0	0.0	0.0	0.0	0.0
2027	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>1.8</b>	<b>3.8</b>	<b>5.7</b>	<b>8.9</b>	<b>14.6</b>

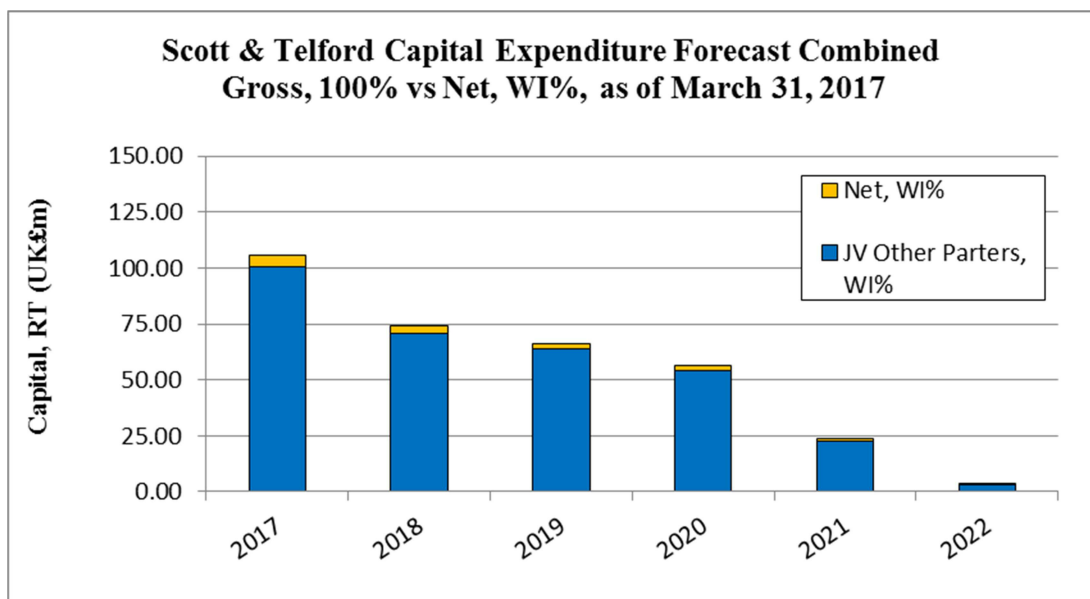


Figure 5.9 - Scott and Telford Combined – Capital Expenditure Forecast – Gross, 100% vs. Net, WI%

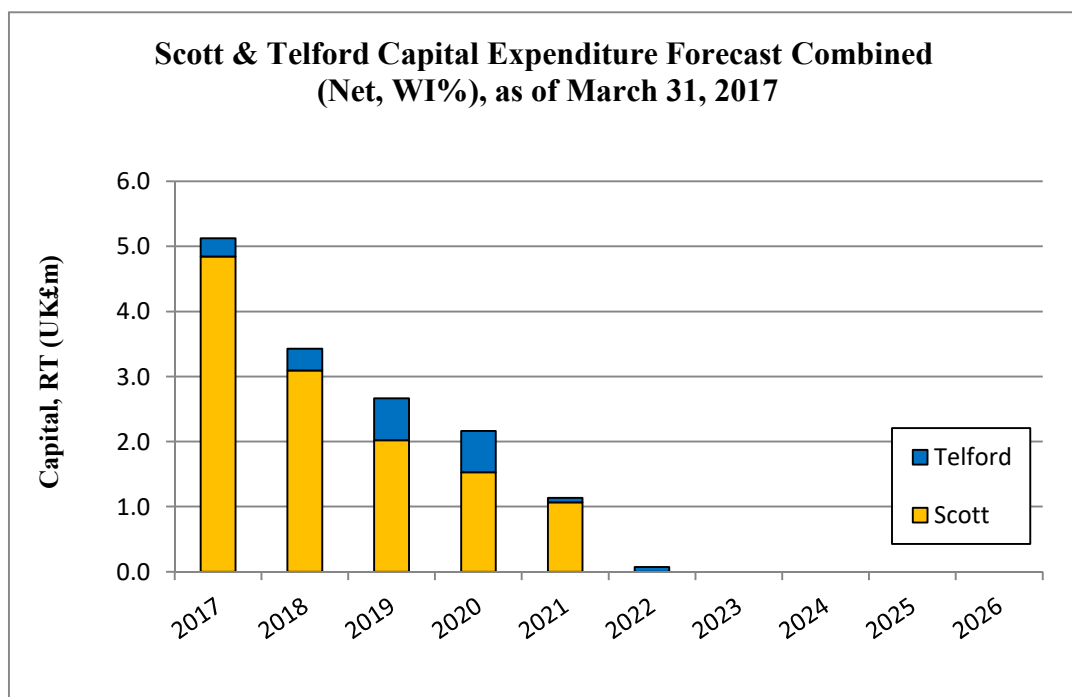


Figure 5.10 - Scott and Telford Combined – Reserves and Contingent Resources Capital Expenditure Forecast by Field

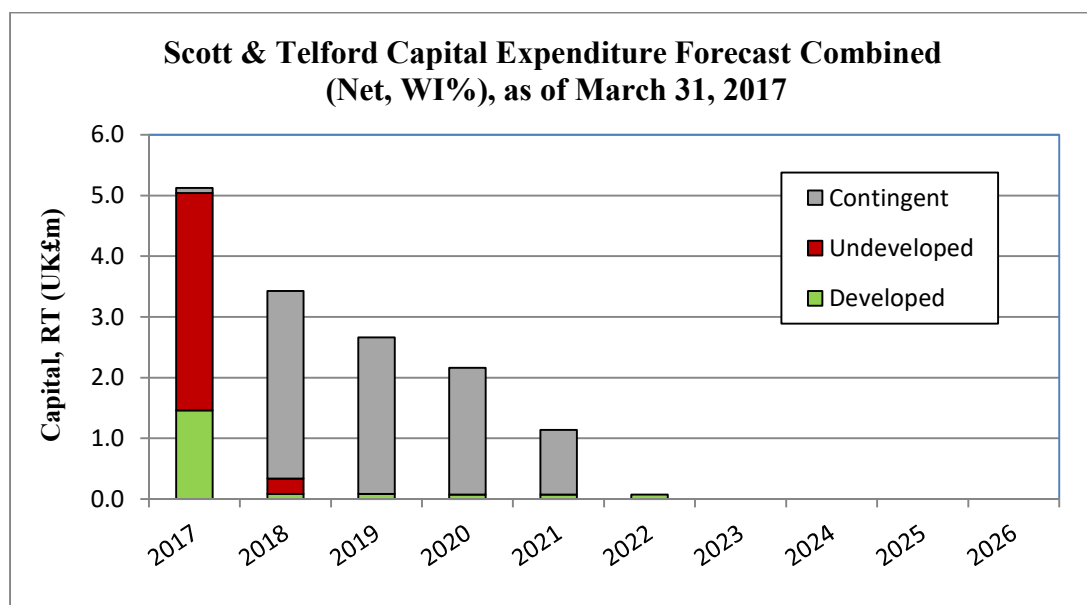


Figure 5. 11 - Scott and Telford Combined – Capital Expenditure Forecast by Resource Category

Table 5. 3 - Scott – Summary of Capital Expenditure (RT, UK£m), As of March 31, 2017 (Net, WI%)

Date	Developed Reserves (UK£m)	Undeveloped Reserves (UK£m)	Total Reserves (UK£m)	Contingent Resources (UK£m)	Total (UK£m)
2017	1.4	3.3	4.8	0.1	4.8
2018	0.0	0.0	0.0	3.1	3.1
2019	0.0	0.0	0.0	2.0	2.0
2020	0.0	0.0	0.0	1.5	1.5
2021	0.0	0.0	0.0	1.1	1.1
2022	0.0	0.0	0.0	0.0	0.0
<b>Total Net, WI%</b>	<b>1.4</b>	<b>3.3</b>	<b>4.8</b>	<b>7.8</b>	<b>12.5</b>
<b>Total, Gross, 100%</b>	<b>27.74</b>	<b>64.50</b>	<b>92.24</b>	<b>150.94</b>	<b>243.18</b>

Table 5. 4 - Telford– Summary of Capital Expenditure (RT, UK£m), As of March 31, 2017 (Net, WI%)

Date	Developed Reserves (UK£m)	Undeveloped Reserves (UK£m)	Total Reserves (UK£m)	Contingent Resources (UK£m)	Total (UK£m)
2017	0.0	0.3	0.3	0.0	0.3
2018	0.1	0.3	0.3	0.0	0.3
2019	0.1	0.0	0.1	0.6	0.6
2020	0.1	0.0	0.1	0.6	0.6
2021	0.1	0.0	0.1	0.0	0.1
2022	0.1	0.0	0.1	0.0	0.1
2023	0.0	0.0	0.0	0.0	0.0
<b>Total Net, WI%</b>	<b>0.4</b>	<b>0.5</b>	<b>0.9</b>	<b>1.1</b>	<b>2.0</b>
<b>Total, Gross, 100%</b>	<b>17.10</b>	<b>21.60</b>	<b>38.70</b>	<b>47.57</b>	<b>86.27</b>

### 5.3 Operating Expenditure

The Operator has achieved substantial reductions in operating costs over the last 3 years (for example on Scott a reduction from UK£ 129 m (Gross, 100%) in 2014 to a latest estimate of UK£ 75 m (Gross, 100%) in 2016 has been achieved) and the Operator is making concerted efforts to further reduce costs. However, whilst some further reduction can be expected, these will be harder to achieve as the readily achievable reduction measures have been implemented and the platform, wells and subsea facilities continue to age. Petrenel assumes that in the longer term further reductions in opex will be offset by increased extraordinary maintenance costs. Total operating costs for both fields are expected to reduce slightly from UK£ 97 m (Gross, 100%) in 2017 to UK£ 84 m (Gross, 100%) in the longer term.

**Table 5.5 - Scott and Telford Combined – 2P Reserves Summary of Opex (RT, UK£m), As of March 31, 2017 (Gross, 100%)**

Date	Fixed (UK£m)	Variable (UK£m)	G&A (UK£m)	3rd Party (UK£m)	Total (UK£m)
2017	85.56	10.21	0.00	1.12	96.90
2018	82.45	0.00	0.00	4.14	86.59
2019	82.45	0.00	0.00	3.61	86.05
2020	82.45	0.00	0.00	3.18	85.62
2021	82.45	0.00	0.00	3.03	85.48
2022	82.45	0.00	0.00	2.79	85.24
2023	82.45	0.00	0.00	2.61	85.06
2024	82.45	0.00	0.00	2.42	84.87
2025	82.45	0.00	0.00	2.11	84.56
2026	82.45	0.00	0.00	1.91	84.36
2027	82.44	0.00	0.00	1.47	84.25
<b>Total</b>	<b>910.01</b>	<b>10.21</b>	<b>0.00</b>	<b>28.40</b>	<b>948.96</b>

**Table 5.6 - Scott and Telford Combined – 2P Reserves Summary of Opex (RT, UK£m), As of March 31, 2017 (Net, WI%)**

Date	Fixed (UK£m)	Variable (UK£m)	G&A (UK£m)	3rd Party (UK£m)	Total (UK£m)
2017	4.20	0.53	0.00	-0.18	4.55
2018	4.12	0.00	0.00	-0.07	4.05
2019	4.12	0.00	0.00	-0.03	4.09
2020	4.12	0.00	0.00	0.04	4.16
2021	4.12	0.00	0.00	0.07	4.20
2022	4.12	0.00	0.00	0.08	4.21
2023	4.12	0.00	0.00	0.09	4.21
2024	4.12	0.00	0.00	0.09	4.21
2025	4.12	0.00	0.00	0.08	4.20
2026	4.12	0.00	0.00	0.07	4.20
2027	4.12	0.00	0.00	0.05	4.20
<b>Total</b>	<b>45.44</b>	<b>0.53</b>	<b>0.00</b>	<b>0.30</b>	<b>46.27</b>

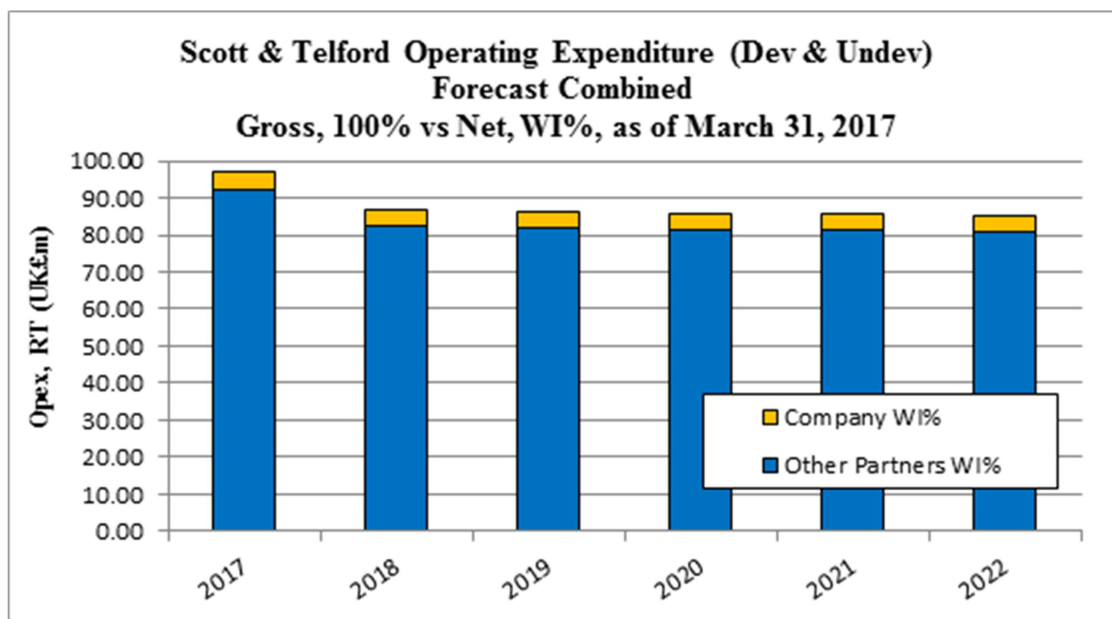


Figure 5. 12 - Scott and Telford Combined – 2P Reserves Operating Expenditure Forecast – Gross, 100% vs. Net, WI%

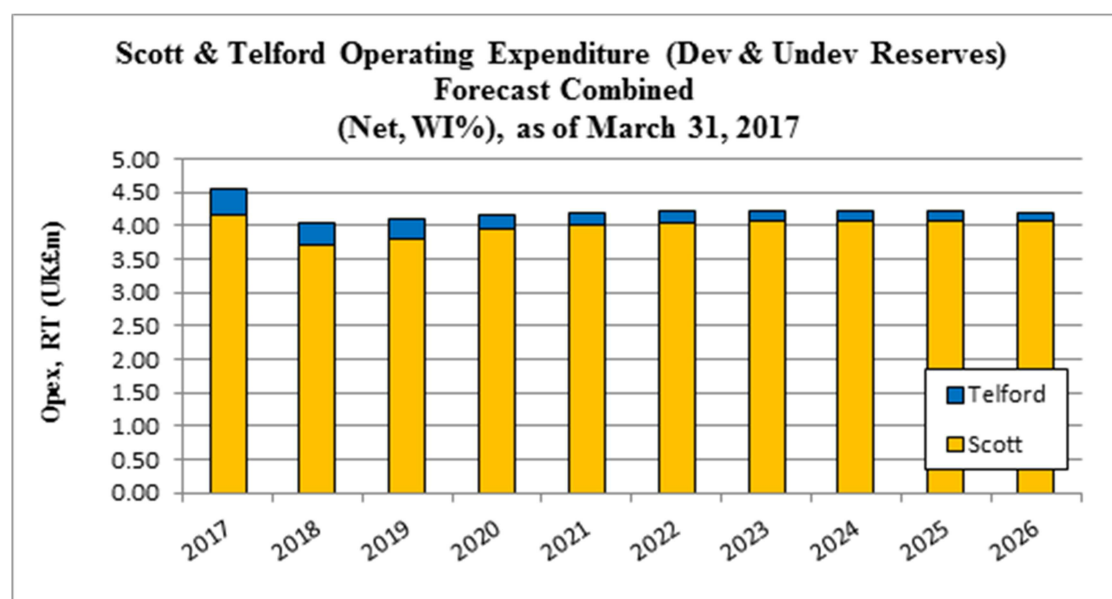


Figure 5. 13 - Scott and Telford Combined – 2P Reserves Operating Expenditure Forecast by Field

**Table 5. 7 - Scott and Telford Combined – Summary of Operating Expenditure (RT, UK£m) by Resource Category, As of March 31, 2017 (Net, WI%)**

Date	Developed Reserves (UK£m)	Undeveloped Reserves (UK£m)	Total Reserves (UK£m)	Contingent Resources (UK£m)	Total (UK£m)
2017	4.48	0.07	4.55	0.00	4.55
2018	4.02	0.04	4.05	0.06	4.11
2019	4.09	0.00	4.09	0.10	4.19
2020	4.13	0.03	4.16	0.01	4.17
2021	4.15	0.04	4.20	0.00	4.20
2022	4.17	0.04	4.21	0.01	4.22
2023	4.17	0.04	4.21	0.03	4.24
2024	4.18	0.03	4.21	0.04	4.25
2025	4.18	0.03	4.20	0.04	4.24
2026	4.17	0.02	4.20	0.04	4.24
2027	4.17	0.02	4.20	0.04	4.24
<b>Total Net, WI%</b>	<b>45.91</b>	<b>0.36</b>	<b>46.27</b>	<b>0.37</b>	<b>46.65</b>
<b>Total, Gross, 100%</b>	<b>932.89</b>	<b>16.07</b>	<b>948.96</b>	<b>21.27</b>	<b>970.23</b>

**Table 5. 8 - Scott– Summary of Opex Developed Reserves (RT, UK£m), As of March 31, 2017 (Net, WI%)**

Date	Fixed (UK£m)	Variable (UK£m)	G&A (UK£m)	3rd Party (UK£m)	Total (UK£m)
2017	4.01	0.53	0.00	-0.38	4.16
2018	4.01	0.00	0.00	-0.31	3.70
2019	4.01	0.00	0.00	-0.22	3.80
2020	4.01	0.00	0.00	-0.07	3.95
2021	4.01	0.00	0.00	0.00	4.01
2022	4.01	0.00	0.00	0.03	4.05
2023	4.01	0.00	0.00	0.05	4.06
2024	4.01	0.00	0.00	0.06	4.07
2025	4.01	0.00	0.00	0.05	4.07
2026	4.01	0.00	0.00	0.05	4.07
2027	4.01	0.00	0.00	0.04	4.07
<b>Total Net, WI%</b>	<b>44.15</b>	<b>0.53</b>	<b>0.00</b>	<b>-0.69</b>	<b>44.01</b>
<b>Total, Gross, 100%</b>	<b>855.68</b>	<b>10.21</b>	<b>0.00</b>	<b>-13.40</b>	<b>852.83</b>



**Table 5.9 - Telford– Summary of Opex Developed Reserves (RT, UK£m), As of December 31, 2017 (Net, WI%)**

<b>Date</b>	<b>Fixed (UK£m)</b>	<b>Variable (UK£m)</b>	<b>G&amp;A (UK£m)</b>	<b>3rd Party (UK£m)</b>	<b>Total (UK£m)</b>
2017	0.18	0.00	0.00	0.20	0.38
2018	0.11	0.00	0.00	0.24	0.35
2019	0.11	0.00	0.00	0.19	0.29
2020	0.11	0.00	0.00	0.11	0.22
2021	0.11	0.00	0.00	0.07	0.18
2022	0.11	0.00	0.00	0.05	0.16
2023	0.11	0.00	0.00	0.04	0.15
2024	0.11	0.00	0.00	0.03	0.14
2025	0.11	0.00	0.00	0.02	0.13
2026	0.11	0.00	0.00	0.02	0.13
2027	0.11	0.00	0.00	0.02	0.13
<b>Total Net, WI%</b>	<b>1.28</b>	<b>0.00</b>	<b>0.00</b>	<b>0.99</b>	<b>2.27</b>
<b>Total, Gross, 100%</b>	<b>54.34</b>	<b>0.00</b>	<b>0.00</b>	<b>41.79</b>	<b>96.13</b>

## 5.4 Decommissioning Costs

Rockrose plc will be liable for their working interest share of the decommissioning costs of the Scott and Telford fields. A decommissioning Security Agreement (DSA) has been put in place for the Scott field and is being prepared for the Telford field.

Petrenel has independently crosschecked the Operator’s estimate of decommissioning cost estimate using available public and proprietary data. Petrenel estimates the cost of decommissioning the Scott platform, wells and subsea facilities, to be £758 Million (RT 1/1/2017). The estimate is close to the Operator’s assumed abandonment expenditure of £773 Million which are therefore considered to be reasonable.

**Table 5. 10 - Scott Decommissioning Cost Estimate**

Scott Decommissioning Petrenel Estimate					
Asset		No	Unit	Unit Cost	Cost (UK£m)
Wells	Platform	28	well	4.1	114.8
	Subsea	26	well	9.9	257.4
Platform	Topsides	32000	tonne	3300	105.6
	Substructure	30000	tonne	4800	144
Subsea facilities		136	unit	1	136
<b>Total</b>					<b>757.8</b>

Petrenel has estimated the decommissioning costs of the Telford wells and facilities to be UK£ 246 m. This is slightly higher than the Operator’s assumption.

**Table 5. 11 - Telford Decommissioning Cost Estimate**

Telford Decommissioning Petrenel Estimate					
Asset		No	Unit	Unit Cost	Cost (UK£m)
Wells	Subsea	15	well	9.9	148.5
	Subsea facilities	97.8	unit	1	97.8
<b>Total</b>					<b>246.3</b>

**Table 5. 12 – Scott and Telford Fields Decommissioning Cost Phasing**

Scott & Telford Fields Decommissioning Expenditure (RT 1/1/2017)						
Year (from COP date)	Scott		Telford		Total	
	Gross (UK£m)	Net (UK£m)	Gross (UK£m)	Net (UK£m)	Gross (UK£m)	Net (UK£m)
-1	50.52	2.61	19.70	0.47	70.22	3.07
0	126.30	6.52	64.04	1.51	190.34	8.03
1	202.08	10.43	68.96	1.63	271.04	12.05
2	151.56	7.82	54.19	1.28	205.75	9.10
3	126.30	6.52	39.41	0.93	165.71	7.45
4	101.04	5.21	0.00	0.00	101.04	5.21
<b>Total</b>	<b>757.80</b>	<b>39.10</b>	<b>246.30</b>	<b>5.81</b>	<b>1004.10</b>	<b>44.92</b>

## 5.5 Cessation of Production

Petrenel has undertaken an economic evaluation of the Scott and Telford fields using Petrenel’s Q1 2017 forecast oil and gas prices and field operating cost forecasts to establish the Cessation of Production date (COP) or when it will become uneconomic to continue to produce the fields). The estimates take into account tariffs received from the Rochelle field. The estimated COP dates for the combined Scott and Telford developments are summarised in the table below.

Estimate of Future Net Revenue associated with the Reserves and Resources are not mandatory under ESMA guidelines and were not included in the Scope of work for this CPR. The valuation of the Reserves has therefore been omitted from this CPR.

**Table 5. 13 - Summary of COP Dates (Scott and Telford Combined)**

<b>Summary of COP Dates</b>			
<b>Reserves</b>	<b>Low (1P)</b>	<b>Best (2P)</b>	<b>High (3P)</b>
<b>Developed Reserves</b> (Production from existing wells only)	Q2 2024	Q1 2028	Q4 2030
<b>Developed &amp; Undeveloped Reserves</b> (Production from existing and planned wells)	Q2 2026	Q1 2030	Q4 2034
<b>Reserves plus Contingent Resources</b>	<b>Low (1P/1C)</b> Q1 2028	<b>Mid (2P/2C)</b> Q4 2031	<b>High (3P/3C)</b> Q4 2035

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## 6. Reserves and Resources

### 6.1 Method of Assessment and Applicable Standards

The estimates of Petroleum Resources presented in this report have been prepared in accordance with the guidelines set forth in the 2011 PRMS prepared and jointly approved by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists and the Society of Petroleum Evaluation Engineers, as well as with the 2010 ESMA guidance established by Regulation (EU) No 1095/2010 of the European Parliament and of the Council

Recoverable volumes are expressed as Gross and Net reserves and resources. Gross reserves or resources are defined as the total estimated petroleum to be produced. Net reserves or resources are defined as the portion of reserves or resources attributed to the disclosing company's interest.

Liquid volumes presented are expressed in millions of stock tank barrels ("MMbbl") of oil (including condensate) or Natural Gas Liquids). Gas volumes are expressed in Millions of standard cubic feet ("MMscf") or billions of standard cubic feet ("Bcf"). Oil equivalent volumes are expressed as millions of barrels of oil equivalent ("MMboe") assuming 5.9 scf of natural gas is equivalent to 1 boe and 1.32 bbl of NGL is equivalent to 1 boe.

Gas reserves or resources are reported as sales gas volumes and defined as the total gas produced ("produced" or "wellhead" gas") from the reservoir less shrinkage due to field separation, fuel consumption, losses, flare, and shrinkage due to gas processing.

The estimation of Recoverable Resources is based upon geological, geophysical and engineering information provided by Rockrose up to the end of March 2017. This data included Operator's technical reports, historical production data, other engineering and geoscientific data. Petrenel has relied, without independent verification, upon the information provided by the Company with respect to the property interest held, development plans, agreements relating to current and future operations and the sale of production, and certain other information and data. It should be noted that the data set made available for the independent evaluation was limited and not all geological and well data was available. In Petrenel's professional opinion, whilst the data set was incomplete, sufficient information was made available to estimate the petroleum resources with reasonable certainty.

A site visit and inspection of the property was not considered necessary for the purpose of this report.

The estimates were prepared using appropriate geological, petroleum engineering, and evaluation principles and techniques that are in agreement with practices generally recognised by the petroleum industry and in accordance with definitions and recommendations established by the SPE PRMS and ESMA. The method or combination of methods used in the analysis was tempered by experience with similar fields, the stage of development, and the quality and completeness of basic data.

The estimates of Petroleum Resources presented in this report have been prepared in accordance with the guidelines set forth in the 2011 PRMS prepared and jointly approved by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists and the Society of Petroleum Evaluation Engineers, as well as with the 2010 ESMA guidance established by Regulation (EU) No 1095/2010 of the European Parliament and of the Council.

## 6.2 Definitions

**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.

**Contingent Resources** are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further 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 their economic status.

**Prospective Resources** are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of discovery and a chance of development. Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity.

### 6.3 Method and Assumptions

The Petroleum Reserves and Resources have been determined using industry standard Reservoir Engineering techniques. The Developed Reserves have been assessed using decline curve analysis. Results have been crosschecked against reported values by the Operator. Undeveloped Reserves and Contingent Resources have been determined for each future activity based on a review of historical well performance. Petroleum reserves have been calculated by aggregating production forecasts up to the calculated Cessation of Production dates. COP dates were established using an integrated cost, production and economic model for the Scott, Telford, and Rochelle fields (PIPPS<sub>TM</sub>). All reserve and resource estimates have been estimated deterministically.

### 6.4 Reserves

Tables below summarise the Reserves associated with the Scott and Telford fields.

**Table 6.1 - Scott and Telford Combined – Reserves Summary, as of March 31, 2017**

Reserves Category	Light & Medium Oil <sup>(1)</sup>		Natural Gas <sup>(2)</sup>		Natural Gas Liquids		Oil Equivalent <sup>(3)</sup>	
	Gross <sup>(4)</sup> (MMbbl)	Net <sup>(5)</sup> (MMbbl)	Gross <sup>(4)</sup> (Bcf)	Net <sup>(5)</sup> (Bcf)	Gross <sup>(4)</sup> (MMbbl)	Net <sup>(5)</sup> (MMbbl)	Gross <sup>(4)</sup> (MMboe)	Net <sup>(5)</sup> (MMboe)
<b>Proved</b>								
Developed Producing	14.59	0.66	7.07	0.28	0.60	0.03	16.25	0.73
Developed Non-Producing	0	0	0	0	0	0	0	0
Undeveloped	7.53	0.33	4.20	0.13	0.33	0.01	8.49	0.36
<b>Total Proved</b>	<b>22.12</b>	<b>1.00</b>	<b>11.27</b>	<b>0.41</b>	<b>0.94</b>	<b>0.04</b>	<b>24.74</b>	<b>1.10</b>
Probable	11.77	0.59	11.34	0.46	0.73	0.03	14.24	0.69
<b>Total Proved Plus Probable</b>	<b>33.89</b>	<b>1.58</b>	<b>22.60</b>	<b>0.88</b>	<b>1.66</b>	<b>0.07</b>	<b>38.98</b>	<b>1.79</b>
Possible	15.33	0.72	14.03	0.58	0.92	0.04	18.40	0.85
<b>Total Proved Plus Probable Plus Possible</b>	<b>49.22</b>	<b>2.31</b>	<b>36.63</b>	<b>1.46</b>	<b>2.58</b>	<b>0.11</b>	<b>57.38</b>	<b>2.64</b>

Notes:

1. Light & medium oil includes condensate produced from non-associated gas reservoirs

2. Natural gas resources include both associated and non-associated gas (combined) and are sales quantities after deduction of gas for own use, losses, and shrinkage

3. Barrel of oil equivalents or BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 5.9 mscf: 1 bbl for natural gas and a BOE conversion ratio of 1.322 bbl: 1 bbl for natural gas liquids based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

4. Gross – 100% WI.

5. Net – COMPANY's entitlement (WI) after deduction of royalties



**Table 6. 2 - Scott – Reserves Summary, as of March 31, 2017**

Reserves Category	Light & Medium Oil <sup>(1)</sup>		Natural Gas <sup>(2)</sup>		Natural Gas Liquids		Oil Equivalent <sup>(3)</sup>	
	Gross <sup>(4)</sup> (MMbbl)	Net <sup>(5)</sup> (MMbbl)	Gross <sup>(4)</sup> (Bcf)	Net <sup>(5)</sup> (Bcf)	Gross <sup>(4)</sup> (MMbbl)	Net <sup>(5)</sup> (MMbbl)	Gross <sup>(4)</sup> (MMboe)	Net <sup>(5)</sup> (MMboe)
<b>Proved</b>								
Developed Producing	11.44	0.59	4.22	0.22	0.41	0.02	12.47	0.64
Developed Non-Producing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Undeveloped	5.58	0.29	0.99	0.05	0.16	0.01	5.87	0.30
<b>Total Proved</b>	<b>17.03</b>	<b>0.88</b>	<b>5.21</b>	<b>0.27</b>	<b>0.57</b>	<b>0.03</b>	<b>18.34</b>	<b>0.95</b>
Probable	10.97	0.57	7.03	0.36	0.53	0.03	12.56	0.65
<b>Total Proved Plus Probable</b>	<b>28.00</b>	<b>1.44</b>	<b>12.24</b>	<b>0.63</b>	<b>1.10</b>	<b>0.06</b>	<b>30.90</b>	<b>1.59</b>
Possible	12.88	0.66	8.87	0.46	0.64	0.03	14.87	0.77
<b>Total Proved Plus Probable Plus Possible</b>	<b>40.88</b>	<b>2.11</b>	<b>21.10</b>	<b>1.09</b>	<b>1.74</b>	<b>0.09</b>	<b>45.77</b>	<b>2.36</b>

Notes:

1. Light & medium oil includes condensate produced from non-associated gas reservoirs
2. Natural gas resources include both associated and non-associated gas (combined) and are sales quantities after deduction of gas for own use, losses, and shrinkage
3. Barrel of oil equivalents or BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 5.9 mscf: 1 bbl for natural gas and a BOE conversion ratio of 1.322 bbl: 1 bbl for natural gas liquids based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.
4. Gross – 100% WI.
5. Net – COMPANY's entitlement (WI) after deduction of royalties

**Table 6. 3 - Telford – Reserves Summary, as of March 31, 2017**

Reserves Category	Light & Medium Oil <sup>(1)</sup>		Natural Gas <sup>(2)</sup>		Natural Gas Liquids		Oil Equivalent <sup>(3)</sup>	
	Gross <sup>(4)</sup> (MMbbl)	Net <sup>(5)</sup> (MMbbl)	Gross <sup>(4)</sup> (Bcf)	Net <sup>(5)</sup> (Bcf)	Gross <sup>(4)</sup> (MMbbl)	Net <sup>(5)</sup> (MMbbl)	Gross <sup>(4)</sup> (MMboe)	Net <sup>(5)</sup> (MMboe)
<b>Proved</b>								
Developed Producing	3.15	0.07	2.85	0.07	0.19	0.00	3.77	0.09
Developed Non-Producing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Undeveloped	1.95	0.05	3.21	0.08	0.18	0.00	2.62	0.06
<b>Total Proved</b>	<b>5.10</b>	<b>0.12</b>	<b>6.06</b>	<b>0.14</b>	<b>0.36</b>	<b>0.01</b>	<b>6.40</b>	<b>0.15</b>
Probable	0.79	0.02	4.31	0.10	0.20	0.00	1.68	0.04
<b>Total Proved Plus Probable</b>	<b>5.89</b>	<b>0.14</b>	<b>10.37</b>	<b>0.24</b>	<b>0.57</b>	<b>0.01</b>	<b>8.08</b>	<b>0.19</b>
Possible	2.45	0.06	5.16	0.12	0.27	0.01	3.53	0.08
<b>Total Proved Plus Probable Plus Possible</b>	<b>8.34</b>	<b>0.20</b>	<b>15.53</b>	<b>0.37</b>	<b>0.84</b>	<b>0.02</b>	<b>11.61</b>	<b>0.27</b>

Notes:

1. Light & medium oil includes condensate produced from non-associated gas reservoirs
2. Natural gas resources include both associated and non-associated gas (combined) and are sales quantities after deduction of gas for own use, losses, and shrinkage
3. Barrel of oil equivalents or BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 5.9 mscf: 1 bbl for natural gas and a BOE conversion ratio of 1.322 bbl: 1 bbl for natural gas liquids based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.
4. Gross – 100% WI.
5. Net – COMPANY's entitlement (WI) after deduction of royalties



## 6.5 Contingent Resources

Tables below summarise Contingent Resources associated with the Scott and Telford fields.

**Table 6.4 - Scott and Telford Contingent Resources Summary, as of March 31, 2017**

Resource Category	Light & Medium Oil <sup>(1)</sup>		Natural Gas <sup>(2)</sup>		Natural Gas Liquids		Oil Equivalent <sup>(3)</sup>	
	Gross <sup>(4)</sup>	Net <sup>(5)</sup>	Gross <sup>(4)</sup>	Net <sup>(5)</sup>	Gross <sup>(4)</sup>	Net <sup>(5)</sup>	Gross <sup>(4)</sup>	Net <sup>(5)</sup>
	MMbbl	MMbbl	Bcf	Bcf	MMbbl	MMbbl	MMboe	MMboe
<b>Low (1C)</b>								
Development Pending	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Development Unclarified	6.96	0.36	1.07	0.06	0.19	0.01	7.28	0.38
Development Not viable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Sub-total</b>	<b>6.96</b>	<b>0.36</b>	<b>1.07</b>	<b>0.06</b>	<b>0.19</b>	<b>0.01</b>	<b>7.28</b>	<b>0.38</b>
<b>Best (2C)</b>								
Development Pending	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Development Unclarified	14.85	0.66	8.41	0.28	0.66	0.03	16.78	0.72
Development Not viable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Sub-total</b>	<b>14.85</b>	<b>0.66</b>	<b>8.41</b>	<b>0.28</b>	<b>0.66</b>	<b>0.03</b>	<b>16.78</b>	<b>0.72</b>
<b>High (3C)</b>								
Development Pending	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Development Unclarified	24.77	1.01	21.70	0.70	1.44	0.05	29.54	1.17
Development Not viable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Sub-total</b>	<b>24.77</b>	<b>1.01</b>	<b>21.70</b>	<b>0.70</b>	<b>1.44</b>	<b>0.05</b>	<b>29.54</b>	<b>1.17</b>

Notes:

1. Light & medium oil includes condensate produced from non-associated gas reservoirs

2. Natural gas resources include both associated and non-associated gas (combined) and are sales quantities after deduction of gas for own use, losses, and shrinkage

3. Barrel of oil equivalents or BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 5.9 mscf: 1 bbl for natural gas and a BOE conversion ratio of 1.322 bbl: 1 bbl for natural gas liquids based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

4. Gross – 100% WI.

5. Net – Company's entitlement (WI) after deduction of royalties



**Table 6.5 - Scott – Contingent Resources Summary, as of March 31, 2017**

RESOURCE CATEGORY	Contingent Resources (Un-risked)							
	Light & Medium Oil <sup>(1)</sup>		Natural Gas <sup>(2)</sup>		Natural Gas Liquids		Oil Equivalent <sup>(3)</sup>	
	Gross <sup>(4)</sup>	Net <sup>(5)</sup>	Gross <sup>(4)</sup>	Net <sup>(5)</sup>	Gross <sup>(4)</sup>	Net <sup>(5)</sup>	Gross <sup>(4)</sup>	Net <sup>(5)</sup>
	MMbbl	MMbbl	Bcf	Bcf	MMbbl	MMbbl	MMboe	MMboe
<b>Low (1C)</b>								
Development Pending	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Development Unclarified	6.96	0.36	1.07	0.06	0.19	0.01	7.28	0.38
Development Not viable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Sub-total</b>	<b>6.96</b>	<b>0.36</b>	<b>1.07</b>	<b>0.06</b>	<b>0.19</b>	<b>0.01</b>	<b>7.28</b>	<b>0.38</b>
<b>Best (2C)</b>								
Development Pending	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Development Unclarified	10.93	0.56	2.95	0.15	0.35	0.02	11.70	0.60
Development Not viable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Sub-total</b>	<b>10.93</b>	<b>0.56</b>	<b>2.95</b>	<b>0.15</b>	<b>0.35</b>	<b>0.02</b>	<b>11.70</b>	<b>0.60</b>
<b>High (3C)</b>								
Development Pending	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Development Unclarified	15.36	0.79	6.73	0.35	0.60	0.03	16.96	0.87
Development Not viable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Sub-total</b>	<b>15.36</b>	<b>0.79</b>	<b>6.73</b>	<b>0.35</b>	<b>0.60</b>	<b>0.03</b>	<b>16.96</b>	<b>0.87</b>

Notes:

1. Light & medium oil includes condensate produced from non-associated gas reservoirs
2. Natural gas resources include both associated and non-associated gas (combined) and are sales quantities after deduction of gas for own use, losses, and shrinkage
3. Barrel of oil equivalents or BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 5.9 mscf: 1 bbl for natural gas and a BOE conversion ratio of 1.322 bbl: 1 bbl for natural gas liquids based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.
4. Gross – 100% WI.
5. Net – COMPANY’s entitlement (WI) after deduction of royalties

**Table 6. 6 - Telford – Contingent Resources Summary, as of December 31, 2016**

RESOURCE CATEGORY	Contingent Resources (Un-risked)							
	Light & Medium Oil <sup>(1)</sup>		Natural Gas <sup>(2)</sup>		Natural Gas Liquids		Oil Equivalent <sup>(3)</sup>	
	Gross <sup>(4)</sup>	Net <sup>(5)</sup>	Gross <sup>(4)</sup>	Net <sup>(5)</sup>	Gross <sup>(4)</sup>	Net <sup>(5)</sup>	Gross <sup>(4)</sup>	Net <sup>(5)</sup>
	MMbbl	MMbbl	Bcf	Bcf	MMbbl	MMbbl	MMboe	MMboe
<b>Low (1C)</b>								
Development Pending	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Development Unclarified	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Development Not viable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Sub-total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Best (2C)</b>								
Development Pending	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Development Unclarified	3.92	0.09	5.46	0.13	0.31	0.01	5.08	0.12
Development Not viable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Sub-total</b>	<b>3.92</b>	<b>0.09</b>	<b>5.46</b>	<b>0.13</b>	<b>0.31</b>	<b>0.01</b>	<b>5.08</b>	<b>0.12</b>
<b>High (3C)</b>								
Development Pending	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Development Unclarified	9.41	0.22	14.97	0.35	0.84	0.02	12.58	0.30
Development Not viable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Sub-total</b>	<b>9.41</b>	<b>0.22</b>	<b>14.97</b>	<b>0.35</b>	<b>0.84</b>	<b>0.02</b>	<b>12.58</b>	<b>0.30</b>

Notes:

1. Light & medium oil includes condensate produced from non-associated gas reservoirs
2. Natural gas resources include both associated and non-associated gas (combined) and are sales quantities after deduction of gas for own use, losses, and shrinkage
3. Barrel of oil equivalents or BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 5.9 mscf: 1 bbl for natural gas and a BOE conversion ratio of 1.322 bbl: 1 bbl for natural gas liquids based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.
4. Gross – 100% WI.
5. Net – COMPANY's entitlement (WI) after deduction of royalties

## 6.6 Prospective Resources

The Prospective Resources within the Scott and Telford field development areas have not been evaluated as insufficient subsurface technical information was available to do so. The Palaeozoic has some potential in this area where the elements of a combined Mesozoic/Palaeozoic working petroleum system could be present. Opportunities may occur where the Kimmeridge Clay source rock lies below or is juxtaposed against Permian and possibly Carboniferous reservoirs below the Smith Bank and Zechstein formations (seals). This could potentially occur along the major faults bounding the rotated fault blocks that form the Scott and particularly Telford fields. It is noted that the Operator has identified one lead in the Telford field within the Palaeozoic, but no information is available. Further work should be done, if it has not been done already, to assess the Palaeozoic potential.



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## **6.7 Changes in Reserves and Resources**

There are no historical reserve or resource statements for Rockrose plc. This is the first disclosure. Upon completion of the transaction and at the end of 2017, the changes in Reserves and Resources attributable to Rockrose, less any production during the period, will be classified as “Additions”.

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## Appendix 1 – Resource Classification

The SPE/WPC/AAPG/SPEE Petroleum Resources Management System (2011) has been adopted in compiling this report. Further information on the Resource Management System can be found at the following websites:

[http://www.spe.org/spe-site/spe/spe/industry/Reserves/Petroleum\\_Resources\\_Management\\_System\\_2011.pdf](http://www.spe.org/spe-site/spe/spe/industry/Reserves/Petroleum_Resources_Management_System_2011.pdf)

[http://www.spe.org/spe-site/spe/spe/industry/Reserves/Reserves\\_Audit\\_Standards\\_2011.pdf](http://www.spe.org/spe-site/spe/spe/industry/Reserves/Reserves_Audit_Standards_2011.pdf)

An overview of the Resources Management System is provided below (courtesy of the SPE):

### **Petroleum Resources Management System**

Petroleum Resources are the estimated quantities of hydrocarbons naturally occurring on or within the Earth's crust. Resource assessments estimate total quantities in known and yet-to-be discovered accumulations; Resources evaluations are focused on those quantities that can potentially be recovered and marketed by commercial projects. A petroleum Resources management system provides a consistent approach to estimating petroleum quantities, evaluating development projects, and presenting results within a comprehensive classification framework. International efforts to standardize the definitions of petroleum Resources and how they are estimated began in the 1930s.

Early guidance focused on Proved Reserves. Building on work initiated by the Society of Petroleum Evaluation Engineers (SPEE), SPE published definitions for all Reserves categories in 1987. In the same year, the World Petroleum Council (WPC, then known as the World Petroleum Congress), working independently, published Reserves definitions that were strikingly similar. In 1997, the two organizations jointly released a single set of definitions for Reserves that could be used worldwide. In 2000, the American Association of Petroleum Geologists (AAPG), SPE, and WPC jointly developed a classification system for all petroleum Resources. This was followed by additional supporting documents: supplemental application evaluation guidelines (2001) and a glossary of terms utilized in Resources definitions (2005).

SPE also published standards for estimating and auditing Reserves information (revised 2007). These definitions and the related classification system are now in common use internationally within the petroleum industry. They provide a measure of comparability and reduce the subjective nature of Resources estimation. However, the technologies employed in petroleum exploration, development, production, and processing continue to evolve and improve. The SPE Oil and Gas Reserves Committee works closely with other organizations to maintain the definitions and issues periodic revisions to keep current with evolving technologies and changing commercial opportunities.

This document (PRMS 2007) consolidates, builds on, and replaces guidance previously contained in the 1997 Petroleum Reserves Definitions, the 2000 Petroleum Resources Classification and Definitions publications, and the 2001 "Guidelines for the Evaluation of Petroleum Reserves and Resources"; the latter document remains a valuable source of more detailed background information, and specific chapters are referenced herein. Appendix 2 is a consolidated glossary of terms used in Resources evaluations and replaces those published in 2005.



These definitions and guidelines are designed to provide a common reference for the international petroleum industry, including national reporting and regulatory disclosure agencies, and to support petroleum project and portfolio management requirements. They are intended to improve clarity in global communications regarding petroleum Resources. It is expected that this document will be supplemented with industry education programs and application guides addressing their implementation in a wide spectrum of technical and/or commercial settings. It is understood that these definitions and guidelines allow flexibility for users and agencies to tailor application for their particular needs; however, any modifications to the guidance contained herein should be clearly identified. The definitions and guidelines contained in this document must not be construed as modifying the interpretation or application of any existing regulatory reporting requirements.

This SPE/WPC/AAPG/SPEE Petroleum Resources Management System document, including its Appendix, may be referred to by the abbreviated term “SPE-PRMS” with the caveat that the full title, including clear recognition of the co-sponsoring organizations, has been initially stated.

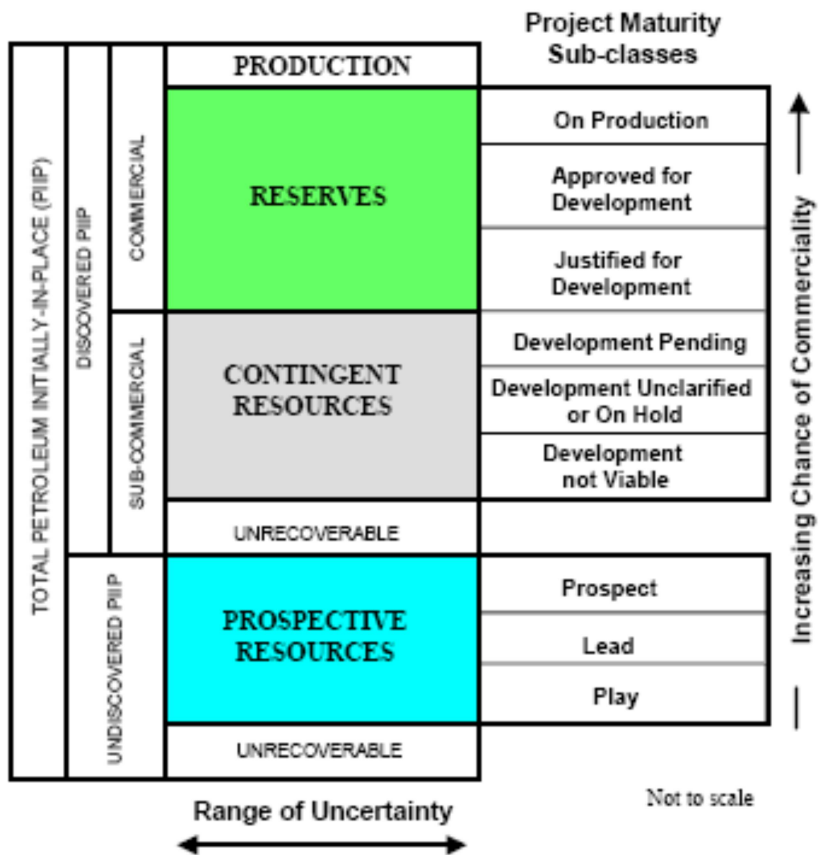
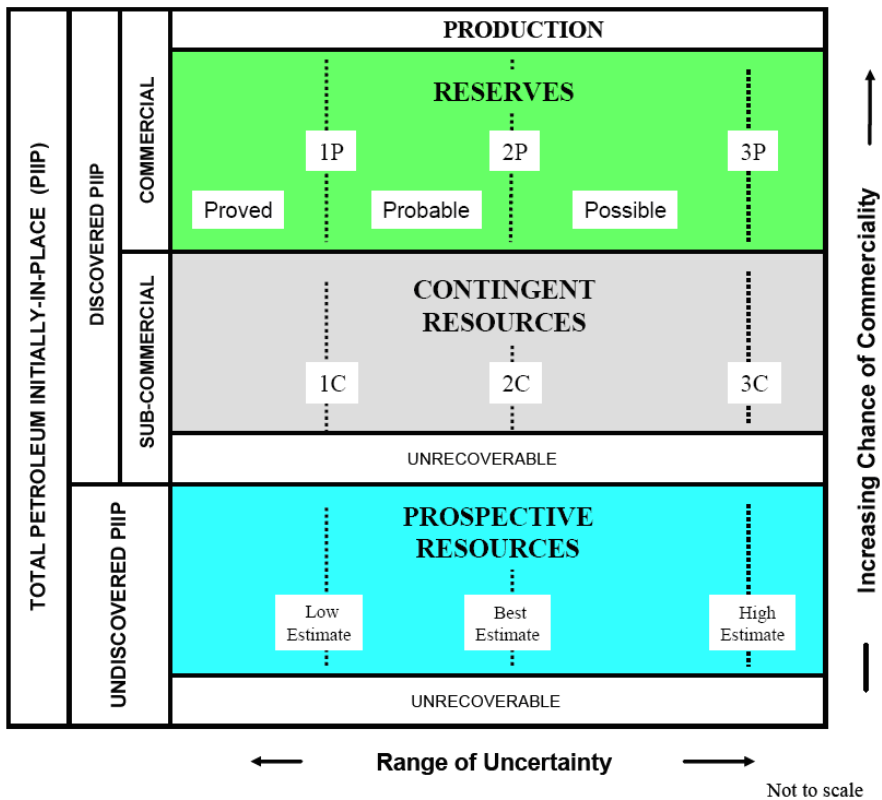
### **Basic Principles and Definitions**

The estimation of petroleum resource quantities involves the interpretation of volumes and values that have an inherent degree of uncertainty. These quantities are associated with development projects at various stages of design and implementation. Use of a consistent classification system enhances comparisons between projects, groups of projects, and total company portfolios according to forecast production profiles and recoveries. Such a system must consider both technical and commercial factors that impact the project’s economic feasibility, its productive life, and its related cash flows.

### **Petroleum Resources Classification Framework**

Petroleum is defined as a naturally occurring mixture consisting of hydrocarbons in the gaseous, liquid, or solid phase. Petroleum may also contain non-hydrocarbons, common examples of which are carbon dioxide, nitrogen, hydrogen sulfide and sulfur. In rare cases, non-hydrocarbon content could be greater than 50%. The term “Resources” as used herein is intended to encompass all quantities of petroleum naturally occurring on or within the Earth’s crust, discovered and undiscovered (Recoverable and Unrecoverable), plus those quantities already produced. Further, it includes all types of petroleum whether currently considered “conventional” or “unconventional.”

Figure below provides a graphical representation of the SPE/WPC/AAPG/SPEE Resources classification system. The system defines the major Recoverable Resources classes: Production, Reserves, Contingent Resources, and Prospective Resources, as well as Unrecoverable petroleum.



**SPE Resource Classification Framework**

The “Range of Uncertainty” reflects a range of estimated quantities potentially Recoverable from an accumulation by a project, while the vertical axis represents the “Chance of Commerciality, that is, the chance that the project that will be developed and reach commercial producing status. The following definitions apply to the major subdivisions within the Resources classification:

### **Petroleum Resource Definitions**

**TOTAL PETROLEUM INITIALLY-IN-PLACE** is that quantity of petroleum that is estimated to exist originally in naturally occurring accumulations. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production plus those estimated quantities in accumulations yet to be discovered (equivalent to “total Resources”).

**DISCOVERED PETROLEUM INITIALLY-IN-PLACE** is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production.

**PRODUCTION** is the cumulative quantity of petroleum that has been recovered at a given date. While all Recoverable Resources are estimated and production is measured in terms of the sales product specifications, raw production (sales plus non-sales) quantities are also measured and required to support engineering analyses based on reservoir voidage. Multiple development projects may be applied to each known accumulation, and each project will recover an estimated portion of the initially-in-place quantities. The projects shall be subdivided into Commercial and Sub-Commercial, with the estimated Recoverable quantities being classified as Reserves and Contingent Resources respectively, as defined below.

**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.

**CONTINGENT RESOURCES** are those quantities of petroleum estimated, as of a given date, to be potentially Recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further 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 their economic status.

**UNDISCOVERED PETROLEUM INITIALLY-IN-PLACE** is that quantity of petroleum estimated, as of a given date, to be contained within accumulations yet to be discovered.



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**PROSPECTIVE RESOURCES** are those quantities of petroleum estimated, as of a given date, to be potentially Recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of discovery and a chance of development. Prospective Resources are further subdivided in accordance with the level of certainty associated with Recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity.

**UNRECOVERABLE** is that portion of Discovered or Undiscovered Petroleum Initially-in- Place quantities which is estimated, as of a given date, not to be Recoverable by future development projects. A portion of these quantities may become Recoverable in the future as commercial circumstances change or technological developments occur; the remaining portion may never be recovered due to physical/chemical constraints represented by subsurface interaction of fluids and reservoir rocks.

**Estimated Ultimate Recovery (EUR)** is not a Resources category, but a term that may be applied to any accumulation or group of accumulations (discovered or undiscovered) to define those quantities of petroleum estimated, as of a given date, to be potentially Recoverable under defined technical and commercial conditions plus those quantities already produced (total of Recoverable Resources). In specialized areas, such as basin potential studies, alternative terminology has been used; the total Resources may be referred to as Total Resource Base or Hydrocarbon Endowment. Total Recoverable or EUR may be termed Basin Potential. The sum of Reserves, Contingent Resources, and Prospective Resources may be referred to as “remaining Recoverable Resources.” When such terms are used, it is important that each classification component of the summation also be provided. Moreover, these quantities should not be aggregated without due consideration of the varying degrees of technical and commercial risk involved with their classification.

## Appendix 2 – Glossary of Terms

### Technical Abbreviations

#### Crude Oil and Natural Gas Liquids

<b>\$/bbl</b>	dollars per barrel
<b>Bbl</b>	Barrel
<b>Bbls</b>	Barrels
<b>Bbls/d</b>	barrels per day
<b>Mbbls</b>	thousand barrels
<b>Mbbls/d</b>	thousand barrels per day
<b>MMbbls</b>	million barrels
<b>MMbbls/d</b>	million barrels per day
<b>STOIP</b>	stock tank oil initially in place
<b>GOR</b>	Gas oil ratio

#### Natural Gas

<b>\$/Mcf</b>	dollars per thousand standard cubic feet
<b>Bcf</b>	billion cubic feet
<b>Bcf/d</b>	billion cubic feet per day
<b>GIIP</b>	gas initially in place
<b>Mcf</b>	thousand cubic feet
<b>Mcf/d</b>	thousand cubic feet per day
<b>MMcf</b>	million standard cubic feet
<b>MMcf/d</b>	million standard cubic feet per day
<b>scf/stb</b>	standard cubic feet per stock tank barrel
<b>NAG</b>	Non associated gas
<b>CGR</b>	Condensate gas ratio
<b>CIIP</b>	Condensate initially in-place
<b>GIIP</b>	gas initially in place
<b>NGL</b>	Natural gas liquids

#### Other Technical

<b>1C</b>	Low estimate Contingent resources	<b>HCIP</b>	Hydrocarbons Initially in Place
<b>1P</b>	Proven Reserves	<b>boe or Boe</b>	Barrels of oil equivalent
<b>2C</b>	Best estimate Contingent resources	<b>MMboe</b>	million barrels of oil equivalent
<b>2P</b>	Proven and Possible reserves		
<b>3C</b>	High Estimate of contingent resources		
<b>3P</b>	Proven, Possible and Probable reserves		
<b>EUR</b>	Estimated Ultimate Recovery		
<b>API</b>	American Petroleum Institute and, in the context of a gravity measurement of crude oil, refers to an inverted scale for denoting the 'lightness' or 'heaviness' of crude oils and other liquid hydrocarbons		
<b>AVO</b>	amplitude vs offset	<b>mss</b>	meter sub-sea
<b>BS&amp;W</b>	Basic sediment and water	<b>mD</b>	milliDarcy
<b>deg F</b>	degrees Fahrenheit	<b>MDT</b>	modular dynamic test
<b>DST</b>	Drill stem test	<b>OUT</b>	Oil up to
<b>PHIE</b>	Effective porosity	<b>OWC</b>	Oil-water contact
<b>ft</b>	Feet	<b>Kh</b>	Permeability thickness
<b>FTHP</b>	Flowing tubing head pressure	<b>PPT</b>	Petroleum Profit Tax
<b>FTP</b>	Flowing tubing pressure	<b>PVT</b>	Pressure, volume, temperature

<b>FWL</b>	Free water level	<b>RF</b>	Recovery factor
<b>GDT</b>	Gas down to	<b>RFT</b>	Repeat formation test
<b>GOC</b>	Gas-oil contact	<b>km<sup>2</sup></b>	Square kilometres
<b>GWC</b>	Gas-water contact	<b>Net To Gross or NTG</b>	The ratio of the thickness of those sections of a reservoir that are able to produce oil and/or gas to the total thickness of a reservoir
<b>Swirr</b>	Irreducible water saturation	<b>PHIT</b>	Total porosity
<b>km</b>	Kilometres	<b>TVD</b>	True vertical depth
<b>LKG</b>	Lowest known gas	<b>TVD<sub>ss</sub></b>	True Vertical Depth sub sea
<b>LKO</b>	Lowest known oil	<b>WCT</b>	Water cut
<b>Md</b>	measured depth	<b>Sw</b>	Water saturation
<b>MD</b>	measured depth	<b>WUT</b>	Water up to
<b>m</b>	meter	<b>WHP</b>	Well head platform

#### Glossary of Other Terms

<b>%</b>	percent	<b>LNG</b>	liquefied natural gas
<b>AMNI”, “the Client” or “the Company”</b>	AMNI International Petroleum Development Company Ltd.	<b>MOPU</b>	Mobile offshore drilling unit
<b>CITA</b>	Corporate Income Tax	<b>NAG</b>	non-associated gas
<b>CNL</b>	Chevron Nigeria Ltd	<b>NNPC</b>	Nigerian National Petroleum Corporation
<b>CPR</b>	Competent Person’s Report	<b>OML</b>	Oil Mining Licence
<b>CPR</b>	Competent Person Report	<b>Petrenel</b>	Petroleum and Renewable Energy Company Limited
<b>FDP</b>	Field development plan	<b>PRMS</b>	Petroleum Resource Management System
<b>FLNG</b>	floating liquefied natural gas facility	<b>US\$ or \$</b>	American US dollars
<b>G&amp;A</b>	General and Administrative costs	<b>US\$m</b>	Million American US dollars
<b>JOA</b>	Joint Operating Agreement	<b>WI</b>	Working Interest
<b>JV</b>	Joint Venture		

## Appendix 3 – Certification

### CERTIFICATE OF QUALIFICATION FOR STEWART WHITELEY

I, Stewart Whiteley BSc (Hons), MSc, DIC, FGS, SPE, MEI, C.Eng, of Petrenel (The Petroleum & Renewable Energy Company Ltd), Suite 6, Silwood Park, Buckhurst Road, Ascot, United Kingdom, SL5 7PW, hereby certify:

1. I am an employee of Petrenel, which has undertaken an evaluation of Rockrose plc's intended interest in the Scott and Telford oil fields. The effective date of this evaluation is March 31, 2017.
2. I do not have, nor do I expect to receive, any direct or indirect interest in the securities of Rockrose plc or its affiliated companies.
3. I attended the University of Newcastle-upon-Tyne and graduated with a Bachelor of Science degree in Geology and Imperial College, London where I received a post graduate MSc in Engineering geology. I have over 35 years' experience in the conduct of evaluation and engineering studies relating to oil and gas fields. I am a Registered Professional Engineer (Chartered Engineer) with the Energy Institute of London and the Engineering Council (Registrant 351 493).
4. A personal field inspection of the evaluated properties has not been made. However, such an inspection was not considered necessary in view of the information provided by the disclosing company or available from public sources and the appropriate regulatory authorities.
5. Signed:



Stewart Whiteley

BSc (Hons), MSc, DIC, FGS, SPE, MEI, C.Eng

Managing Director



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**CERTIFICATE OF QUALIFICATION FOR PHIL BECK**

I, Phil Beck BSc (Hons), MSc, SPE, of Petrenel (The Petroleum & Renewable Energy Company Ltd), Suite 6, Silwood Park, Buckhurst Road, Ascot, United Kingdom, SL5 7PW, hereby certify:

1. I am a consultant of Petrenel, which has undertaken an evaluation of Rockrose plc's intended interest in the Scott and Telford oil fields. The effective date of this evaluation is March 31, 2017.
2. I do not have, nor do I expect to receive, any direct or indirect interest in the securities of Rockrose plc or its affiliated companies.
3. I attended Exeter University and graduated with a Bachelor of Science degree in Geophysics and Imperial College, London where I was awarded a Master in Petroleum Engineering. I have over 35 years' experience in the conduct of evaluation and engineering studies relating to oil and gas fields. I am a Member of the Society of Petroleum Engineers and a Member of the Institute of Directors.
4. A personal field inspection of the evaluated properties has not been made. However, such an inspection was not considered necessary in view of the information provided by the disclosing company or available from public sources and the appropriate regulatory authorities.
5. Signed:



Phil Beck  
BSc (Hons), MSc, SPE  
Chairman

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**CERTIFICATE OF QUALIFICATION FOR ALENA STRANSKA**

I, Alena Stranska BSc (Hons), FGS, of Petrenel (The Petroleum & Renewable Energy Company Ltd), Suite 6, Silwood Park, Buckhurst Road, Ascot, United Kingdom, SL5 7PW, hereby certify.

1. I am an employee of Petrenel, which has undertaken an evaluation of Rockrose plc's intended interest in the Scott and Telford oil fields. The effective date of this evaluation is March 31, 2017.
2. I do not have, nor do I expect to receive, any direct or indirect interest in the securities of Rockrose plc or its affiliated companies.
3. I attended the University of London, Royal Holloway College and graduated with a Bachelor of Science degree in Geology. I have 13 years' experience in the conduct of evaluation and engineering studies relating to oil and gas fields.
4. A personal field inspection of the evaluated properties has not been made. However, such an inspection was not considered necessary in view of the information provided by the disclosing company or available from public sources and the appropriate regulatory authorities.

Signed:



Alena Stranska

BSc (Hons)

Operations Director

## PART X

### THE PLACING AND THE SUBSCRIPTION

#### Details of the Placing

The Managers have (subject to the terms of the Placing Agreement) agreed to use their respective reasonable endeavours to place 1,699,594 New Ordinary Shares at the Issue Price with institutional and other investors to raise Net Placing Proceeds of £2,254,391.

The Placing Agreement provides for Hannam to receive, conditional upon Admission a commission equal to 5 per cent of the gross placing proceeds from placees procured by Hannam and a commission equal to 1 per cent of the gross placing proceeds from placees identified by the Directors. The Placing Agreement provides for WHL to receive, conditional upon Admission, a commission equal to 3 per cent of the gross placing proceeds from placees procured by WHL and an administration fee of £25,000.

The Placing is conditional upon, *inter alia*, the Placing Agreement having become unconditional in all respects. In the event that the Placing does not complete, Admission will not take place.

The New Ordinary Shares will, upon issue, rank *pari passu* with the Existing Ordinary Shares.

Further details of the Placing Agreement can be found in paragraph 10.5 of Part XV of this document.

The net proceeds of the Fundraise to the Company amount to £7,298,501, after deduction of fees and expenses payable by the Company related to the Placing and Admission. The Placing is conditional on, *inter alia*, Admission. If Admission does not proceed, the Placing will not proceed and all monies paid will be refunded to the applicants at their sole risk and without interest. In accordance with Listing Rule 14.2.2, at Admission at least 25 per cent. of the Ordinary Shares of this listed class will be in public hands (as defined in the Listing Rules).

#### Details of the Subscription

Pursuant to the terms of the Egerton Acquisition, the Company has granted Arunvill an option to subscribe in cash in the total amount of £4,000,000 for New Ordinary Shares in the Company on Admission. Arunvill will enter into a lock-up and orderly market deed in respect of such New Ordinary Shares. In addition the Company has entered into subscription letters, in respect of applications for a further 967,074 New Ordinary Shares, with certain of the Directors, certain of their spouses and third parties, all of which are conditional, *inter alia*, upon the Placing Agreement having become unconditional in all respects.

#### Admission, Dealings and CREST

Completion of the Placing is subject to the satisfaction of conditions contained in the Placing Agreement, including Admission occurring on or before 6 July 2017 or such later date as may be agreed by the Managers and the Company, not being later than 15 July 2017.

Completion of the Subscription is subject to the satisfaction of conditions contained in the Subscription Agreement, including Admission occurring on or before 15 July 2017.

Admission is expected to take place and dealings in the Ordinary Shares are expected to commence on the London Stock Exchange at 8.00 a.m. on 6 July 2017.

Where applicable, definitive share certificates in respect of the New Ordinary Shares to be issued pursuant to the Placing are expected to be despatched, by post at the risk of the recipients, to the relevant holders, not later than 10 July 2017. The New Ordinary Shares are in registered form and can also be held in uncertificated form. Prior to the despatch of definitive share certificates in respect of any New Ordinary Shares which are held in certificated form, transfers of those Ordinary Shares will be certified against the register of members of the Company. No temporary documents of title will be issued.

#### Use of Proceeds

The gross proceeds of the Fundraise will be used to pay the expenses of the Placing and Admission and to further the Company's objective of making further acquisitions.

The total expenses incurred (or to be incurred) by the Company in connection with Admission and the Fundraise and are approximately £701,500 which, if paid out of the proceeds of the Placing, would give Net Fundraise Proceeds of £7,298,501.

The Company's intention is to use the Net Fundraise Proceeds to fund the due diligence and other transaction costs in respect of whatever is necessary to pursue further acquisitions including the Proposed Sojitz Acquisition (although the Company does not require the proceeds of the Fundraise to complete the Proposed Sojitz Acquisition). Due diligence will include a legal, financial, technical and operational evaluation of an acquisition. The Directors would not anticipate the costs and expenses of investigating any particular acquisition opportunity exceeding £250,000. The Net Proceeds of the Fundraise will accordingly enhance the Company's ability to examine and evaluate further acquisitions but are not required as working capital for the Acquisitions or the operational business of the Enlarged Group.

### **CREST**

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of Ordinary Shares under the CREST system. The Ordinary Shares are admitted to CREST and accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if any investor so wishes.

CREST is a voluntary system and shareholders who wish to receive and retain certificates for their Ordinary Shares will be able to do so. Shareholders may elect to receive Ordinary Shares in uncertificated form if such shareholder is a system-member (as defined in the CREST Regulations) in relation to CREST.

### **Selling Restrictions**

The Ordinary Shares will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the US and may not be taken up, offered, sold, resold, transferred, delivered or distributed, directly or indirectly, in the US.

Certain restrictions that apply to the distribution of this document and the New Ordinary Shares being issued pursuant to the Placing in certain jurisdictions are described in the section headed 'Notices to Investors' at the start of this document.

### **Transferability**

The Company's Ordinary Shares, consisting of the Existing Ordinary Shares and, following completion of the Fundraise and the Egerton Acquisition, the New Ordinary Shares, are freely transferable and tradable and there are no restrictions on transfer.

## PART XI

### SELECTED FINANCIAL INFORMATION ON THE COMPANY

The tables below set out selected financial information of the Company for the period 18 months 31 December 2016 as extracted directly from the historical financial information of the Company.

#### Selected Financial Information of the Company:

#### Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the 18 months ended 31 December 2016

	18 months ended 31 December 2016 £
Administrative expenses	(1,292,584)
Exceptional items: initial public offering costs	(48,164)
<b>Operating loss</b>	<b>(1,340,748)</b>
Finance income	3,893
Finance costs	(2)
<b>Loss before taxation</b>	<b>(1,336,857)</b>
Tax	—
Loss for period and total comprehensive expense	<u>(1,336,857)</u>

#### Consolidated Statement of Financial Position as at 31 December 2016

	At 31 December 2016 £
<b>Assets</b>	
<b>Current assets</b>	
Trade and other receivables	244,428
Cash and cash equivalents	2,387,968
<b>Total assets</b>	<u>2,632,396</u>
<b>Current liabilities</b>	
Trade and other payables	441,042
<b>Total liabilities</b>	<u>441,042</u>
<b>Equity and liabilities</b>	
<b>Share capital and reserves</b>	
Share capital	2,000,000
Share option reserve	76,895
Share premium	2,224,816
Accumulated losses	(2,110,357)
<b>Total equity</b>	<u>2,191,354</u>
<b>Total equity and liabilities</b>	<u>2,632,396</u>

**Consolidated Statement of Cash Flows**  
**for the 18 months ended 31 December 2016**

	<i>18 months ended 31 December 2016 £</i>
<b>Cash flows from operating activities</b>	
Loss for the period	(1,336,857)
Share based payments	76,895
Finance cost	2
Finance income	(3,893)
Increase in trade and other receivables	(244,428)
Increase in trade and other payables	441,040
	<hr/>
<b>Net cash used in operating activities</b>	<b>(1,067,241)</b>
	<hr/>
<b>Cash flows from investing activities</b>	
Interest received	3,893
	<hr/>
<b>Net cash generated from investing activities</b>	<b>3,893</b>
	<hr/>
<b>Cash flows from financing activities</b>	
Proceeds from issue of shares net of treasury shares	4,226,500
Initial public offering costs	(775,184)
	<hr/>
<b>Net cash generated from financing activities</b>	<b>3,451,316</b>
	<hr/>
<b>Net increase in cash and cash equivalents</b>	<b>2,387,968</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>—</b>
	<hr/>
<b>Cash and cash equivalents at end of period</b>	<b>2,387,968</b>
	<hr/> <hr/>

During the period covered by the historical financial information set out above, the significant change to the Company's financial position was the receipt of net proceeds from the issue of shares in conjunction with the Original Admission. There was no significant change to the Company's operating results during the period.

## PART XII

### OPERATING AND FINANCIAL REVIEW OF ROCKROSE (INCLUDING LIQUIDITY AND CAPITAL RESOURCES AND CAPITALISATION AND INDEBTEDNESS)

*The following operating and financial review contains financial information that has been extracted or derived without material adjustment from the Company's financial information for the year ended 31 December 2016, which is the only relevant period, included in "Part XI – Financial Information on the Company") prepared in accordance with IFRS.*

*This discussion contains forward-looking statements, which, although based on assumptions that the Directors consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. Investors should read the notice in relation to forward looking statements contained on pages 29 and 30.*

*The key risks and uncertainties, include, but are not limited to those described in the section of this document entitled "Risk Factors" on pages 17 to 29.*

#### **Overview**

The Company was incorporated on 1 July 2015 as an investment vehicle to identify and complete an acquisition of a company or business in the services sector which requires further funding for expansion in conjunction with a public quotation for its shares which would prove beneficial to the existing Shareholders, management, employees and shareholders of the business being acquired.

The Company has now identified the Acquisitions for which it is prepared to receive in aggregate £15,540,000.

The Company has now published its financial results for the first year ended 31 December 2016, which shows cash balance of £2,387,968. Since the admission to the Official List of the UKLA and to the London Stock Exchange's Main Market on 13 January 2015 to date, the Company's operations have been limited to investigating potential acquisition targets and the current cash balance reflects the minor operating costs. The Company has no material liabilities other than in respect of the Acquisitions.

#### **Capital resources**

The Company's capital resources comprise its share capital and reserves.

In the period ended 31 December 2016, being the period covered by the most recently published audited financial information, cash outflow from operations totalled £1,067,241. Cash inflows from investing activities amounted to £3,893 and cash inflows from financing activities amounted to £3,451,316. No dividends on Ordinary Shares or other cash flows arose during the period.

The Company does not forecast any restrictions on its ability to meet financial commitments as they fall due.

#### **Capitalisation and indebtedness**

The following table shows the Company's indebtedness (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness) as at 31 December 2016 and the Company's capitalisation as at 31 December 2016 (being the last date in respect of which the Company has published financial information).

	<i>As at 31 December 2016 £</i>
<b>Total current debt</b>	
Guaranteed	—
Secured	—
Unguaranteed/unsecured	—
Total non-current debt (excluding current portion of non-current debt)	
Guaranteed	—
Secured	—
Unguaranteed/unsecured	—
<b>Shareholders' equity</b>	
Share capital	4,224,816
Legal reserve	—
Other reserves	76,895
<b>Total capitalisation</b>	<u>4,301,711</u>

The information above has been extracted without material adjustment from the audited annual report of the Company for the period ended 31 December 2016.

The following table shows the Company's audited net indebtedness as at 31 December 2016

	<i>As at 31 December 2016 £</i>
Cash	2,387,968
Liquidity	<u>2,387,968</u>
Current financial debt	—
Net current financial indebtedness	2,387,968
Non-current financial indebtedness	—
Net financial indebtedness	<u>2,387,968</u>

The Company had no indirect or contingent indebtedness at 31 December 2016.

There has been no material change in the capitalisation and indebtedness of the Company as at 31 December 2016 (being the last date in respect of which the Company has published audited financial information). The cash balance as at 30 June 2017 was £1,438,727 and there were as at that date no borrowings.

### **Hedging arrangements and risk management**

The Company may use forward contracts, options, swaps, caps, collars and floors or other strategies or forms of derivative instruments to limit its exposure to changes in the relative values of investments that may result from market developments, including changes in prevailing interest rates and currency exchange rates, as previously described. It is expected that the extent of risk management activities by the Company will vary based on the level of exposure and consideration of risk across the business.

The success of any hedging or other derivative transaction generally will depend on the Company's ability to correctly predict market changes. As a result, while the Company may enter into such a transaction to reduce exposure to market risks, unanticipated market changes may result in poorer overall investment performance than if the transaction had not been executed. In addition, the degree of correlation between price movements of the instruments used in connection with hedging activities and price movements in a position being hedged may vary. Moreover, for a variety of reasons, the Company may not seek, or be successful in establishing, an exact correlation between the instruments used in a hedging or other derivative transactions and the position being hedged and could create new risks of loss. In addition, it may not be possible to fully or perfectly

limit the Company's exposure against all changes in the values of its assets, because the values of its assets are likely to fluctuate as a result of a number of factors, some of which will be beyond the Company's control.

## PART XIII

### TAXATION

#### **General**

The following statements are intended only as a general guide to certain UK tax considerations and do not purport to be a complete analysis of all potential UK tax consequences of acquiring holding or disposing of the Ordinary Shares. They are based on current UK tax legislation and what is understood to be the current published practice of HMRC as at the date of this document, both of which may change at any time, possibly with retroactive effect. They apply only to Shareholders who are resident and, in the case of individuals domiciled, for tax purposes in (and only in) the UK (except insofar as express reference is made to the treatment of non-UK residents), who hold their Ordinary Shares as an investment (other than in an individual savings account or a Self Invested Personal Pension) and who are the absolute legal and beneficial owner of both the Ordinary Shares and any dividends paid on them. The tax position of certain categories of Shareholders who are subject to special rules (such as persons acquiring their Ordinary Shares in connection with employment, dealers in securities, insurance companies and collective investment schemes) is not considered.

**The statements summarise the current position and are intended as a general guide only. Prospective investors who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the UK are strongly recommended to consult their own professional advisers.**

#### **Taxation of Dividends**

The Company is not required to withhold tax when paying a dividend. Liability to tax on dividends will depend upon the individual circumstances of a Shareholder.

##### *UK resident individual Shareholders*

An individual Shareholder who is resident for tax purposes in the UK and who receives a cash dividend from the Company will generally not pay income tax on the first £5,000 of dividend income in any tax year. An individual UK resident Shareholder who is subject to income tax at a rate or rates not exceeding the basic rate will be liable to tax on the dividend in excess of £5,000 at the rate of 7.5 per cent.

An individual UK resident Shareholder who is subject to income tax at the higher rate or the additional rate will be liable to income tax on the gross dividend at the rate of 32.5 per cent. (2017/18) or 38.1 per cent. (2017/18) respectively to the extent that such sum, when treated as the top slice of that Shareholder's income, falls above the threshold for higher rate or additional rate income tax.

An individual UK Shareholder who has ceased to be resident for tax purposes in the UK or is treated as resident outside the UK for the purposes of a double tax treaty ("Treaty non-resident") and who receives or becomes entitled to dividends from the Company during that period of temporary non-residence may, if the Company is treated as a close company for UK tax purposes and certain other conditions are met, be liable for income tax on those dividends on his or her return to the UK if the temporary non-residence rules are met.

It should be noted that the draft Finance Bill 2017 originally contained provisions to reduce the tax-free dividend allowance from £5,000 to £2,000, effective 6 April 2018. However, due to the proposed general election in June, these provisions have been removed from the Finance Bill 2017 but may be included in a second finance bill later on this year.

##### *UK resident corporate Shareholders*

It is likely that most dividends paid on the Ordinary Shares to UK resident corporate shareholders would fall within one or more of the classes of dividend qualifying for exemption from corporation tax. However, it should be noted that the exemptions are not comprehensive and are also subject to anti-avoidance rules. If the conditions for exemption are not, or cease to be, satisfied, or such a Shareholder elects for an otherwise exempt dividend to be taxable, the Shareholder will be subject to UK corporation tax on dividends received from the Company. Corporation tax is charged on dividends at the rate applicable to that company.

### *UK resident exempt Shareholders*

UK resident Shareholders who are not liable to UK tax on dividends, including pension funds and charities, are not entitled to claim repayment of the tax credit.

### *Non-UK resident Shareholders*

A Shareholder resident outside the UK may be subject to non-UK taxation on dividend income under local law. A Shareholder who is resident outside the UK for tax purposes should consult his own tax adviser concerning his tax position on dividends received from the Company.

## **Taxation of Disposals**

A disposal or deemed disposal of Ordinary Shares by a Shareholder who is resident in the UK for tax purposes may, depending upon the Shareholder's 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.

For a Shareholder within the charge to UK capital gains tax, capital gains tax is charged on gains on the disposal of Ordinary Shares to the extent that the gain exceeds any applicable annual exemption. The rate is 10 per cent. (2017/18) for individuals who are subject to income tax at the basic rate; and 20 per cent. (2017/18) for all trustees and personal representatives, and individuals who are subject to income tax at the higher or additional rates. For a corporate Shareholder within the charge to UK corporation tax, corporation tax is charged on chargeable gains at the rate at 19 per cent. (2017/18).

Shareholders who are not resident in the UK will not generally 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 Shares are used, held or acquired. Non-UK tax resident Shareholders may be subject to non-UK taxation on any gain under local law.

An individual Shareholder who has ceased to be resident for tax purposes in the UK or is treated as resident outside the UK for the purposes of a double tax treaty ("Treaty non-resident") and who disposes of all or part of their Shares during that period may be liable to capital gains tax on their return to the UK if the temporary non-residence rules are met, subject to any available exemptions or reliefs.

## **Stamp duty and Stamp Duty Reserve Tax ("SDRT")**

### *The Placing*

The issue of Ordinary Shares direct to persons acquiring Ordinary Shares pursuant to the Placing will not generally give rise to stamp duty or SDRT.

### *Subsequent Transfers*

Stamp duty at the rate of 0.5 per cent (rounded up to the next multiple of £5) of the amount or value of the consideration given is generally payable on an instrument transferring Shares. As noted above, an exemption from stamp duty is available on an instrument transferring Ordinary Shares where the amount or value of the consideration is £1,000 or less, and it is certificated 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. A charge to SDRT will also arise on an unconditional agreement to transfer Ordinary Shares (at the rate of 0.5 per cent of the amount or value of the consideration payable). However, if within six years of the date of the agreement becoming unconditional an instrument of transfer is executed pursuant to the agreement, and stamp duty is paid on that instrument, or the instrument is otherwise exempt, any SDRT already paid will be refunded (generally, but not necessarily, with interest) provided that a claim for repayment is made, and any outstanding liability to SDRT will be cancelled. The liability to pay stamp duty or SDRT is generally satisfied by the purchaser or transferee.

### *Ordinary Shares transferred through paperless means including CREST*

Paperless transfers of Ordinary Shares, such as those occurring within CREST, are generally liable to SDRT rather than stamp duty, at the rate of 0.5 per cent of the amount or value of the

consideration. CREST is obliged to collect SDRT on relevant transactions settled within the system. The charge is generally borne by the purchaser. Under the CREST system, no stamp duty or SDRT will arise on a transfer of Ordinary Shares into the system unless such a transfer is made for consideration in money or money's worth, in which case a liability to SDRT (usually at a rate of 0.5 per cent) will arise.

#### *Ordinary Shares held through Clearance Systems or Depositary Receipt Arrangements*

Special rules apply where Ordinary Shares are issued or transferred to, or to a nominee or agent for, either a person whose business is or includes issuing depositary receipts within Section 67 or Section 93 of the Finance Act 1986 or a person providing a clearance service within Section 70 or Section 96 of the Finance Act 1986, under which SDRT or stamp duty may be charged at a rate of 1.5 per cent. Following litigation HMRC has confirmed that they will no longer seek to apply the 1.5 per cent. SDRT charge on an issue of shares into a clearance service or depositary receipt arrangement on the basis that the charge is not compatible with EU law. HMRC's view is that the 1.5 per cent. SDRT or stamp duty charge will continue to apply to transfers of shares into a clearance service or depositary receipt arrangement unless they are an integral part of an issue of share capital. This view is currently being challenged in further litigation.

**Accordingly, specific professional advice should be sought before incurring a 1.5 per cent. stamp duty or stamp duty reserve tax charge in any circumstances.**

**The statements in this section apply to any holders of Ordinary Shares 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.**

#### **Inheritance Tax**

The Ordinary Shares will be assets situated in the UK for the purposes of UK inheritance tax. A gift of such assets by, or the death of, an individual holder of such assets may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax even if the holder is neither domiciled in the UK nor deemed to be domiciled there under certain rules relating to long residence or previous domicile. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit.

Special rules also apply to close companies and to trustees of settlements who hold shares, bringing them within the charge to inheritance tax. Shareholders should consult an appropriate tax adviser if they make a gift or transfer at less than market value or intend to hold any Ordinary Shares through trust arrangements.

## PART XIV

### CONSEQUENCES OF A STANDARD LISTING

As the Acquisitions are classified as a Reverse Takeover under the Listing Rules, upon completion of the Acquisition, the listing on the standard listing segment of the Official List of all of the Existing Ordinary Shares will be cancelled and an application will be made for the immediate admission of those Enlarged Shares Capital to the Official List of the UKLA by means of a Standard Listing and to trading on the Main Market of the London Stock Exchange pursuant to Chapter 14 of the Listing Rules, which sets out the requirements for Standard Listings. The Company intends to comply with the Listing Principles set out in Chapter 7 of the Listing Rules at Listing Rule 7.2.1 which apply to all companies with their securities admitted to the Official List. In addition, the Company also intends to comply with the Listing Principles at Listing Rule 7.2.1A notwithstanding that they only apply to companies which obtain a Premium Listing on the Official List. With regard to the Listing Principles at 7.2.1A, the Company is not, however, formally subject to such Listing Principles and will not be required to comply with them by the UK Listing Authority.

While the Company has a Standard Listing, it is not required to comply with the provisions of, *inter alia*:

- Chapter 8 of the Listing Rules regarding the appointment of a sponsor to guide the Company in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters. The Company has not and does not intend to appoint such a sponsor in connection with the Placing and Admission;
- Chapter 10 of the Listing Rules relating to significant transactions. It should be noted therefore that the Acquisitions will not require Shareholder consent, even if Ordinary Shares are being issued as consideration for the Acquisitions;
- Chapter 11 of the Listing Rules regarding related party transactions. Nevertheless, the Company will not enter into any transaction which would constitute a 'related party transaction' as defined in Chapter 11 of the Listing Rules without the specific prior approval of the Directors;
- Chapter 12 of the Listing Rules regarding purchases by the Company of its Ordinary Shares. In particular, the Company has not adopted a policy consistent with the provisions of Listing Rules 12.4.1 and 12.4.2. Until the Acquisitions the Company will have unlimited authority to purchase 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 so to comply. However the FCA would be able to impose sanctions for non-compliance where the statement regarding compliance in this document are themselves misleading, false or deceptive.**

## PART XV

### ADDITIONAL INFORMATION

#### 1. Responsibility

The Directors, whose names appear on page 35, and the Company accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Company (who have each 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 was incorporated on 1 July 2015 as a public company with limited liability under the Companies Act.
- 2.2 The Company is not regulated by the FCA or any financial services or other regulator. With effect from Admission, the Company will be subject to the Listing Rules and the Disclosure and Transparency Rules (and the resulting jurisdiction of the UK Listing Authority), to the extent such rules apply to companies with a Standard Listing pursuant to Chapter 14 of the Listing Rules.
- 2.3 The principal legislation under which the Company operates, and pursuant to which the Ordinary Shares have been created, is the Companies Act and the regulations made thereunder. The Company operates in conformity with its constitution. The Company is subject to the Listing Rules and the Disclosure and Transparency Rules (and the resulting jurisdiction of the UK Listing Authority) to the extent such rules apply to companies with a Standard Listing pursuant to Chapter 14 of the Listing Rules.
- 2.4 The Company's registered office is at c/o Cooley Services Limited, Dashwood, 69 Old Broad Street, London EC2M 1QS. The Company's telephone number is +44 (0) 20 7556 4261.
- 2.5 On incorporation of the Company, Andrew Austin subscribed for 1,200,000 ordinary shares of 5p in the Company at a price of 12.5p each (equivalent to 300,000 shares at a price of 50p each on a consolidated basis).
- 2.6 On 5 August 2015 a special resolution was passed to consolidate every four ordinary shares of 5p each into an ordinary share of 20p.
- 2.7 By a special resolution of the Founder Shareholder passed by a written resolution of the sole shareholder of the Company on 5 November 2015, the Articles were adopted with effect from Admission in substitution for and to the exclusion of the Company's then existing articles of association.
- 2.8 Pursuant to a written resolution of the sole shareholder passed on 5 November 2015:
- (a) the Directors were authorised in accordance with section 551 of the Companies Act to exercise all the powers of the Company to allot up to 29,000,000 Ordinary Shares, provided that such authority, unless renewed, varied or revoked by the Company, shall expire on 31 December 2015, but so that the Company may, before such expiry, make an offer or agreement which would or might require Ordinary Shares to be allotted and the Directors may allot shares in pursuance of such offer of agreement notwithstanding that the authority conferred by this resolution has expired;
  - (b) the Directors were authorised in accordance with section 551 of the Companies Act to exercise all the powers of the Company to allot Ordinary Shares up to an aggregate nominal amount of £100,000,000 pursuant to any acquisition carried out by the Company within two (2) years of Admission, provided that such authority shall, unless renewed, varied or revoked by the Company, expire on the date falling two (2) years after Admission, but so that the Company may, before such expiry, make an offer or agreement which would or might require Ordinary Shares to be allotted and the Directors may allot shares in pursuance of such offer of agreement notwithstanding that the authority conferred by this resolution has expired;

- (c) the Directors were empowered in accordance with section 570 of the Companies Act to allot equity securities (as defined in section 560 of the Companies Act) of the Company for cash pursuant to the general authorities conferred on them by this resolution as if section 561(1) of the Companies Act did not apply to any such allotment, provided that such power is limited to the allotment of Ordinary Shares (subject to Admission):
- (i) for the purposes of, or in connection with, the conditional placing of Ordinary shares on the items and subject to the conditions of a placing agreement;
  - (ii) for the purposes of, or in connection with, or resulting from any further acquisition or in connection with the restructuring of any debt or other financial obligation relating to any further acquisition (whether assumed or entered into by the Company or owed or guaranteed by any company or entity acquired);
  - (iii) generally for such purposes as the Directors may think fit, an aggregate amount not exceeding 200 per cent, of the aggregate value of Ordinary Shares in issue (as at the close of the first Business Day following Admission), and
  - (iv) for the purposes of the issue of securities offered (by way of a rights issue, open offer or otherwise) to existing holders of Ordinary Shares, in proportion (as nearly as may be) to their existing holdings of Ordinary Shares up to an amount equal to the aggregate value of the Ordinary Shares in issue as at the close of the first Business Day following Admission but subject to the Directors having a right to make such exclusions or other arrangements in connection with the offering as they deem necessary or expedient:
    - (A) to deal with equity securities representing fractional entitlements; and
    - (B) to deal with legal or practical problems in the laws of any territory, or the requirements of any regulatory body;

on the basis that the powers in paragraphs (c)(ii), (iii) and (iv) above shall expire on the earlier of (i) the conclusion of the next annual general meeting of the Company after the passing of the resolution; or (ii) the date upon which the Company has concluded a further acquisition or acquisitions with an announced value in excess of £100,000,000, save that the Company shall be entitled to make an offer or agreement which would or might require equity securities to be issued pursuant to paragraphs (c)(ii), (iii) and (iv) above (inclusive) before the expiry of their power to do so, and the Directors shall be entitled to issue or sell from treasury the equity securities pursuant to any such offer or agreement after that expiry date and provided further that the Directors may sell, as they think fit, any equity securities from treasury.

- 2.9 On 18 December 2015 Andrew Austin subscribed for 900,000 ordinary shares of 20p in the Company at a price of 50p each.
- 2.10 Pursuant to written resolution of the sole shareholder passed on 6 January 2016 the Directors were authorised in accordance with section 551 of the Companies Act to exercise all the powers of the Company to allot up to 29,000,000 Ordinary Shares, provided that such authority, unless renewed, varied or revoked by the Company, shall expire on 28 February 2016, but so that the Company may, before such expiry, make an offer or agreement which would or might require Ordinary Shares to be allotted and the Directors may allot shares in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.
- 2.11 On 12 January 2016 the Company issued 8,800,000 ordinary shares to Investors in connection with a placing at a price of 50p per ordinary share.
- 2.12 As at 30 June 2017, being the latest practicable date prior to publication of this document, the Company had one wholly owned subsidiary, Rockrose (UKCS1) Limited, a private company with limited liability incorporated in England and Wales.

### 3. Share Capital

The following table shows the issued and fully paid shares of the Company at the date of this document:

<i>Class of Share</i>	<i>Number</i>	<i>Amount paid</i>
Ordinary	10,000,000	£5,000,000

- 3.1 On completion of the Fundraise, the issued and fully paid shares of the Company immediately following Admission is expected to be as shown in the following table:

<i>Class of Share</i>	<i>Number</i>	<i>Amount paid</i>
Ordinary	15,333,334	£13,000,001

- 3.2 Save as disclosed in this document:

- (a) no share or loan capital of the Company has been issued or is proposed to be issued;
- (b) no person has any preferential subscription rights for any shares of the Company;
- (c) no share or loan capital of the Company is unconditionally to be put under option; or
- (d) no commissions, discounts, brokerages or other special terms have been granted by the Company since its incorporation in connection with the issue or sale of any share or loan capital of the Company.

- 3.3 All Ordinary Shares in the capital of the Company are in registered form.

- 3.4 The Ordinary Shares will be listed on the standard listing segment of the Official List and will be traded on the London Stock Exchange's main market for listed securities. The Ordinary Shares are not listed or traded on, 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.

### 4. Articles of Association of the Company

- 4.1 The Articles of the Company were adopted (with effect from Admission) by a special resolution of the Founder Shareholder passed at a general meeting of the Company (held on short notice) on 5 November 2015. A summary of the terms of the Articles is set out below. The summary below is not a complete copy of the terms of the Articles.

- 4.2 The Articles contain no specific restrictions on the Company's objects and therefore, by virtue of section 31(1) of the Companies Act, the Company's objects are unrestricted.

- 4.3 The Articles contain, *inter alia*, provisions to the following effect:

- (a) Share Capital

The Company's share capital currently consists of Ordinary Shares. The Company may issue shares with such rights or restrictions as may be determined by ordinary resolution, including shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder of such shares.

- (b) Voting

The Shareholders have the right to receive notice of, and to vote at, general meetings of the Company. Each Shareholder who is present in person (or, being a corporation, by representative) at a general meeting on a show of hands has one vote and, on a poll, every such holder who is present in person (or, being a corporation, by representative) or by proxy has one vote in respect of every share held by him.

- (c) Variation of rights

Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class and may be so varied and abrogated whilst the Company is a going concern or during or in contemplation of a winding up.

(d) Dividends

The Company may, subject to the provisions of the Companies Act and the Articles, by ordinary resolution from time to time declare dividends to be paid to members not exceeding the amount recommended by the Directors. Subject to the provisions of the Companies Act in so far as, in the Directors' opinions, the Company's profits justify such payments, the Directors may pay interim dividends on any class of shares.

Any dividend unclaimed after a period of 12 years from the date such dividend was declared or became payable shall, if the Directors resolve, be forfeited and shall revert to the Company. No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.

(e) Transfer of Ordinary Shares

Each member may transfer all or any of his shares which are in certificated form by means of an instrument of transfer in any usual form or in any other form which the Directors may approve. Each member may transfer all or any of his shares which are in uncertificated form by means of a 'relevant system' (i.e. the CREST System) in such manner provided for, and subject as provided in, the CREST Regulations.

The Board may, in its absolute discretion, refuse to register a transfer of certificated shares unless:

- (i) it is for a share which is fully paid up;
- (ii) it is for a share upon which the Company has no lien;
- (iii) it is only for one class of share;
- (iv) it is in favour of a single transferee or no more than four joint transferees;
- (v) it is duly stamped or is duly certificated or otherwise shown to the satisfaction of the Board to be exempt from stamp duty; and
- (vi) it is delivered for registration to the registered office of the Company (or such other place as the Board may determine), accompanied (except in the case of a transfer by a person to whom the Company is not required by law to issue a certificate and to whom a certificate has not been issued or in the case of a renunciation) by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor (or person renouncing) and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so.

The Directors may refuse to register a transfer of uncertificated shares in any circumstances that are allowed or required by the CREST Regulations and the CREST System.

(f) Allotment of shares and pre-emption rights

Subject to the Companies Act and to any rights attached to existing shares, any share may be issued with or have attached to it such rights and restrictions as the Company may by ordinary resolution determine, or if no ordinary resolution has been passed or so far as the resolution does not make specific provision, as the Directors may determine (including shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder of such shares).

In accordance with section 551 of the Companies Act, the Directors may be generally and unconditionally authorised to exercise all the powers of the Company to allot shares up to an aggregate nominal amount equal to the amount stated in the relevant ordinary resolution authorising such allotment. The authorities referred to in paragraph 3.2(a) and 3.2(b) above were included in the special resolution passed on 5 November 2015 and remain in force at the date of this document).

The provisions of section 561 of the Companies Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are paid up in cash) apply to the Company except to the extent disapplied by special resolution of the Company.

(g) Alteration of share capital

The Company may by ordinary resolution consolidate or divide all of its share capital into shares of larger nominal value than its existing shares, or cancel any shares which, at the date of the ordinary resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the nominal amount of shares so cancelled or sub-divide its shares, or any of them, into shares of smaller nominal value.

The Company may, in accordance with the Companies Act, reduce or cancel its share capital or any capital redemption reserve or share premium account in any manner and with and subject to any conditions, authorities and consents required by law.

(h) Directors

Unless otherwise determined by the Company by ordinary resolution, the number of Directors (other than any alternate Directors) shall not be less than two, but there shall be no maximum number of Directors.

Subject to the Articles and the Companies Act, the Company may by ordinary resolution appoint a person who is willing to act as a Director and the Board shall have power at any time to appoint any person who is willing to act as a Director, in both cases either to fill a vacancy or as an addition to the existing Board.

At the first annual general meeting following the Maersk Acquisition all Directors shall retire from office and may offer themselves for reappointment by the Shareholders by ordinary resolution.

At every subsequent annual general meeting any director who:

- (i) has been appointed by the Directors since the last annual general meeting; or
- (ii) was not appointed or re-appointed at one of the preceding two annual general meetings;

must retire from office and may offer themselves for reappointment by the Shareholders by ordinary resolution.

Subject to the provisions of the Articles, the Board may regulate their proceedings as they think fit. A Director may, and the secretary at the request of a Director shall, call a meeting of the Directors.

The quorum for a Directors' meeting shall be fixed from time to time by a decision of the Directors, but it must never be less than two and unless otherwise fixed, it is two.

Questions and matters requiring resolution arising at a meeting shall be decided by a majority of votes of the participating Directors, with each director having one vote. In the case of an equality of votes, the chairman will only have a casting vote or second vote when an has been completed. The entering into any further acquisition requires the consent of 75 per cent. of the Directors present and entitled to vote.

The Directors shall be entitled to receive such remuneration as the Directors shall determine for their services to the Company as directors and for any other service which they undertake for the Company provided that the aggregate fees payable to the Directors must not exceed £200,000 per annum. The Directors shall also be entitled to be paid all reasonable expenses properly incurred by them in connection with their attendance at meetings of Shareholders or class meetings, board or committee meetings or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

The Board may, in accordance with the requirements in the Articles, authorise any matter proposed to them by any Director which would, if not authorised, involve a Director breaching his duty under the Companies Act to avoid conflicts of interests.

A Director seeking authorisation in respect of such conflict shall declare to the Board the nature and extent of his interest in a conflict as soon as is reasonably practicable. The Director shall provide the Board with such details of the matter as are necessary for the Board to decide how to address the Conflict together with such additional information as may be requested by the Board.

Any authorisation by the Board will be effective only if:

- (i) to the extent permitted by the Companies Act, the matter in question shall have been proposed by any Director for consideration in the same way that any other matter may be proposed to the Directors under the provisions of the Articles;
- (ii) any requirement as to the quorum for consideration of the relevant matter is met without counting the conflicted Director and any other conflicted Director; and
- (iii) the matter is agreed to without the conflicted Director voting or would be agreed to if the conflicted Director's and any other interested Director's vote is not counted.

Subject to the provisions of the Companies Act, every Director, secretary or other officer of the Company (other than an auditor) is entitled to be indemnified against all costs, charges, losses, damages and liabilities incurred by him in the actual purported exercise or discharge of his duties or exercise of his powers or otherwise in relation to them.

(i) General Meetings

The Company must convene and hold annual general meetings in accordance with the Companies Act.

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the choice or appointment of a chairman of the meeting which shall not be treated as part of the business of the meeting. Save as otherwise provided by the articles, two Shareholders present in person or by proxy and entitled to vote shall be a quorum for all purposes.

(j) Borrowing Powers

Subject to the Articles and the Companies Act, the Board may exercise all of the powers of the Company to:

- (i) borrow money;
- (ii) indemnify and guarantee;
- (iii) mortgage or charge;
- (iv) create and issue debentures and other securities; and
- (v) give security either outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(k) Capitalisation of profits

The Directors may, if they are so authorised by an ordinary resolution of the Shareholders, decide to capitalise any undivided profits of the Company (whether or not they are available for distribution), or any sum standing to the credit of the Company's share premium account or capital redemption reserve. The Directors may also, subject to the aforementioned ordinary resolution, appropriate any sum which they so decide to capitalise to the persons who would have been entitled to it if it were distributed by way of dividend and in the same proportions.

(l) Uncertificated Shares

Subject to the Companies Act, the Directors may permit title to shares of any class to be issued or held otherwise than by a certificate and to be transferred by means of a 'relevant system' (i.e. the CREST System) without a certificate.

The Directors may take such steps as it sees fit in relation to the evidencing of and transfer of title to uncertificated shares, any records relating to the holding of uncertificated shares and the conversion of uncertificated shares to certificated shares, or vice-versa.

The Company may by notice to the holder of an uncertificated share, require that share to be converted into certificated form.

The Board may take such other action that the Board considers appropriate to achieve the sale, transfer, disposal, forfeiture, re-allotment or surrender of an uncertificated share or otherwise to enforce a lien in respect of it.

## 5. Other Relevant Laws and Regulations

### 5.1 Mandatory bid

- (a) The Takeover Code applies to the Company. Under the Takeover Code, where:
- (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 he is already interested, and in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company; or
  - (ii) any person who, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights 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;
- such person shall, except in limited circumstances, be obliged to extend offers, on the basis set out in Rules 9.3, 9.4 and 9.5 of the Takeover Code, 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. Offers for different classes of equity share capital must be comparable; the Takeover Panel should be consulted in advance in such cases.
- (b) An offer under Rule 9 of the Takeover Code must be in cash and at the highest price paid for any interest in the shares by the person required to make an offer or any person acting in concert with him during the 12 months prior to the announcement of the offer.
- (c) Under the Takeover Code, a 'concert party' arises where persons acting together pursuant to an agreement or understanding (whether formal or informal and whether or not in writing) actively co-operate, through the acquisition by them of an interest in shares in a company, to obtain or consolidate control of the company. 'Control' means holding, or aggregate holdings, of an interest in shares carrying 30 per cent. or more of the voting rights of the company, irrespective of whether the holding or holdings give *de facto* control.
- (d) There have been no public takeover bids by third parties in respect of the Company's equity in the current financial year or the previous financial year.

### 5.2 Squeeze-out

- (a) Under sections 979 to 982 of the Companies Act, if an offeror were to acquire 90 per cent. of the Ordinary Shares it could then compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their shares, provided that no such notice may be served after the end of: (a) the period of three months beginning with the day after the last day on which the offer can be accepted; or (b) if earlier, and the offer is not one to which section 943(1) of the Companies Act applies, the period of six months beginning with the date of the offer.
- (b) Six weeks following service of the notice, the offeror must send a copy of it to the Company together with the consideration for the Ordinary Shares to which the notice relates, and an instrument of transfer executed on behalf of the outstanding Shareholder(s) by a person appointed by the offeror.
- (c) The Company will hold the consideration on trust for the outstanding Shareholders.

### 5.3 Sell-out

- (a) Sections 983 to 985 of the Companies Act also give minority Shareholders in the Company a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer relating to all the Ordinary Shares is made at any time before the end of the period within which the offer could be accepted and the offeror held or had agreed to acquire not less than 90 per cent of the Ordinary Shares, any holder of 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

shares. The offeror is required to give any Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period, or, if longer a period of three months from the date of the notice.

- (b) If a Shareholder exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

#### 5.4 Shareholder notification and disclosure requirements

- (a) Shareholders are obliged to comply with the shareholding notification and disclosure requirements set out in Chapter 5 of the DTRs. A Shareholder is required pursuant to Rule 5 of the DTRs to notify the Company if, as a result of an acquisition or disposal of shares or financial instruments, the Shareholder's percentage of voting rights of the Company reaches, exceeds or falls below, 3 per cent. of the nominal value of the Company's share capital or any 1 per cent. threshold above that.
- (b) The DTRs can be accessed and downloaded from the FCA's website at <http://fshandbook.info/FS/html/FCA/DTR>. Shareholders are urged to consider their notification and disclosure obligations carefully as a failure to make a required disclosure to the Company may result in disenfranchisement.

#### 6. Directors' and Other Interests

- 6.1 Save as disclosed below, no Director nor any member of their immediate families has or will have on or immediately following Admission any interests (beneficial or non-beneficial) in the shares of the Company:

<i>Name</i>	<i>No. of Ordinary Shares</i>
Andrew Austin	2,015,002 <sup>1</sup>
Richard Benmore	186,667 <sup>2</sup>
John Morrow	210,000

(1) Of the 2,015,002 Ordinary Shares held by Mr Austin, 1,295,002 Ordinary Shares are held by him legally and beneficially, the balance of 720,000 Ordinary Shares are held in his self-invested pension which is administered by Rowanmoor Trustees.

(2) Richard Benmore's shares are held in the name of his wife, Judith Helen Benmore.

In addition Mr Austin holds an option to acquire 1,000,000 Ordinary Shares at a price of 50p per share pursuant to an option grant made on 22 December 2015. Upon Admission this option will extend to a further 533,333 Ordinary Shares at a price of 150 pence per Ordinary Share as a result of the Fundraise. Further details on the options are set out in paragraph 11.3, below.

- 6.2 In addition to their directorships of the Company, the Directors are, or have been, members of the administrative, management or supervisory bodies ("**directorships**") or partners of the following companies or partnerships, at any time in the five years prior to the date of this document.

#### **Andrew Philip Austin**

*Current Directorships*  
 Rockrose Energy plc  
 Rockrose (UKCS1) Limited

*Previous Directorships*  
 Igas Energy Plc  
 Island Gas Limited  
 Star Energy Group Limited  
 Star Energy Limited  
 Star Energy (East Midlands) Limited  
 Star Energy Weald Basin Limited  
 Star Energy Oil & Gas Limited  
 Star Energy Oil UK Limited  
 Island Gas (Singleton) Limited  
 Igas Energy (Caithness) Limited  
 Igas Exploration UK Limited

Island Gas Operations Limited  
 Dart Energy (Europe) Ltd  
 Dart Energy (Carbon Storage) Limited  
 Dart Energy (East England) Limited  
 Dart Energy (Forth Valley) Limited  
 Dart Energy (Lothian) Limited  
 Dart Energy (West England) Limited  
 GP Energy Limited  
 Greenpark Energy Transportation Limited  
 Dart Energy Limited  
 Dart Energy SPV No1 Pty Ltd  
 Dart Energy SPV No 2 Pty Ltd  
 Dart Energy (Bruxner) Pty Ltd  
 Dart Energy (Overseas) Pty Ltd  
 Dart Energy (China) Pty Ltd  
 Apollo Gas Limited  
 Dart Energy (Apollo) Pty Ltd  
 Dart Energy Global CBM Pty Ltd  
 Dart Energy (India) Pty Ltd  
 Dart Energy International Ltd  
 Dart Energy Europe Pte Ltd  
 Dart Energy (Vietnam) Holdings Pte. Ltd  
 Dart Energy (Hanoi Basin CBM) Pte. Ltd  
 Dart Energy (China) Holdings Pte. Ltd  
 Dart Energy (Dajing) Pte. Ltd  
 Dart Energy Asia Holdings Pte Ltd  
 Dart Energy (India) Holdings Pte. Ltd  
 Dart Energy (AS) Pte. Ltd  
 Dart Energy (ST) Pte. Ltd  
 Dart Energy India (CMM) Pte. Ltd  
 Dart Energy (CIL) Pte. Ltd  
 Dart Energy (MG) Pte. Ltd  
 Dart Energy (India) Pte. Ltd  
 Dart Energy (Indonesia) Holdings Pte. Ltd  
 Dart Energy (Tanjung Enim) Pte. Ltd  
 Dart Energy (Muralim) Pte. Ltd  
 Dart Energy (Bontang Bengalon) Pte. Ltd  
 Dart Energy (Sangatta West) Pte. Ltd  
 Dart Energy (CBM Power Indonesia) Pte. Ltd.  
 PT Dart Energy Indonesia  
 PT Coal Bed Methane Power Indonesia  
 Austin and Austin Limited  
 UK Onshore Oil and Gas

**Richard Alan Benmore**

*Current Directorships*

Rockrose Energy plc  
 Rockrose (UKCS1) Limited

*Previous Directorships*

N/A

**John Andrew Corran Morrow**

*Current Directorships*

JACM Consultants Limited  
 Rockrose Energy plc  
 Rockrose (UKCS1) Limited

*Previous Directorships*

Bowleven plc  
 Bowleven Resources Limited  
 FirstAfrica Oil Limited  
 Sand Geophysics Limited

- 6.3 At the date of this document none of the Directors:
- has any convictions in relation to fraudulent offences for at least the previous five years;
  - as been associated with any bankruptcy, receivership or liquidation while acting in the capacity of a member of the administrative, management or supervisory body or of senior manager of any company for at least the previous five years; or
  - has been subject to any official public incrimination and/or sanction of him by any statutory or regulatory authority (including any designated professional bodies) or has ever 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 for at least the previous five years,
- 6.4 None of the Directors has any potential conflicts of interest between their duties to the Company and their private interests or other duties they may also have.
- 6.5 There are no outstanding loans granted by the Company to the Directors or any guarantees provided by the Company for the benefit of the Directors.
- 6.6 Save as set out in paragraph 11 there are no service contracts or consultancy agreements between any of the Directors and the Company or any of its subsidiaries and no such contract has been entered into or amended or replaced within the six months preceding the date of this document and no such contracts are proposed.
- 6.7 Save as set out in paragraph 11 the Directors receive no Ordinary Shares or options over Ordinary Shares in lieu of remuneration or as any form of compensation.
- 6.8 Other than as disclosed in this paragraph 11, the Company is not party to any service contract with any of the directors which provides for benefits on the termination of any such contract.
- 6.9 No Director has any accrued pension or retirement benefits.
- 6.10 There is no arrangement under which any Director has waived or agreed to waive future emoluments.
- 6.11 In the year ended 31 December 2016, the total aggregate remuneration paid, and benefits-in-kind granted, to the Directors was £219,626. The amounts payable to the Directors by the Company under the arrangements in force at the date of this document in respect of the year ended 31 December 2017 are estimated to be £485,000 (excluding any discretionary payments which may be made under these arrangements).
- 6.12 Save as set out below, the Directors are not aware of any person who, directly or indirectly, had an interest in 3 per cent. or more of the voting rights of the Company as at the date of publication of this document and immediately following completion of the Placing and Admission (on the basis that 15,333,334 New Ordinary Shares will be issued pursuant to the Placing and the Subscription:

*Interests immediately  
following Admission*

<i>Shareholder</i>	<i>No. of Ordinary Shares prior to Placing</i>	<i>Percentage of issued ordinary share capital prior to Placing</i>	<i>No. of ordinary shares following Placing/on Admission</i>	<i>Percentage of issued ordinary share capital following Placing/on Admission</i>
Arunvill Capital	—	—	2,666,666	17.39%
Andrew Austin <sup>1</sup>	1,995,002	19.95	2,015,002	13.14%
Macquarie Capital (Europe) Limited	999,998	10.0	999,998	6.52%
Estera Trust (Jersey) Limited (as trustee of the employee benefit trust) <sup>2</sup>	1,547,000	15.47	1,547,000	10.09%
FCFM Limited	498,000	4.98	763,600	4.98%
Sustain Energy Ventures	380,000	3.80	380,000	2.48%

*Interests immediately  
following Admission*

<i>Shareholder</i>	<i>No. of Ordinary Shares prior to Placing</i>	<i>Percentage of issued ordinary share capital prior to Placing</i>	<i>No. of ordinary shares following Placing/on Admission</i>	<i>Percentage of issued ordinary share capital following Placing/on Admission</i>
Limited				
Miles Newman	300,000	3.00	366,666	2.39%
City Financial Inv Company Ltd	1,500,000	15.00	1,866,666	12.17%
Legal & General Group Plc	1,000,000	10.00	1,133,333	7.39%

(1) 1,295,002 Ordinary Shares are held by Mr Austin in his own name and 700,000 Ordinary Shares are held in his self-invested personal pension scheme.

(2) Estera Trust (Jersey) Limited is the EBT Trustee. The Ordinary Shares held by it are treated as treasury shares in the Company's balance sheet and are, in certain places in this document, excluded from the calculations of the Company's issued share capital.

- 6.13 As at 30 June 2017 (being the latest practicable date prior to the publication of this document), the Company was not aware of any person or persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company nor is it aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.
- 6.14 There have been no public takeover bids by third parties in respect of the Company's equity in the current financial year or the previous financial year.
- 6.15 Those interested, directly or indirectly, in 3 per cent. or more of the issued Ordinary Shares of the Company (as set out in paragraph 6.5 above) do not now, and, following the Placing and Admission, will not, have different voting rights from other holders of Ordinary Shares.

## 7. Working Capital

The Company is of the opinion that the working capital available to the Enlarged Group is sufficient for the present requirements of the Enlarged Group, that is for at least the 12 months following the date of this document.

## 8. Significant Change

- 8.1 Since 31 December 2016 (being the end of the last financial period of the Company for which financial information has been published), there has been no significant change in the trading position of the Company.
- 8.2 Subsequent to the balance sheet date the following significant changes to the Company's financial position have occurred:
- (a) On 22 March 2017, the Company executed agreements to make the Egerton Acquisition. The total consideration for the Egerton Acquisition is £1.00 payable to the Company in cash and deferred consideration payable to the Company of £999,000 over a three year period; and
  - (b) On 22 March 2017 the Company agreed to issue 2,666,666 Ordinary Shares at 150 pence per share in connection with a subscription by Arunvill Capital Limited (which is conditional upon Admission).

## 9. Litigation

There have been no governmental, legal or arbitration proceedings and the Company is not aware of any governmental legal or arbitration proceedings pending or threatened, nor of any such proceedings having been pending or threatened at any time preceding the date of this document which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Enlarged Group.

## 10. Material Contracts

The following are all of the contracts (not being contracts entered into in the ordinary course of business) that have been entered into by the Company since the Company's incorporation which; (i) are, or may be, material to the Company or the Enlarged Group; or (ii) contain obligations or entitlements which are, or may be, material to the Company as at the date of this document.

### 10.1 The Maersk Acquisition Agreement

The terms of the Maersk Acquisition Agreement, as amended by deed of variation dated 15 June 2017, are detailed in Part VIII of this document.

### 10.2 The Egerton Acquisition Agreement

The terms of the Egerton Acquisition Agreement as amended by side letter dated 21 June 2017, are detailed in Part VIII of this document.

### 10.3 The Subscription Agreement

The terms of the Subscription Agreement, as amended by side letter dated 21 June 2017, and the subscription letters are detailed in Part X of this document.

### 10.4 Broker agreement with Macquarie Capital Europe Limited

A broker agreement dated 7 January 2016 between the Company (1) and Macquarie Capital Europe Limited (2) pursuant to which the Company appointed Macquarie Capital Europe Limited as the Company's broker as from Admission and for an initial period of 12 months and continuing thereafter until terminated by either party giving the other 3 months' notice. Pursuant to the broker agreement, the Company has agreed to pay to Macquarie Capital Europe Limited an annual retainer fee of £75,000 (together with any applicable VAT) payable annually in advance. This agreement was terminated on 22 March 2017.

### 10.5 Placing Agreement

A Placing Agreement dated 30 June 2017 between (1) the Company; (2) the Directors; and (3) the Managers pursuant to the terms of which the Managers have agreed to use their respective reasonable endeavours to procure placees for the New Ordinary Shares at the Issue Price, as the Company's agents.

The Placing Agreement contains certain warranties and indemnities from the Company and the Directors in favour of the Managers and is conditional, *inter alia*, on:

- (a) the allotment of the New Ordinary Shares;
- (b) there being no breach of warranty under the Placing Agreement; and
- (c) Admission occurring by not later than 8.00 a.m. on 6 July 2017 (or such other time and/or date as the Managers and the Company may agree being not later than 15 July 2017).

The Managers may terminate the agreement in certain circumstances prior to Admission including, *inter alia*, if there shall have been a material adverse change or if any of the Directors or the Company fail to comply in any material respect with any of their respective obligations under the Placing Agreement.

The Placing Agreement provides for Hannam to receive, conditional upon Admission a commission equal to 5 per cent of the gross placing proceeds from placees procured by Hannam and a commission equal to 1 per cent of the gross placing proceeds from placees identified by the Directors. The Placing Agreement provides for WHL to receive, conditional upon Admission, a commission equal to 5 per cent of the gross placing proceeds from placees procured by WHL and an administration fee of £25,000.

The Placing is subject to the satisfaction of conditions contained in the Placing Agreement, which will be satisfied prior to Admission, and the Placing Agreement not having been terminated. In the event that the Placing does not complete, Admission will not take place.

The Company will pay the costs and expenses associated with the Placing, irrespective of whether Admission takes place. VAT will be payable where appropriate.

## 10.6 Warrant Instrument

A warrant instrument dated 8 January 2015 and made between Macquarie Capital Europe Limited (“**Macquarie**”) and the Company pursuant to which the Company grants Macquarie a warrant to acquire a number of Ordinary Shares equal to 1 per cent. of the issued share capital of the Company during the period commencing upon Admission and ending on the third anniversary of Admission. The warrant exercise price is the Issue Price in respect of the number of Ordinary Shares available under the warrant at Admission and, in respect of any Ordinary Shares issued after Admission, the mid market closing price on the date upon which the Company announces any corporate action of event resulting in such further Ordinary Shares becoming the subject of the warrant. Macquarie may exercise the warrant at any time by paying the cash exercise price or by electing for nominal exercise. The warrant expires, to the extent not then previously exercised or terminated, on 13 January 2019.

## 10.7 Lock-in and orderly market agreement

### (a) Andrew Austin

Mr Austin has entered into a lock-in agreement dated 2 July 2017 (replacing and extending a lock-in agreement on similar terms entered into on 12 January 2016) with the Company and Hannam pursuant to which he has agreed that he will not transfer or dispose of, or grant option, or other rights (including any grant or right of security) directly or indirectly over any Ordinary Shares which he holds in the Company or any interests in the Ordinary Shares of the Company, for a period commencing on Admission and ending on the first anniversary of Admission with a further 12 month orderly marketing arrangement.

The restrictions on the ability of Mr Austin to transfer his Ordinary Shares, are subject to certain usual and customary exceptions including for: transfers pursuant to the acceptance of, or provision of an irrevocable undertaking to accept, a general offer made to all Shareholders on equal terms, transfers pursuant to an offer by or an agreement with the Company to purchase ordinary shares made on identical terms to all Shareholders, transfers made pursuant to any court order or if required by law, or transfers with the prior consent of the Company, Arunvill and Hannam.

### (b) Arunvill

Arunvill has entered into a lock-in agreement dated 2 July 2017 with the Company and Hannam pursuant to which it has agreed that it will not transfer or dispose of, or grant option, or other rights (including any grant or right of security) directly or indirectly over any Ordinary Shares which it holds in the Company or any interests in the Ordinary Shares of the Company, for a period commencing on Admission and ending on the first anniversary of Admission with a further 12 month orderly marketing arrangement. In any event, this agreement will terminate on the same date as Mr Austin’s lock-in agreement.

The restrictions on the ability of Arunvill to transfer its Ordinary Shares, are subject to certain usual and customary exceptions including for: transfers pursuant to the acceptance of, or provision of an irrevocable undertaking to accept, a general offer made to all Shareholders on equal terms, transfers pursuant to an offer by or an agreement with the Company to purchase ordinary shares made on identical terms to all Shareholders, transfers made pursuant to any court order or if required by law, or transfers with the prior consent of the Company and Hannam.

## 10.8 Registrar agreement

The Company and the Registrar have entered into the Registrar Agreement dated 8 January 2016 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 the annual fee for creation and maintenance of the share register will be £1.25 per holder of ordinary shares appearing on the register during the fee year, with a minimum charge per annum of £2,500 for the provision of its services under the Registrar Agreement.

In addition to the annual fee, the Registrar is entitled to reimbursement for all out-of-pocket expenses incurred by it in the performance of its services.

The Registrar Agreement shall continue for an initial period of three years and thereafter will automatically renew for successive periods of twelve months unless and until terminated upon written notice by either party, by giving not less than six months' written notice. In addition, the agreement may be terminated as soon as reasonably practicable if either party (i) commits a material breach of the agreement which has not been remedied within 45 days of a notice requesting the same; (ii) goes into liquidation (except voluntary) or becomes bankrupt or insolvent.

#### 10.9 **Services agreement**

On 1 December 2015 the Company entered into a services agreement with Senergy (GB) Limited, a company in the Lloyd's Register Group of companies, which provides exploration, production and energy consultancy services. Under the terms of the agreement, in lieu of applicable members of the Lloyd's Register Group agreeing to provide services that the Company may require:

- (a) free of charge up to a value of £500,000 (at cost) or the expiry of a period of two (2) years from the effective date of the agreement (being 1 December 2015), whichever is reached sooner (the "**Initial Period**"); and
- (b) at cost plus a margin of 20 per cent. up to a value of £5,000,000 (at cost plus a margin of 20 per cent.) or the expiry of a period of ten (10) years from the end of the Initial Period, whichever is reached sooner (the "**Second Period**"),

the Company has agreed to grant the Lloyd's Register Group a right of first refusal over relevant services that the Company may require in the Initial Period and the Second Period (both as defined above). The technical expertise and services which Senergy and its affiliates can offer will complement the Company's internal technical expertise as it undertakes to complete its objectives through potential future acquisitions and subsequent re-listing.

### 11. **Related Party Transactions**

#### 11.1 **Non-Executive Directors' letters of appointment**

Each of Richard Benmore and John Morrow have entered into a Director's non-executive letter of appointment dated 22 December 2015 with the Company in respect of his appointment as a Director of the Company.

Under the terms of the appointment letters, Richard Benmore is entitled to a fee of £35,000 per annum and John Morrow is entitled to a fee of £35,000 per annum. Fees will accrue on a daily basis and will be payable in equal monthly instalments in arrears on the last business day of each month (or as otherwise agreed).

Each of the Directors appointments as a non-executive director of the Company, shall (subject to limited exceptions) be subject to termination by either party on 3 months' written notice. Subject to, and conditional upon Admission, the fees payable to Mr Benmore and Mr Morrow will increase to £50,000 per annum and the notice period will increase to 6 months.

#### 11.2 **Service Agreement**

Andrew Austin has entered into a service agreement with the Company dated 22 December 2015 with respect to his appointment as chairman of the Company and director responsible for implementation of the acquisition strategy. Mr Austin's service agreement commits him to spend such hours engaged in the Company's affairs as may be necessary for the proper performance of his duties. Mr Austin's service agreement is initially capable of termination by either party giving 3 months' notice in writing, which period automatically extends to 12 months on completion of the Maersk Acquisition. Mr Austin is entitled to a salary of £145,000 per annum. The transactions outlined in this document will accordingly result in the notice period increasing to 12 months with effect from Admission and the Directors have agreed that Mr Austin's salary should increase to £385,000 per annum on the basis that he will become a full-time employee of the Company at that date.

### 11.3 Unapproved Share Option Plan

The Company believes that the incentive arrangements for the Directors should be focused on significant long-term value creation through the delivery of shareholder returns in order to closely align the interests of Directors with those of shareholders. Under the terms of the non-tax advantaged share option plan (the “**Share Option Plan**”), the Board may issue options over shares up to 15 per cent. of the issued share capital of the Company from time to time.

To recognise the changing requirements of the business over time and to support growth objectives over the medium to long term, a long-term incentive structure has been put in place for Directors in the form of a non-tax advantaged share option plan. The structure of the Share Option Plan is designed such that participants will only benefit if significant value is delivered to shareholders. Its implementation serves to ensure that:

- Directors, who are critical to executing the business strategy and driving value for shareholders, are appropriately attracted, retained and motivated;
- The reward structure supports a growth strategy and is heavily weighted towards shareholder value creation over the longer term;
- The interests of Directors are closely aligned with those of shareholders; and
- Directors are provided with an appropriate opportunity to earn levels of reward provided significant returns are delivered to shareholders.

On 22 December 2015, Andrew Austin was granted an option under the Share Option Plan to acquire such number of Ordinary Shares as equals 10 per cent. of the issued share capital of the Company from time to time. On Admission that will represent an option to acquire 1,533,333 Ordinary Shares (the “**Initial Option Shares**”) being comprised of options over 1,000,000 Ordinary Shares upon initial grant (at 50p per Ordinary Share) and a further 533,333 Ordinary Shares at 150 pence as a consequence of the Fundraise. The number of Ordinary Shares under option may increase to include 10 per cent. of Ordinary Shares issued after Admission up to the earlier of: (i) the third anniversary of Admission; and (ii) the date the market capitalisation of the Company first becomes or exceeds £100,000,000. In calculating the issued share capital, no account will be taken of Ordinary Shares issued to satisfy the exercise of options granted under the Share Option Plan. The exercise price of the Initial Option Shares is 50p per Ordinary Share and for any additional Ordinary Shares under option following an increase in the issued share capital of the Company, the exercise price will be the mid-market closing price on the day on which the Company announces the transaction which leads to the increase. The option will vest (and potentially become exercisable) as to 33 per cent. of the number of Ordinary Shares under option on the third anniversary of grant, as to a further 33 per cent. on the fourth anniversary of grant and as to a further and final 34 per cent. on the fifth anniversary of grant. The option granted to Andrew Austin will lapse to the extent unexercised on the sixth anniversary of Admission.

No payment has been made for the grant of any of the options.

The main features of the Share Option Plan are summarised below.

#### *Eligibility*

All executive directors and employees of the Company and any of its subsidiaries are eligible to participate in the Share Option Plan. The remuneration committee selects the individuals to whom options are to be granted from time to time.

#### *Grant of options*

Options may be granted at such time or times as the remuneration committee (or the Board, excluding any interested director, until a remuneration committee is formally established) determines.

#### *Exercise price and adjustments to options*

While the Ordinary Shares are admitted to trading on the Official List, the exercise price per Ordinary Share may not be less than the average of the middle market quotations for an Ordinary Share for the five dealing days immediately prior to the date of grant SAVE THAT up to the third anniversary of Admission and in respect of the option granted to Andrew

Austin only, the exercise price of Ordinary Shares placed under option may be determined by the remuneration committee by reference to the mid-market closing price on the date of announcement of a transaction which increases the issued share capital of the Company. While the Ordinary Shares are not admitted to trading on the Official List, the exercise price will be the amount specified by the remuneration committee. If the Ordinary Shares are newly issued the exercise price may not, in any event, be less than the nominal value of an Ordinary Share.

In the event of any variation in the share capital of the Company the exercise price and/or the number of Ordinary Shares comprised in each option may be adjusted as the remuneration committee determines. No adjustment may be made which will reduce the exercise price below the nominal value of an Ordinary Share and no adjustment may be made in response to a transaction which increases the number of Ordinary Shares under the option held by Andrew Austin.

#### *Rights and restrictions*

An option granted under the Share Option Plan is not transferable. The option certificate will specify when the option will lapse and such date may not be later than the tenth anniversary of its date of grant. Except in the circumstances referred to below, an option will only be exercisable on or after the date which is three years after the date of grant.

If the participant ceases to be employed by the Company by reason of injury, disability, ill-health or redundancy; or because the business or company that employs him is transferred out of the ultimate ownership of the Company, his option may be exercised within 6 months after such cessation or transfer. In the event of the death of a participant, the personal representatives of a participant may exercise his option within 6 months after the date of death. The extent to which an option may be exercised in these circumstances will be determined by reference to any exercise conditions and time vesting provisions set out in the option certificate unless the remuneration committee decides otherwise and is satisfied that any waiver of such provisions does not constitute a reward for failure.

On cessation of employment for any other reason (or when a participant serves or has been served with, notice of termination of such employment), the option will lapse unless the remuneration committee exercises its discretion to allow the exercise of the option for a period not exceeding 6 months from the date of such cessation or notice. In such circumstances and where exercise is permitted, the extent to which an option may be exercised will be determined by reference to any exercise conditions and time vesting provisions set out in the option certificate unless the remuneration committee decides otherwise and is satisfied that any waiver of such provisions does not constitute a reward for failure.

#### *Corporate events*

Options, to the extent not already exercisable, will become exercisable immediately prior to a change in control of the Company, in the event of a takeover of the Company, in the event that an offeror becomes entitled or bound to acquire Ordinary Shares or in the event that the court sanctions a compromise or arrangement for the reconstruction of the Company or its amalgamation with any other company. In such event, all options may be exercised for a limited period and will lapse to the extent not exercised.

Options, to the extent not already exercisable, will become exercisable in the event that the Company is proposed to be voluntarily wound up and all options may be exercised within a limited period in connection with the winding up, failing which they will lapse.

In such circumstances and where exercise is permitted, the extent to which an option may be exercised will be determined by reference to any exercise conditions set out in the option certificate unless the remuneration committee decides otherwise and is satisfied that any waiver of such provisions does not constitute a reward for failure. The option granted to Andrew Austin is exercisable as to 100 per cent. in these circumstances.

#### *Performance conditions*

The exercise of options may be subject to the satisfaction of such performance conditions, if any, as may be specified and subsequently varied and/or waived by the remuneration committee.

In respect of the option granted to Andrew Austin (details of which are set out above) the following performance conditions must also be satisfied before his option may be exercised:

- (A) the Company must have completed at least one acquisition resulting in the market capitalisation of the Company increasing by at least 500 per cent. from Initial Admission based on a starting price of 50p per Ordinary Share;
- (B) the option may not be exercised at a time when, in the opinion of the remuneration committee there has been public criticism by any appropriate regulatory authority of the Company's operations or those of any of its subsidiaries which results in a material negative impact on the business of the Company; and
- (c) the option may not be exercised at any time if, by virtue of such exercise, the number of Ordinary Shares held by Andrew Austin, when added to the number of Ordinary Shares held by any person deemed to be acting in concert with him for the purposes of the City code would exceed 29.9 per cent. of the Company's issued share capital.

These performance conditions may only be varied or waived with the sanction of an ordinary resolution of shareholders.

#### *Issuance of Ordinary Shares*

The Ordinary Shares issued upon the exercise of options granted under the Share Option Plan will rank *pari passu* with the Company's issued Ordinary Shares on the date of exercise, save as regards any rights arising by reference to a record date prior to the date of such exercise.

#### *Plan limit*

Options may not be granted under the Share Option Plan if such grant would result in the total number of "Dilutive Shares" exceeding 15 per cent. of the issued share capital of the Company from time to time. "Dilutive Shares" means, on any date, all shares of the Company which (a) have been issued, or transferred out of treasury, on the exercise of options granted, or in satisfaction of any other awards made, under any share incentive scheme (including the Share Option Plan) in the shorter of the five years ending on (and including) that date and the period since Admission; and (b) remain capable of issue, or transfer out of treasury, under any subsisting options granted by the Company.

#### *Alternative settlement on exercise*

Instead of delivering the number of Ordinary Shares specified in the exercise notice, the remuneration committee may make a cash payment with the option holder's consent or deliver Ordinary Shares equal to the value of the Ordinary Shares over which the option is exercised less the relevant exercise price, or may deliver a combination of the two.

#### *Alteration*

The remuneration committee may alter the Share Option Plan except that (apart from minor amendments to benefit the administration of the Share Option Plan, to correct typographical or other errors, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or the Company) no alteration to the advantage of participants or to the Plan limit described above can be made without the prior approval of Shareholders in general meeting.

No amendment may have a materially adverse effect on options granted before the amendment without the relevant optionholder's consent.

#### *Termination and Plan period*

The remuneration committee may terminate or suspend the operation of the Share Option Plan at any time, whereupon no further options shall be granted but in all other respects the provisions of the Share Option Plan shall remain in force. In any event, no options may be granted after the date which is five years after the date the Share Option Plan is adopted.

#### *Employee Benefit Trust*

- 11.4 On 12 January 2016 Estera Trust (Jersey) Limited (the "EBT Trustee") subscribed for 1,200,000 Ordinary Shares on behalf of the EBT.

The EBT Trustee funded its subscription by way of a loan from the Company. The Company has no recourse under the loan to the assets of the EBT Trustee other than the proceeds of the sales of the shares. The proceeds of sale may not be sufficient for the EBT Trustee to repay the loan in full. If the proceeds of the sale of its beneficial interest are greater than the amount the EBT Trustee is required to repay under the loan, the EBT Trustee may apply any surplus for future employee incentivisation arrangements.

The EBT Trustee will not normally exercise the voting rights of unvested Ordinary Shares held under the EBT but may exercise such rights on vested Ordinary Shares at the request of the relevant participants. Similarly, Ordinary Shares held under the EBT will not receive any dividends paid.

On 16 August 2016, Andrew Austin transferred 347,000 Ordinary Shares held by him at a price of £0.50 per Ordinary Share for £173,500 to the EBT in order to incentivise future hires and to assist any dilution that might otherwise impact other shareholders.

#### *Office lease*

- 11.5 Andrew Austin leases the Company a property for office use. The lease commenced on 1 January 2017. The current rent is £48,000 per annum.

#### *Related party transactions*

- 11.6 Save as set out in paragraphs 11.1 to 11.5 above, from 1 July 2015 (being the Company's date of incorporation) up to and including the date of this document, the Company has not entered into any related party transactions.

## 12. **Accounts**

The Company's annual report and accounts will be made up to 31 December in each year, with the first annual report and accounts covering the period from incorporation to 31 December 2016. It is expected that the Company will make public its annual report and accounts within four months of each financial year end (or earlier if possible) and that copies of the annual report and accounts will be sent to Shareholders within six months of each financial year end (or earlier if possible). It is expected that the Company will prepare its unaudited interim report for each six month period ending 30 June thereafter. It is expected that the Company will make public its unaudited interim reports within two months of the end of each interim period.

## 13. **General**

- 13.1 By a resolution of the Directors passed on 18 December 2015, PricewaterhouseCoopers LLP whose address is 1 Embankment Place, London WC2N 6RH, were appointed as the first auditor of the Company. PricewaterhouseCoopers LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales and the Financial Reporting Council.
- 13.2 The Company currently has two employees and does not own any premises.
- 13.3 The total expenses incurred (or to be incurred) by the Company in connection with Admission, and the Fundraise are approximately £701,500. The estimated Net Fundraise Proceeds (given that £8,000,001 will be raised by way of the Placing), after deducting fees and expenses in connection with Admission and the Placing, are £7,298,501.
- 13.4 The Company is not dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Company's business or profitability.
- 13.5 The information in this document which has sourced from third parties has been accurately reproduced and so far as the Company is aware and is able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 13.6 There have been no interruptions in the business of the Company, which may have or have had in the 12 months preceding the publication of this document a significant effect on the financial position of the Company or which are likely to have a material effect on the prospects of the Company for the next 12 months.

- 13.7 The Directors are not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects in the current financial year.
- 13.8 The Issue Price represents a premium of 130 pence over the nominal value of 20 pence per Ordinary Share. The premium arising on the Fundraise amounts to £6,933,334.20 in aggregate.
- 13.9 Principals and employees of Hannam own a total of 160,000 Ordinary Shares as at the date of this document.
- 13.10 In accordance with the Prospectus Rules, the Company will file with the FCA, and make available for inspection by the public, details of the number of Ordinary Shares issued under this document. The Company will also notify the issue of the Ordinary Shares through a Regulatory Information Service.

#### 14. **Consents**

- 14.1 Petrevel Limited has given and not withdrawn its written consent to the inclusion in this document of its Competent Persons' Report in Part IX of this document and/or extracts therefrom and references thereto and to the inclusion of its name and references in the form and context in which they are included.
- 14.2 Hannam & Partners (Advisory) LLP has given and not withdrawn its written consent to the issue of this document and the references herein to its name in the form and context in which they appear.
- 14.3 Whitman Howard Limited has given and not withdrawn its written consent to the issue of this document and the references herein to its name in the form and context in which they appear.

#### 15. **Availability of Documents**

- 15.1 Copies of the following documents may be inspected at the registered office of the Company at Cooley (UK) LLP, Dashwood, 69 Old Broad Street, London EC2M 1QS during usual business hours on any day (except Saturdays, Sundays and public holidays) from the date of this document until Admission and completion of the Placing:
- (a) the memorandum and articles of association of the Company; and
  - (b) this document.
- 15.2 In addition, this document will be published in electronic form and be available on the Company's website at [www.rockroseenergy.com](http://www.rockroseenergy.com) subject to certain access restrictions applicable to persons located or resident outside the United Kingdom.

Date: 3 July 2017

## PART XVI

### DEFINITIONS

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

<b>“Admission” or “Re-Admission”</b>	admission of the Enlarged Share Capital to the standard listing segment of the Official List and to trading on the London Stock Exchange’s Main Market for listed securities;
<b>“Affiliate” or “Affiliates”</b>	an affiliate of, or person affiliated with, a person; a person that, directly or indirectly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person specified;
<b>“AIM”</b>	AIM, the market of that name operated by the London Stock Exchange;
<b>“Acquisitions”</b>	the Maersk Acquisition and the Egerton Acquisition;
<b>“Articles” or “Articles of Association”</b>	the articles of association of the Company in force from time to time;
<b>“Arunvill”</b>	Arunvill Capital Limited;
<b>“certificated” or “in certificated form”</b>	in relation to a share, warrant or other security, a share, warrant or other security, title to which is recorded in the relevant register of the share, warrant or other security concerned as being held in certificated form (that is, not in CREST);
<b>“Change of Control”</b>	the acquisition of Control of the Company by any person or party (or by any group of persons or parties who are acting in concert);
<b>“Companies Act”</b>	the Companies Act 2006, as amended or re-enacted from time to time;
<b>“Company”</b>	Rockrose Energy plc, a company incorporated in England and Wales with registered number 09665181;
<b>“Control”</b>	(i) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to: (a) cast, or control the casting of, more than 50 per cent, of the maximum number of votes that might be cast at a general meeting of the Company; or (b) appoint or remove all, or the majority, of the Directors or other equivalent officers of the Company; or (c) give directions with respect to the operating and financial policies of the Company with which the Directors or other equivalent officers of the Company are obliged to comply; and/or (ii) the holding beneficially of more than 50 per cent, of the issued shares of the Company (excluding any issued shares that carry no right to participate beyond a specified amount in a distribution of either profits or capital), but excluding in the case of each of (i) and (ii) above any such power or holding that arises as a result of the issue of Ordinary Shares by the Company in connection with further acquisitions;
<b>“CREST” or “CREST System”</b>	the paperless settlement system operated by Euroclear enabling securities to be evidenced otherwise than by certificates and transferred otherwise than by written instruments;
<b>“CREST Regulations”</b>	The Uncertificated Securities Regulations 2001 ( <i>SI 2001 No. 3755</i> ), as amended;
<b>“Directors”, “Board” or “Board of Directors”</b>	the directors of the Company, whose names appear in “Part VII – The Company, the Board and the Acquisition Structure”, or the board of directors from time to time of the Company, as the context requires, and “ <b>Director</b> ” is to be construed accordingly;
<b>“Disclosure Guidance and Transparency Rules” or “DTRs”</b>	the disclosure guidance and transparency rules of the UK Listing Authority made in accordance with section 73A of FSMA as amended from time to time;

<b>“DP Act”</b>	The Data Protection Act 1998, as amended;
<b>“EBT”</b>	means the Company’s employee benefit trust, more fully described in paragraph 12.4 of “Part XV – Additional Information”;
<b>“EEA”</b>	the European Economic Area;
<b>“EEA States”</b>	the member states of the European Union and the European Economic Area, each an <b>“EEA State”</b> ;
<b>“Egerton”</b>	Egerton Energy Ventures Limited, a company incorporated in England and Wales with company number 08724360;
<b>“Egerton Acquisition”</b>	the acquisition of the entire issued share capital of Egerton by Rockrose UKCS1 from the Egerton Sellers pursuant to the terms of the Egerton Acquisition Agreement;
<b>“Egerton Acquisition Agreement”</b>	the share purchase agreement between Rockrose UKCS1 and the Egerton Sellers dated 22 March 2017 relating to the purchase of the entire issued share capital of Egerton by Rockrose UKCS1, details of which are set out at Part VI of this document;
<b>“Enlarged Group”</b>	The Group as enlarged by the Maersk Acquisition, the Egerton Acquisition and the Proposed Sojitz Acquisition;
<b>“Enlarged Share Capital”</b>	The Existing Ordinary Shares plus the New Ordinary Shares;
<b>“EU”</b>	the Member States of the European Union;
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited;
<b>“Excluded Territory”</b>	the United States, Canada, Japan, Australia and the Republic of South Africa;
<b>“Existing Ordinary Shares”</b>	the Ordinary Shares in issue immediately prior to the Acquisitions;
<b>“FCA”</b>	the UK Financial Conduct Authority;
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 of the UK, as amended;
<b>“Fundraise”</b>	the Placing and the Subscription;
<b>“general meeting”</b>	a meeting of the Shareholders of the Company or a class of Shareholders of the Company (as the context requires);
<b>“Group”</b>	the Company and its subsidiary, Rockrose (UKCS1);
<b>“IASB”</b>	International Accounting Standards Board;
<b>“IFRS”</b>	International Financial Reporting Standards as adopted by the European Union;
<b>“Initial Admission”</b>	admission of the Ordinary Shares to the standard listing segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange on 13 January 2016;
<b>“Initial Placing”</b>	the placing of 8,800,000 Ordinary Shares at a price of £0.50 on 13 January 2016;
<b>“Issue Price”</b>	150 pence per New Ordinary Share;
<b>“Listing Rules”</b>	the listing rules made by the UK Listing Authority under section 73A of FSMA as amended from time to time;
<b>“London Stock Exchange”</b>	London Stock Exchange plc;
<b>“Maersk”</b>	Maersk Oil North Sea UK Ltd;
<b>“Maersk Acquisition”</b>	the proposed acquisition of the Scott and Telford Interests by Rockrose UKCS1 pursuant to the terms of the Maersk Acquisition Agreement;

<b>“Maersk Acquisition Agreement”</b>	the sale and purchase agreement between Rockrose UKCS1 and Maersk dated 21 December 2016 relating to the acquisition by Rockrose UKCS1 of the Scott and Telford Interests details of which are set out at Part VIII of this document;
<b>“Maersk Interests”</b>	the Scott and Telford Interests and the Wytch Farm Interest;
<b>“Memorandum”</b>	the memorandum of association of the Company in force from time to time;
<b>“Net Placing Proceeds”</b>	the funds received on closing of the Placing less any expenses paid or payable in connection with Admission and the Placing;
<b>“Net Fundraise Proceeds”</b>	the Net Placing Proceeds and proceeds of the Subscription;
<b>“New Ordinary Shares”</b>	the 5,333,334 Ordinary Shares of 20p each in the capital of the Company comprising the 1,699,594 new Ordinary Shares to be allotted and issued by the Company pursuant to the Placing and the 3,633,740 New Ordinary Shares to be allotted and issued pursuant to the Subscription;
<b>“Official List”</b>	the official list maintained by the UK Listing Authority;
<b>“Ordinary Shares”</b>	the ordinary shares of £0.20 each in the capital of the Company including, if the context requires, the New Ordinary Shares;
<b>“Placees”</b>	those persons who have agreed to acquire New Ordinary Shares in the Placing;
<b>“Placing”</b>	the placing of 1,699,594 New Ordinary Shares by the Managers at the Issue Price and on the terms and subject to the conditions of the Placing Agreement;
<b>“Placing Agreement”</b>	means the placing agreement dated 30 June 2017 between the Company, the Directors, and the Managers, details of which are set out in “Part XV – Additional Information”;
<b>“Premium Listing”</b>	a premium listing under Chapter 6 of the Listing Rules;
<b>“Proposed Sojitz Acquisition”</b>	the proposed acquisition of the entire issued share capital of Sojitz by Rockrose (UKCS1) pursuant to the Sojitz Heads of Terms;
<b>“Prospectus Directive”</b>	Directive 2003/71/EC (and any amendments thereto, including Directive 2010/73/EU, to the extent implemented in the relevant member state), and includes any relevant implementing measures in each EEA State that has implemented Directive 2003/71/EC;
<b>“Prospectus Rules”</b>	the prospectus rules of the UK Listing Authority made in accordance with section 73A of FSMA, as amended from time to time;
<b>“Registrar”</b>	Capita Asset Services or any other registrar appointed by the Company from time to time;
<b>“Registrar Agreement”</b>	the registrar agreement dated 8 January 2016 between the Company and the Registrar details of which are set out in “Part XV – Additional Information”;
<b>“Regulation S”</b>	Regulation S promulgated under the U.S. Securities Act;
<b>“Rockrose (UKCS1)”</b>	Rockrose (UKCS1) Limited, a company incorporated in England and Wales with company number 10448997.
<b>“Scott and Telford Interests”</b>	the 5.16 per cent. interest in the Scott Field and the 2.36 per cent. interest in the Telford Field to be acquired from Maersk by Rockrose (UKSC1);
<b>“Securities Act”</b>	the U.S. Securities Act of 1933, as amended;
<b>“Share Dealing Code”</b>	the Company’s policy on directors’ dealings in securities;

<b>“Shareholder”</b>	a holder of Ordinary Shares and/or New Ordinary Shares, as the context requires;
<b>“Sojitz Heads of Terms”</b>	the non-binding heads of terms agreed between Rockrose (UKCS1) and the Sojitz Sellers setting out the agreed terms for the proposed acquisition by Rockrose (UKCS1) of the entire issued share capital of Sojitz;;
<b>“Sojitz”</b>	Sojitz Energy Project Limited, a company incorporated in England and Wales with company number 04620801;
<b>“Sojitz Sellers”</b>	Sojitz Corporation and Sojitz Europe plc;
<b>“Standard Listing”</b>	a standard listing under Chapter 14 of the Listing Rules;
<b>“Subscription”</b>	the subscription by Arunvill for 2,666,666 New Ordinary Shares pursuant to the Subscription Agreement and the subscription by certain of the Directors, certain of their spouses and certain third parties, on the terms of subscription letters, for 967,074 New Ordinary Shares;
<b>“Subscription Agreement”</b>	Subscription Agreement Arunvill and the Company pursuant to which Arunvill has agreed to subscribe for 2,666,666 New Ordinary Shares at the Issue Price, further details of which are set out in Part X of this document;
<b>“Takeover Code”</b>	the City Code on Takeovers and Mergers;
<b>“UK Corporate Governance Code”</b>	the UK Corporate Governance Code issued by the Financial Reporting Council in the UK from time to time;
<b>“UK Listing Authority”</b>	the FCA in its capacity as the competent authority for listing in the U.K. pursuant to Part VI of FSMA;
<b>“uncertificated” or “uncertificated form”</b>	in relation to a share or other security, a share or other security, title to which is recorded in the relevant register of the share or other security concerned as being held in uncertificated form (that is, in CREST) and title to which may be transferred by using CREST;
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“United States” or “U.S.”</b>	the United States of America;
<b>“U.S. Person”</b>	any person who is a U.S. person within the meaning of Regulation S adopted under the U.S. Securities Act;
<b>“VAT”</b>	(i) within the EU, any tax imposed by any Member State in conformity with the Directive of the Council of the European Union on the common system of value added tax (2006/112/EC), and (ii) outside the EU, any tax corresponding to, or substantially similar to, the common system of value added tax referred to in paragraph (i) of this definition.
<b>“Wytch Farm Interest”</b>	Maersk’s 7.43 per cent. interest in the Wytch Farm Field;

References to a **“company”** in this document shall be construed so as to include any company, corporation or other body corporate, wherever and however incorporated or established.

## PART XVII

### DOCUMENTS INCORPORATED BY REFERENCE

The table below sets out the various information incorporated by reference into this document, so as to provide the information required pursuant to the Listing Rules. These documents are also available at [www.rockroseenergy.com](http://www.rockroseenergy.com).

<i>Section in Document</i>	<i>Information incorporated by reference this document</i>
Part XI	Rockrose 2016 Annual Accounts

The documents incorporated by reference in this document have been incorporated in compliance with Listing Rules 13.1.1 and 13.1.6. The information set out above is incorporated by reference in this document and forms part of this document, and is available as indicated. Information that is itself incorporated by reference or cross-referred to in these documents is not incorporated by reference into this document. Except as set out above, no other portions of these documents are incorporated by reference into this document.

