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If you have sold or otherwise transferred all of your Ordinary Shares, please send this document, together with the accompanying Form of Proxy, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. If you have sold or otherwise transferred only part of your holding of Ordinary Shares, please immediately contact the stockbroker, bank or other agent through whom the sale or transfer was effected.

This document does not constitute an offer of transferable securities to the public within the meaning of section 102B of FSMA. The issue of the Capital Raising Shares will not constitute an offer to the public requiring an approved prospectus under section 85 of FSMA. This document does not constitute a prospectus for the purpose of the Prospectus Rules or an admission document for the purpose of the AIM Rules for Companies. Accordingly, this document has not been, and will not be, reviewed or approved by the FCA pursuant to sections 85 and 87 of FSMA or by the London Stock Exchange or any other authority or regulatory body and has not been approved for the purposes of section 21 of FSMA.

Application will be made for the New Shares to be admitted to trading on AIM. Subject to certain conditions being satisfied, including the passing of the Resolutions at the General Meeting, it is anticipated that Admission of the New Shares will become effective, and that dealings in the New Shares will commence on AIM, at 8.00 a.m. on 15 January 2019.

This document should be read in conjunction with the accompanying Form of Proxy and the definitions set out in this document. The whole of this document should be read and, in particular, your attention is drawn to the letter from the Chairman of the Company which contains the unanimous recommendation of the Directors that you vote in favour of the Resolutions to be proposed at the General Meeting.

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## **Pantheon Resources plc**

*(Incorporated and registered in England and Wales with registered number 05385506)*

**Recommended proposals in relation to the issue of 108,335,266 Capital Raising Shares and 202,471,055 Consideration Shares pursuant to the Acquisition of the Great Bear Companies**

**and**

**Notice of General Meeting**

**Arden Partners plc**

*Sole Broker and Nominated Adviser*

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Arden, which is authorised and regulated in the United Kingdom by the FCA, is acting as Sole Broker and Nominated Adviser to the Company in connection with the Capital Raising. Its responsibilities as Nominated Adviser under the AIM Rules are owed solely to London Stock Exchange plc and are not owed to the Company or to any Director or to any other person. Arden will not be responsible to anyone other than the Company for providing the protections afforded to its clients, nor for providing advice in relation to the Capital Raising, the contents of this document or any transaction or arrangement referred to herein.

A General Meeting to consider the proposals described in this document will be held at 10:15 a.m. on 14 January 2019 at the offices of FTI Consulting, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD. The notice convening the General Meeting is set out at the end of this document and a Form of Proxy for use at the General Meeting is enclosed. The action to be taken in respect of the General Meeting is set out in the letter from the Chairman of the Company contained in this document.

**Shareholders are requested to complete, sign and return the Form of Proxy whether or not they intend to be present at the General Meeting. To be valid, Forms of Proxy should be completed, signed and returned as soon as possible but, in any event, to the Company at 6<sup>th</sup> Floor, 60 Gracechurch Street, London EC3V 0WR, by not later than 10:15 a.m. on 12 January 2019.**

Completion and return of a Form of Proxy will not preclude a Shareholder from attending and voting at the meeting should they so wish.

The New Shares will rank *pari passu* in all respects with the existing Ordinary Shares when issued and fully paid.

## Important information

None of the Capital Raising Shares, the Form of Proxy or this document nor any other document connected with the Capital Raising have been or will be approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Capital Raising Shares or the accuracy or adequacy of this document, the Form of Proxy or any other document connected with the Capital Raising. Any representation to the contrary is a criminal offence in the United States.

The Capital Raising Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or under any securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. Any offering of the Capital Raising Shares to be made in the United States will be made only to a limited number of "qualified institutional buyers" as defined in Rule 144A under the Securities Act pursuant to an exemption from the registration requirements of the Securities Act in a transaction not involving any public offering and outside the United States in offshore transactions in accordance with Regulation S under the Securities Act. There will be no public offer of the Capital Raising Shares in any jurisdiction, including in the United States, Canada, Japan or South Africa.

This document does not constitute, or form part of, a prospectus relating to the Company, nor does it constitute or contain any invitation, offer or recommendation to any person, or any public offer, to subscribe for, purchase or otherwise acquire any shares in the Company or advise persons to do so in any jurisdiction, including Australia and Hong Kong, nor shall it, or any part of it form the basis of or be relied on in connection with any contract or as an inducement to enter into any contract or commitment with the Company. References to the "Company" will also be deemed to include its subsidiaries, both directly and indirectly held (including through nominees), all wholly owned. Investing in the Company may expose an individual to a significant risk of losing all of the property or other assets invested. The information in this announcement is being supplied for information purposes only in connection with a proposed placing of ordinary shares (the "**Placing**") by the Company.

The content of this document has not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000 ("**FSMA**") and the securities mentioned herein have not been, and will not be, registered with the Registrar of Companies in Hong Kong under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) ("**HK Companies Ordinance**"). The contents of this announcement, any offering material, advertising, invitation or document relating to the securities have not been reviewed or approved by any regulatory authority in Hong Kong (including but not limited to the Securities and Futures Commission).

This document is not a disclosure document under the Australian Corporations Act 2001 ("**Australian Corporations Act**") and does not purport to include the information required of a disclosure document or product disclosure document under the Australian Corporations Act. Neither this announcement, any other disclosure document nor product disclosure statement in relation to the Placing has been lodged with the Australian Securities and Investments Commission ("**ASIC**").

This document is addressed to, and directed only at persons whose ordinary activities involve them in acquiring, holding, managing and disposing of investments as principal or agent for the purposes of their business and who have professional experience in matters relating to investments and are (in the case of (i) and (iv) below) "qualified investors" as defined in section 86(7) of FSMA being persons falling within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC) ("**Qualified Investors**") who are also: (i) persons in the UK, who: (a) have professional experience in matters relating to investments, being investment professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**FPO**"), or (b) are high net worth companies as defined in Article 49(2) of the FPO ("**UK Relevant Persons**"), and who are a "professional client" or an "eligible counterparty" within the meaning of rules 3.5.1 and 3.6.1 of the Financial Services Authority's Conduct of Business Sourcebook; or (ii) persons in the United States (as defined under Regulation S of the Securities Act), who are "accredited investors" as defined in Rule 501 of Regulation D promulgated under the Securities Act ("**US Accredited Investors**"); or (iii) persons in Australia, who it is lawful to offer the shares to be issued under the Placing without disclosure under Chapter 6D of the Australian Corporations Act and Part 7.9 of the Australian Corporations Act (including those who are "sophisticated investors" as set out in section 708(8) of the Australian Corporations Act or who are "professional investors" as set out in section 708(11) of the Australian Corporations Act), who are a "wholesale client" within the meaning of section 761G of the Australian Corporations Act, and where such action complies with all applicable laws, regulations and directives and does not require any document to be lodged with ASIC ("**Australian Accredited Investors**"), (iv) persons within a member state of the European Economic Area, who are: (a) Qualified Investors; and (b) "professional clients" or "eligible counterparties" within the meaning of Article 4(1)(11) and Article 24(2), (3) and (4), respectively, of Directive 2004/39/EC as implemented into national law of the relevant EEA state (the "**EU Relevant Persons**") or (v) in any other jurisdiction, persons who are lawfully permitted to receive the announcement (and in circumstances which will not constitute an offer to the public in such jurisdiction, if and to the

extent relevant) (together with the UK Relevant Persons, the Australian Accredited Investors and the EU Relevant Persons, "**International Relevant Persons**"), provided, however, that offers and sales to International Relevant Persons will only be made in "offshore transactions" within the meaning of and in reliance on the safe harbour from the registration requirements of the Securities Act provided by Regulation S. The ordinary shares are available only to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire the ordinary shares will be engaged in only with, International Relevant Persons or US Accredited Investors. Any person who is not an International Relevant Person or a US Accredited Investor should not rely on the content of this announcement nor take any action upon it. Any ordinary shares issued to an investor under the Placing, including to Australian Accredited Investors, must not be transferred or offered to be transferred to any person located in Australia within 12 months of their issue unless it is lawful to transfer or offer to transfer the ordinary shares without disclosure under Chapter 6D or Part 7.9 of the Australian Corporations Act, the person is a "wholesale client" within the meaning of section 761G of the Australian Corporations Act, and otherwise in accordance with the Australian Corporations Act.

The securities referred to herein may not be offered or sold in Hong Kong, by means of any document, other than in circumstances in which the offer or sale: (i) does not constitute an offer to the public within the meaning of the HK Companies Ordinance or the Securities Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**"); (ii) constitute an offer specified in Part 1 of the 17th Schedule to the HK Companies Ordinance as read with the other parts of that Schedule (which includes an offer to "professional investors" within the meaning of section 1 of Part 1 of Schedule 1 to the SFO ); or (iii) do not result in this announcement, any offering material, advertising, invitation or documents relating to the securities being a "prospectus" as defined in the HK Companies Ordinance. This announcement, any other offering material, advertisement, invitation or document relating to the securities, which is directed at, or the contents of which are or are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong such as to the extent that it contains or relates to an offer to "professional investors" within the meaning of section 1 of Part 1 of Schedule 1 to the SFO), other than with respect to securities which are or are intended to be disposed of only to persons outside Hong Kong, may not be issued and may not be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere.

This document has not been registered as a prospectus with the Monetary Authority of Singapore and this offering is not regulated by any financial supervisory or regulatory authority pursuant to any legislation in Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Placing Shares may not be circulated or distributed, nor may Placing Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with, the conditions of an exemption under Sections 274 and 275 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

By participating in the Placing each Placee (and any person acting on such Placee's behalf) irrevocably acknowledges, confirms, undertakes, represents, warrants and agrees (as the case may be) with the Company, in each case as a fundamental term of their application for the Placing Shares as set out below and each Placee (and any person acting on such Placee's behalf):

- represents and warrants that he/she is either (a) an "institutional investor" (as defined in section 4A(1)(c) of the SFA); or (b) a "relevant person" (as defined in section 275(2) of the SFA); or (c) a person to whom an offer is being made, as referred to in section 275(1A) of the SFA and agrees to be bound by the conditions, disclaimers, limitations and restrictions contained in this document, including the appendices, in its entirety and any other materials relating to the Placing Shares and the SFA in relation to the offer, holding and subsequent transfer of the Placing Shares;
- represents, warrants and undertakes that in the event that he/she is not an investor falling within any of the categories set out above, he/she will return this document, including the appendices, in its entirety and any other materials relating to the Placing Shares, immediately and will not forward or circulate these documents to any other person in Singapore; and
- acknowledges that this offer is not made to it with a view to the Placing Shares being subsequently offered for sale to any other party and that there are on-sale restrictions in Singapore that may be applicable to investors who acquire the Placing Shares.

As such, he/she undertakes to acquaint himself/herself with the SFA provisions relating to resale restrictions in Singapore and comply accordingly and if he/she is in doubt, he/she will consult its legal or professional adviser.

No reliance may be placed for any purpose whatsoever on the information or opinions contained in this announcement or on its completeness. No representation or warranty, express or implied, is given by the Company as to the accuracy or completeness of the information or opinions contained in this announcement, and the information in this announcement is subject to updating, completion, revision, amendment and verification, which may result in material changes. The information contained in this announcement has not been independently verified. Any recipient of this

announcement who is in any doubt about the Placing to which this announcement relates (including whether such recipient qualifies as an International Relevant Person or a US accredited Investor) should consult an authorised person specialising in advising on investments of this kind. This announcement does not constitute a recommendation regarding the shares of the Company, and should not be construed as legal, business, tax or investment advice. Prospective investors are encouraged to obtain separate and independent verification of information and opinions contained in this announcement as part of their own due diligence.

This document is not for release, publication or distribution, directly or indirectly, in or into Canada, the Republic of South Africa, Japan or any jurisdiction where to do so might constitute a violation of local securities laws or regulations.

Arden is acting solely as Nominated Adviser and Broker exclusively for the Company and no one else in connection with the contents of this announcement and will not regard any other person (whether or not a recipient of this announcement) as its client in relation to the contents of this announcement and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the contents of this announcement. Apart from the responsibilities and liabilities, if any, which may be imposed on Arden by FSMA or the regulatory regime established thereunder, Arden accepts no responsibility whatsoever, and makes no representation or warranty, express or implied, for the contents of this announcement including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on behalf of it, the Company or any other person, in connection with the Company and the contents of this announcement and nothing in this announcement shall be relied upon as a promise or representation in this respect, whether as to the past or the future. Arden accordingly disclaims all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of the contents of this announcement or any such statement.

In accordance with the AIM Rules - Note for Mining and Oil & Gas Companies - June 2009, the information relating to the Company's assets in East Texas contained in this Circular has been reviewed and signed off by Arthur E. Berman, a qualified Petroleum Geologist, with 18 years' relevant experience within the sector.

In accordance with the AIM Rules - Note for Mining and Oil & Gas Companies - June 2009, the information relating to the Great Bear Assets contained in this Circular has been reviewed and signed off by Michael Duncan, a qualified Petroleum Engineer, with 18 years' relevant experience within the sector.

The distribution of this document and the Form of Proxy in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this document and/or accompanying documents come should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of such jurisdictions. Members of the general public are not eligible to take part in the Capital Raising.

This document contains forward-looking statements. These statements relate to the future prospects, developments and business strategies of the Company. Forward-looking statements are identified by the use of such terms as "believe", "could", "envisage", "estimate", "potential", "intend", "may", "plan", "will" or variations or similar expressions, or the negative thereof. The forward-looking statements contained in this document are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements. If one or more of these risks or uncertainties materialise, or if underlying assumptions prove incorrect, the Company's actual results may vary materially from those expected, estimated or projected. Given these risks and uncertainties, certain of which are beyond the Company's control, potential investors should not place any reliance on forward-looking statements. These forward-looking statements speak only as at the date of this document. Except as required by law, the Company undertakes no obligation to publicly release any update or revisions to the forward-looking statements contained in this document to reflect any change in events, conditions or circumstances on which any such statements are based after the time they are made.

Certain figures and percentages contained in this document, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this document may not conform exactly with the total figure given.

In accordance with the AIM Rules for Companies, this document will be made available on the Company's website: [www.pantheonresources.com](http://www.pantheonresources.com)

This document is dated 28 December 2018.

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## KEY STATISTICS

Number of Existing Ordinary Shares	237,486,555
Number of Share Options	10,000,000
Number of Capital Raising Shares	108,335,266
Number of Consideration Shares*, split	202,471,055
Number of new Ordinary Shares	100,000,000
Number of Non-Voting Convertible Shares	102,471,055
Number of Consideration Warrants	9,607,843
Cash Consideration	US\$6.1 million
Capital Raising Price (per Ordinary Share)	15.25 pence
Gross Proceeds of the Capital Raising	US\$20.9 million
Adviser Shares	1,403,278
Share capital at Admission, as enlarged by the Capital Raising and Acquisition, split	549,696,154
Number of Ordinary Shares	447,225,099
Number of Non-Voting Convertible Shares	102,471,055

\* The number of Consideration Shares will be increased in the ratio of 49/51 up to but not exceeding a maximum amount of 4,900,000 new Ordinary Shares or Non-Voting Convertible Shares, to account for any new Ordinary Shares issued in respect of the Vision Acquisition and any subsequent acquisition of connected assets.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Capital Raising and the Acquisition	21 December 2018
Posting of the Circular and the Form of Proxy to Shareholders	28 December 2018
Latest time and date for receipt of completed Forms of Proxy	10:15 a.m. on 12 January 2019
General Meeting*	10:15 a.m. on 14 January 2019
Results of the General Meeting announced*	14 January 2019
Completion of the Acquisition*, Admission effective and dealings expected to commence in the New Shares on AIM	8.00 a.m. on 15 January 2019
Capital Raising Shares credited to CREST stock accounts*	8.00 a.m. on 15 January 2019
Expected date by which certificates in respect of New Shares are to be despatched to certificated Shareholders (as applicable)*	w/c 21 January 2019

\*Each of the times and dates in the above timetable is subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement through a Regulatory Information Service. References to time in this document are to London time. The timetable above assumes that the Resolutions are passed at the General Meeting without adjournment.

## PART 1

### LETTER FROM THE CHAIRMAN OF PANTHEON RESOURCES PLC

*Directors:*

6<sup>th</sup> Floor,  
60 Gracechurch Street  
London EC3V 0HR

John (Jay) Cheatham  
Justin Hondris  
Phillip Gobe  
John Walmsley

28 December 2018

Dear Shareholder,

**Recommended proposals in relation to the issue of 108,335,266 Capital Raising Shares and  
202,471,055 Consideration Shares pursuant to the  
Acquisition of the Great Bear Companies**

**and**

**Notice of General Meeting**

#### 1 INTRODUCTION

On 20 December 2018, the Company entered into a conditional agreement to acquire the Great Bear Companies and the Great Bear Assets. The consideration for the Acquisition will comprise:

- 202,471,055 Consideration Shares\*, split
  - 100,000,000 new Ordinary Shares
  - 102,471,055 Non-Voting Convertible Shares
- 9,607,843 Consideration Warrants
- Cash Consideration of US\$6.1 million

\* The number of Consideration Shares will be increased in the ratio of 49/51 up to but not exceeding a maximum amount of 4,900,000 additional new Ordinary Shares or Non-Voting Convertible Shares, to account for any new Ordinary Shares issued in respect of the Vision Acquisition and any subsequent acquisition of connected assets.

Following the Acquisition, the Company plans to undertake an active period of operational activity with operations on three wells, targeting over 950 million bbl P50 Technically Recoverable Resource (gross), over the first six month period following Admission as follows:

1. A flow test of the Alkaid well (75% Working Interest), targeting P50 Technically Recoverable Resources of 549 million bbl. over three independent zones. Planning is to immediately commence preparations for testing in first half 2019. The Alkaid well is a discovery well that was drilled in 2015, logged and sidewall cored but was unable to be flowtested at that time because the equipment was moved off location due to unseasonal flooding on the North Slope of Alaska.
2. Participation in the drilling of an exploration well on the Winx prospect (10% carried Working Interest plus a further 10% back in right, exercisable upon success) targeting 400 million bbl. P50 Technically Recoverable Resource. The operator estimates a spud date of February 2019.
3. Drilling of a sidetrack of the VOBM#1 well in Polk County, East Texas (70% Working Interest). The original VOBM#1 wellbore was shut in for over two years and subsequently was discovered to have suffered collapsed casing, severely impacting the integrity of the wellbore. Prior to that the well exhibited excellent tested flow rates of 6,000mcf/d and 500 bbls oil per day. The Directors estimate a spud date of March 2019.

## 2 INFORMATION ON THE GREAT BEAR COMPANIES

The Great Bear Group was founded in 2010 and has been operating on the North Slope of Alaska for over six years. In that time, the Great Bear Group has acquired over 500,000 acres of leases, with the rights to explore for hydrocarbons, and over US\$200 million has been spent to date assessing both conventional and unconventional oil opportunities related to this acreage. The Great Bear Group has managed its acreage portfolio over this time and currently holds over 250,000 acres of leases, the majority of which is bisected by the Trans Alaskan Pipeline System ("TAPS"), one of the world's largest established pipeline systems as well as the 414 mile Dalton Highway. Importantly, oil from the North Slope of Alaska trades at a significant premium to WTI oil price, greatly enhancing potential economics.

The land currently leased by the Great Bear Companies is covered by a 1025 square mile proprietary 3D seismic survey, owned by the Great Bear Group, that covers all of its acreage where exploration projects have been identified. The current leases are collectively estimated to have 2.0 billion barrels oil of P50 Technically Recoverable Resource (gross) potential. Both the Winx and Alkaid wells have operational commitments required by 31 May 2019, which are expected to be met based upon the intended activity programme. Full details of lease obligations can be found in the Risk Factors in Part 2 of this document.

The acreage contains two discovery wells; Alkaid (75% Working Interest) and Pipeline State, on the Talitha prospect (90% Working Interest). Alkaid was drilled in 2015 by the Great Bear Group and was determined to be a discovery (with three independent zones of potential), however due to flooding the well was unable to be flow tested and appraised. The Talitha discovery well was drilled in 1988 by Arco, however the well was not deemed to be commercial at that time because prevailing oil prices were below US\$15 per barrel and drilling technologies were not sufficiently advanced to efficiently exploit the layered sands. Today's modern horizontal drilling practices are believed to be well suited to exploit this known hydrocarbon bearing prospect.

The Great Bear Group completed a farmout of the Winx well in 2018 and now has a 10% Working Interest in the well with an option to acquire an additional 10%, exercisable after the well has been completed. Working Interest exercisable within six months following completion of the Winx well. The cost of exercising this right is 20% of the cost of the well. The Winx well is estimated to have 400 million bbls of P50 Technically Recoverable Resource potential. The prospect is located approximately four miles east of the Horseshoe#1/1A Nanushuk oil discovery well, claimed by Repsol in 2017 to be "the largest U.S. onshore oil discovery in 30 years".

As at 31 December 2017, the Great Bear Companies had assets of approximately US\$24.5 million, principally represented by lease assets. Revenue for the year ended 31 December 2017 was US\$nil and losses attributable to the Great Bear Companies for the same period were approximately US\$2.2 million.

The Directors consider the proposed acquisition of the Great Bear Companies will provide high impact exploration and appraisal projects with potential for significant near term upside. The leases owned by the Great Bear Companies are considered to be complementary to the Company's current East Texas assets, with both being conventional, onshore USA prospects with outsized potential and supported by significant geological analysis and seismic interpretation. The high impact Alaskan conventional portfolio balances the shorter term cashflow potential of the East Texas assets and the subsurface geology shows some geological similarities. Additionally, the extensive acreage position held by the Great Bear Group offers multiple, geologically independent prospects which have the potential to benefit from the upcoming regional drilling programmes by third company companies following the significant Alaskan North Slope discoveries over the past two years.

Great Bear P50 Technically Recoverable Resource						
Estimated Timing			Oil in Place mmbbl	Recoverable Oil mmbbl	Possible Zones	GBP Interest
2019	Alkaid Production	Test Zone				
		ZOI	250	25	1	75%
		West Sak	890	134	1	75%
		Ugnu	2,600	390	1	75%
2019	Winx Exploration <sup>1</sup>	Exploration	1,385	400	5	10% <sup>1</sup>
2020	Talitha Appraisal	Appraisal	2,643	508	4	90%
2020/21	Theta Exploration	Exploration	3790	600	2	90%
2021+	Megrez Exploration	Exploration	660	99	1	90%
2021+	Phecda Project	Exploration	345	34	1	75%
2021+	Tania & Alula	Exploration	TBD	TBD	3	90%
Total barrels (bn)			13	2	18	

Notes: (1) 10% Working Interest plus a buy in right for an additional 10%, exercisable in the event of success (2) Company estimates

### 3 BACKGROUND TO, AND REASONS FOR, THE ACQUISITION AND THE CAPITAL RAISING

#### 3.1 Background

The Company's long-term strategy is to maximise the value of the Company through the exploration of onshore oil and gas projects in the United States by drilling enough wells to sufficiently demonstrate the potential of the acreage enough to attract a buyer or farm in partner. The Company believes that the Great Bear Assets are complementary to this strategy.

Additionally, the Company has identified synergies with the highly competent technical team and shareholder base of the Great Bear Group, and it is expected that this expertise will offer substantial benefits to the Company's East Texas portfolio as it moves to operatorship (subject to completion of the Vision Acquisition as announced on 17 December 2018), through the team's geological, operational and commercial proficiency. The Alaskan experience of the Company's soon to be appointed Chairman, Phillip Gobe, is of great relevance to the Alaskan strategy.

#### 3.2 Reasons for the Capital Raising

The Company is undertaking the Capital Raising to finance the Cash Consideration, to provide funds to renew certain leases, to finance the Company's drilling and testing programme in Alaska and East Texas in 2019 and for working capital purposes. Neither the Placing nor the Subscription is being underwritten.

### 3.3 Further information on the Company's P50 Technically Recoverable Resource by Prospect

Project Area	Includes	Working Interest*	Oil Mmbo	Gas Bcf	Combined Mmboe	Potential vertical wells
<b>Tyler County</b>						
LP2 Offset Discovery	VOS#1 well	100%	0	4	1	Up to 1
Austin Chalk		100%	4	98	20	Up to 20
Core Offset Prospects B&C		100%	14	330	69	Up to 44
<b>Polk County</b>						
West AA Discovery	VOBM#1 well	100%	8	196	41	Up to 26
Prospect D		100%	5	129	27	Up to 17
<b>Totals</b>			<b>31</b>	<b>757</b>	<b>157</b>	<b>Up to 107</b>

**Notes:**

- (1) Excludes recently discovered Wilcox and Navarro potential.
- (2) P50 Technically Recoverable Resource for currently leased/optioned acreage amounts 157mmboe.
- (3) Subject to overriding royalty of 20%-25.5%
- (4) The Company's leased acreage position is subject to change as the Company actively manages and prioritises its portfolio. Upon a successful Vision Acquisition, the Company will increase to 95% - 100% working interest across its East Texas portfolio.

\* Assumes successful Vision Acquisition. Actual Working Interest could vary from 95% to 100% in three lease blocks in Polk County if a third party elects to participate and pay their proportionate share of costs.

Current acreage under lease and option has been estimated contain a P50 Technically Recoverable Resource of 157mmboe. Subject to successful completion of the Vision Acquisition and any subsequent acquisition of connected assets, the Company's Working Interest in these prospects will increase to 100% (or 95% in three Polk County acreage blocks should an independent third party company elect to participate and pay its proportionate share of costs). The Company will continue to manage its acreage position and will lease key additional acreage as required. There has been very little regional leasing activity over recent times in the area of the Company's activities.

## 4 THE ACQUISITION

The consideration payable in respect of the Acquisition of the Great Bear Companies and the Great Bear Assets under the Great Bear Acquisition Agreement is:

- 202,471,055 Consideration Shares\*, split
  - 100,000,000 new Ordinary Shares
  - 102,471,055 Non-Voting Convertible Shares
- 9,607,843 Consideration Warrants
- Cash Consideration of US\$6.1 million

\* The number of Consideration Shares will be increased in the ratio of 49/51 up to but not exceeding a maximum amount of 4,900,000 additional new Ordinary Shares or Non-Voting Convertible Shares, to account for any new Ordinary Shares issued in respect of the Vision Acquisition and any subsequent acquisition of connected assets.

The Acquisition is conditional upon completion of the Capital Raising, the admission of the New Shares to trading on AIM and the issue of the Consideration Shares.

It has been agreed that the Great Bear Vendors will also be issued 9,607,843 Consideration Warrants (in aggregate) which will mirror the terms of the Share Options, except they shall only be convertible into Non-Voting Convertible Shares. The Consideration Warrants will be exercisable at any time, whether or not the Share Options are exercised.

## 5 **SHAREHOLDING OF GREAT BEAR**

The Great Bear Vendors are expected to hold approximately 22% of the voting rights in the Company immediately following Admission. In addition, the Great Bear Vendors will hold 102,471,055 Non-Voting Convertible Shares that are convertible in certain circumstances into Ordinary Shares. This will give the Great Bear Vendors an economic interest in the Company of approximately 37%.

Should the Great Bear Vendors directly or indirectly hold 25% or more of the Ordinary Shares in the Company, such a holding would enable them to, among other things, vote against and block, without support from independent Shareholders, all special resolutions of the Company including, but not limited to, approving the disapplication of pre-emption rights and amending the Articles. The Great Bear Vendors may also be able to control or exert significant influence on the Company's policy decisions and its strategic direction. Shareholders will not benefit from any specific minority shareholder protection other than to the extent prescribed under the laws of England and Wales. Further details of the Relationship Agreement are set out below.

## 6 **NON-VOTING CONVERTIBLE SHARES**

The Company is also proposing to issue and allot 102,471,055 Non-Voting Convertible Shares to the Great Bear Vendors as part consideration for the Acquisition. Pursuant to an amendment to the Company's Articles to be proposed at the General Meeting, the Non-Voting Convertible Shares will have no rights to vote at general meetings and annual general meetings (although the holder shall have a right to receive notice of and attend such meetings) and will not be transferable save where: (i) the transfer is to an affiliate of the holder of the Non-Voting Convertible Shares; or, (ii) the transferee is already a holder of Non-Voting Convertible Shares. In addition, the holders of the Non-Voting Convertible Shares may transfer or grant security over the Non-Voting Convertible Shares to a bank or other financial institution. The Non-Voting Convertible Shares shall not be admitted to trading on AIM or any other market. No conversion of any of the Non-Voting Convertible Shares may be made without consent of the Takeover Panel ("the Panel"). In addition, the Amended Articles prohibit conversion if the holder of the Non-Voting Convertible Shares (together with any persons acting in concert as defined in The Code) would come to hold 30% or more of the entire issued voting share capital of the Company. The restriction referred to above, shall not apply in the event an offer for the share capital of the Company (as defined in the Code) is declared unconditional in all respects.

Save as referred to above, each Non-Voting Convertible Shares may at any time be converted (in accordance with the Amended Articles) into one new Ordinary Share.

Save as referred to above, the Non-Voting Convertible Shares will rank *pari passu* with the existing Ordinary Shares.

The number of Consideration Shares will be increased in the ratio of 49/51 up to but not exceeding a maximum amount of 4,900,000 additional new Ordinary Shares or Non-Voting Convertible Shares, to account for any new Ordinary Shares issued in respect of the Vision Acquisition and any subsequent acquisition of connected assets.

## 7 **IMPLICATIONS OF THE PROPOSALS UNDER THE CITY CODE**

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

The Great Bear Vendors and certain other connected parties are deemed to be acting in concert. The consideration payable is structured such that the New Shares, held by and to be issued to those persons who are deemed to be acting in concert will amount to less than 30% of the voting rights of the Company. Accordingly, there is no obligation to seek a dispensation, or to make a Mandatory offer pursuant to Rule 9 of the Code at completion of the Acquisition.

The consideration also includes 102,471,055 Non-Voting Convertible Shares which have no voting rights but are convertible into Ordinary Shares. The Amended Articles, which the Company intends to adopt as part of the transaction, prevent conversion of the Non-Voting Convertible Shares to Ordinary Shares without Panel

consent. The Amended Articles also prohibit conversion of the Non-Voting Convertible Shares in instances where conversion would trigger a mandatory offer for the Ordinary Shares pursuant to Rule 9 of the Code.

The persons acting in concert comprise the following: The Great Bear Group, CHONS and associates of these companies as defined in the Code. Also, Robert Rosenthal, Jeremy Brest, Carl Williams, Steve Diamond and Mario Traviati, who are all connected to the Great Bear Group, are treated as acting in concert.

## 8 **RELATIONSHIP LOCK IN AND ORDERLY MARKET AGREEMENT**

The Company, the Great Bear Vendors, the Great Bear Shareholders and Arden have agreed to enter into the Relationship Agreement prior to Admission.

Under the Relationship Agreement, each of the Great Bear Vendors and the Great Bear Shareholders will give certain undertakings, including, to exercise their voting rights, insofar as they are able, as a shareholder to: (i) ensure that transactions entered into between any member of the Group and each of the Great Bear Vendors and the Great Bear Shareholders (and their associates), are conducted on an arm's length basis and on normal commercial terms; and (ii) that the Group shall be managed for the benefit of the Shareholders and the business of the Group and not solely for the benefit of the Great Bear Vendors or the Great Bear Shareholders.

This Relationship Agreement will come into force on Admission of the New Shares and shall be in force and effective for any period whilst the Company is admitted to trading on AIM and whilst the Great Bear Vendors and the Great Bear Shareholders (jointly or individually) in the Company hold 20% or more of the rights to vote at a general meeting of the Company.

The Great Bear Vendors and the Great Bear Shareholders have agreed not to dispose of the Consideration Shares for a period of 12 months after Admission other than, for CHONS (i) in relation to up to 175,271 New Shares following the announcement of the results of the Winx Well; and (ii) in relation to Consideration Shares, with the consent of the Company, subject to an orderly market transfer.

Any disposals after the expiry of this period are subject to orderly market arrangements for a further period of 12 months.

## 9 **USE OF PROCEEDS**

The gross proceeds receivable by the Company pursuant to the Capital Raising are expected to be US\$20.9 million. The Company intends to use the proceeds together with its existing cash resources, and potential future cash flow from production to fund the Cash Consideration and the enlarged group's forward capital programme:

	<b>US\$m</b>	<b>US\$m</b>
Placing		20.9
Transaction costs		(1.3)
Forecast revenues		7.1
<b>Total Sources of Funds</b>		<b>26.7</b>
	<b>US\$m</b>	<b>US\$m</b>
Acquisition of Great Bear		<b>6.1</b>
<i>Drilling &amp; testing programme</i>		
East Texas	2.8	
Alaska	3.8	
<b>Total Drilling Programme</b>		<b>6.6</b>

<i>Lease Renewals</i>		
East Texas	4.3	
Alaska	1.3	
<b>Total Lease Renewals</b>		<b>5.5</b>
<i>Gas Plant</i>		
East Texas	1.4	
Alaska		
<b>Total Gas Plant</b>		<b>1.4</b>
<i>Geological and Geophysical</i>		
East Texas		
Alaska	1.3	
<b>Total Gas Plant</b>		<b>1.3</b>
<i>Working Capital</i>		
East Texas	2.6	
Alaska	1.1	
<b>Total Working Capital</b>		<b>3.7</b>
<i>Contingency</i>		
East Texas	0.8	
Alaska	0.8	
<b>Total Contingency</b>		<b>1.5</b>
<b>Total working capital requirement</b>		<b>26</b>

## 10 CURRENT TRADING AND PROSPECTS

The Company's results for the year ended 30 June 2018 were released on 21 December 2018. A copy of these results can be found at [www.pantheonresources.com](http://www.pantheonresources.com). Highlights subsequent to 30 June 2018 are outlined below:

- (a) Announced on 17 December 2018 that the Company had agreed non-binding terms to acquire the Kaiser Francis 2/3rds interest in Vision Resources LLC and Vision Gas Limited (together "**Vision**") for non-cash consideration of 3,500,000 new Ordinary Shares.
- (b) Negotiated gas processing and gathering contract in Tyler County, built pipeline and commissioned the VOS#1 well in November 2018. Given that well was shut in for over 2 years and suffered significant intervention it has been brought on stream carefully, through a very small choke and is currently producing 1,425mcf/d natural gas through a 7/64th choke.
- (c) John Walmsley has announced he will be stepping down from his role as Chairman but will remain on the Board. He will be replaced by Phillip Gobe effective at the Company's forthcoming AGM on 14 January 2019. Phillip was formerly the head of Prudhoe Bay operations in Alaska for ARCO.
- (d) The Company is in present negotiations to acquire the remaining (non-Kaiser Francis) stake in Vision and all of Vision's working interest in Tyler and Polk Counties. Following the passing of the late Bobby Gray, the principal of Vision, his estate has indicated their desire to commit no further capital into the project affording the Company the opportunity to negotiate mutually beneficial terms.

## 11 FINANCIAL INFORMATION

Audited accounts for the Group for each of the three years ended 30 June 2018, 30 June 2017 and 30 June 2016 are available on the Company's website at [www.pantheonresources.com](http://www.pantheonresources.com).

## 12 POST ADMISSION BOARD AND MANAGEMENT

### 12.1 Proposed Board Appointments

The Board intends to appoint Robert Rosenthal BSc, as Technical Director of the Company following Admission.

Robert Rosenthal, began his career with Exxon in Houston in 1977 and then joined Sohio Petroleum in San Francisco in 1980. He was involved in a number of exploration licensing rounds in California and Alaska before being seconded to BP in the UK in 1985 where he worked in successive positions with global responsibilities including as advisor to the Chief Geophysicist, Chief Geologist, and General Manager of Exploration Worldwide. In 1990 he was charged with implementation of BP's new Exploration Strategy. From 3 March 2006 to 25 January 2008 Bob Rosenthal served as an executive director of the Company.

Bob Rosenthal qualified as a geologist from the University of Southern California in 1974. He completed BSc in Geology and MSc in Geology and Geophysics at the University of Southern California in 1974 and 1977 respectively.

The Directors expect that the terms and conditions of Bob Rosenthal's service agreement will be inline with those of the Company's other executive directors, adjusted for the role.

Pursuant to the Relationship Agreement, the Great Bear Vendors will have the right to appoint two non-executive directors to the Board of the Company, subject to regulatory approval. The Directors understand that the Great Bear Group may appoint Carl Williams and Jeremy Brest to the Board of the Company. Carl Williams and Jeremy Brest are the designated members for Alaska Great Bear Partners LLC and Ursa Major Holdings LLC respectively, which own and control the Great Bear Group. Pursuant to the Relationship Agreement, these appointments will be on substantially similar terms as the Company's other non-executive directors.

Further announcements in relation to any Board appointments, including regulatory information, will be made in due course.

### 12.2 Senior management appointments

It is the intention that, on Admission, Patrick Galvin will be appointed Chief Commercial Officer and General Counsel, Alaska. Mr Galvin is a former Alaska State Commissioner of Revenue, a former Petroleum Land Manager for the Alaska Department of Natural Resources overseeing the Alaska's oil and gas leasing programme. He is also a former partner at K&L Gates.

## 13 DIRECTORS AND PROPOSED DIRECTORS PARTICIPATION IN THE CAPITAL RAISING

The Directors and the proposed directors of the Company are proposing to participate in the Capital Raising through the Subscription and will be issued with the following new Ordinary Shares in the Company on the passing of the necessary resolutions at the General Meeting:

<b>Director</b>	<b>Number of new Ordinary Shares to be allotted to each Director</b>
John Walmsley	81,148
Jay Cheatham	655,738
Justin Hondris	196,722
Jeremy Brest <sup>1</sup>	327,869
Robert Rosenthal	262,296
Phillip Gobe	155,881

**Notes:**

(1) Shares to be held through Western Management Limited

## 14 CONDITIONS AND OTHER INFORMATION RELATING TO THE CAPITAL RAISING

The Capital Raising and the Acquisition are conditional, inter alia, upon:

- (a) the passing of the necessary resolutions at the General Meeting to implement the Proposals;
- (b) the Great Bear Acquisition Agreement becoming unconditional in all respects (save for Admission occurring) and not having been terminated in accordance with its terms;
- (c) the Placing Agreement becoming unconditional in all respects (save for Admission occurring) and not having been terminated in accordance with its terms;
- (d) Approval of the Acquisition from the DNR; and
- (e) Admission becoming effective by no later than 8.00 a.m. on 15 January 2019 (or such later time and/or date as the Company and Arden may agree (being not later than 8.30 a.m. on 18 January 2019), ((a) to (e) together the "**Proposals**").

Accordingly, if such conditions are not satisfied or, if applicable, waived, none of the Proposals will proceed.

The Capital Raising is not underwritten by Arden or any other person.

## 15 SETTLEMENT AND DEALINGS

The Capital Raising Shares will be in registered form and will be capable of being held in either certificated or uncertificated form (i.e. in CREST). Accordingly, following Admission, settlement of transactions in the Ordinary Shares may take place within the CREST system if a Shareholder so wishes. Shareholders who wish to receive and retain share certificates are able to do so.

The ISIN number of the Ordinary Shares is GB00B125SX82. The TIDM is PANR.

## 16 GENERAL MEETING

Set out at the end of this document is a notice convening the General Meeting to be held at 10:15 a.m. on 14 January 2019 at the offices of FTI Consulting, 200 Aldersgate, Aldersgate Street, London EC1A 4HD, immediately following the Company's Annual General Meeting, at which the following Resolutions will be proposed for the purposes of implementing the Acquisition and the Capital Raising:

- **Resolution 1** – an ordinary resolution to grant the Directors authority to allot the Capital Raising Shares, the Consideration Shares and the Adviser Shares;
- **Resolution 2** – a special resolution to disapply statutory pre-emption rights in respect of the allotment of the Capital Raising Shares and the Adviser Shares;
- **Resolution 3** – a special resolution to amend the Company's Articles;
- **Resolution 4** – an ordinary resolution to grant the Directors authority to allot the Non-Voting Convertible Shares;
- **Resolution 5** – an ordinary resolution to grant the Directors a general authority to allot Ordinary Shares up to an aggregate amount equal to 1/3 of the Enlarged Share Capital which shall expire on the date 15 months following the passing of the resolution; and
- **Resolution 6** – a special resolution to generally disapply statutory pre-emption rights in respect of the directors authority to allot Ordinary Shares in the Company to be conferred by Resolution 5 up to an aggregate amount equal to 1/3 of the Enlarged Share Capital which shall expire on the date 15 months following the passing of the resolution.

Resolutions 1, 4 and 5 are being proposed as ordinary resolutions and require a simple majority of those votes cast (by persons present in person or by proxy) at the General Meeting to be in favour of the resolution for the resolution to be passed. Resolutions 2, 3 and 6 are being proposed as special resolutions and require approval by not less than three-quarters of the votes cast (by persons present in person or by proxy) at the General Meeting for the resolution to be passed.

17           **ACTION TO BE TAKEN**

A Form of Proxy for use at the General Meeting accompanies this document. Whether or not you intend to be present at the General Meeting, you are asked to complete the Form of Proxy and the power of attorney or other authority (if any) and lodge the signed copy or a certified copy at the Registered Office Address of the Company, 6<sup>th</sup> Floor, 60 Gracechurch Street, London EC3V 0HR by hand or by post, or by fax to +44 (0) 20 7264 4440 or by email to [ben.harber@shma.co.uk](mailto:ben.harber@shma.co.uk), so as to be received not less than 48 hours (excluding any part of a day which is not a working day) before the time fixed for the holding of the meeting or any adjournment thereof (as the case may be). For the avoidance of doubt, the last possible date for the submission of forms of proxy will be 10 am on 12 January 2019.

The completion and return of a Form of Proxy will not preclude Shareholders from attending the General Meeting and voting in person should they so wish.

18           **RECOMMENDATION**

The Board unanimously considers that the Capital Raising, the Acquisition and the Resolutions to be proposed at the General Meeting are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolutions, as the Directors intend to do in relation to their own and associated holdings of 5,099,853 Ordinary Shares in total, representing approximately 2.15% of the Existing Ordinary Share Capital.

Yours faithfully

**John Walmsley**  
Chairman

## **PART 2**

### **RISK FACTORS**

An investment in the Ordinary Shares involves a high degree of risk. Accordingly, prospective investors and Shareholders should carefully consider the risks set out below before making a decision to invest in the Company. Potential investors and Shareholders are accordingly advised to consult a professional adviser authorised under FSMA, who specialises in advising on the acquisition of shares and other securities, before making any investment decision. A prospective investor should consider carefully whether an investment in the Company is suitable in light of his or her personal circumstances and the financial resources available to him or her.

Prospective investors and Shareholders should carefully consider the risks described below before making a decision to invest in the Company. This Part 2 contains what the Directors believe to be the principal risk factors associated with an investment in the Company. However, the risks listed do not purport to be an exhaustive summary of the risks affecting the Group and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the Directors or which the Directors deem immaterial may also have an adverse effect on the Group. In particular, the Company's performance may be affected by changes in market or economic conditions and in legal, regulatory and tax requirements.

If any of the following risks were to materialise, the Group's business, financial condition, results or future operations could be materially adversely affected. In such cases, the market price of the Ordinary Shares could decline and an investor may lose part or all of his or her investment.

This document contains forward-looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks faced by the Group which are described below and elsewhere in this document. Prospective investors and Shareholders should carefully consider the other information in this document.

There can be no certainty that the Group will be able to successfully implement its strategy.

#### **1 RISKS RELATING TO THE ACQUISITION**

##### **Lease Obligations**

There are drilling and testing commitments on two blocks of acreage as follows: (1) To test the Alkaid well by 30 May 2019; (2) To drill the Winx well by 30 May 2019; (3) to drill another exploration well on the same block as Alkaid by 30 May 2020. In the event that any wells are not drilled before the deadlines it would likely result in default, however it is believed, but not guaranteed, that the State of Alaska would grant a cure period of 1 year. It is also believed that other pro-active strategies are available for negotiation with the State of Alaska in this situation. The Company will also consider farming out its Working Interest in its prospects as a strategy of financing future operations.

##### **Committee on Foreign Investment in the United States**

CFIUS has the authority to review any transaction in which a foreign interest may gain "control" of a US business, as well as certain transactions that involve foreign investment but would not result in foreign control. CFIUS is tasked with determining whether a foreign investment in a US business presents a national security concern and, if so, whether that concern can be mitigated. If a national security concern cannot be mitigated, or the parties are unwilling to agree to the mitigation proposed, CFIUS may recommend that the President prevent or reverse the transaction or take other steps to alleviate the potential threat to the country.

##### **Working Capital**

The Company's business plan and working capital requirement make certain assumptions as to the rate of production from the assets in East Texas and the price of oil and gas. If the assets do not produce at commercially economic rates, or if the price of oil and gas falls significantly, or if one or both of the wells suffered damage of some kind the Company may be required to raise more money. Additionally, the revenue

assumptions presume a successful outcome to the VOBM#1 sidetrack well, given it is a sidetrack of the VOBM#1 discovery well which demonstrated excellent tested flow rates prior to being compromised by a collapse of the casing withing the wellbore. Whilst this provides some confidence in the chances of success of the sidetrack of that well, it is noted that the outcome of future drilling operations cannot be estimated with certainty.

### **Regulatory Approval**

The Acquisition is subject to approval by the DNR. There can be no guarantee as to the timing of receipt of such confirmation, if received, nor as to the conditions to which it may be subject, which may be material.

## **2 RISKS RELATED TO THE OIL AND GAS INDUSTRY**

### **Oil and gas pricing and demand**

The price of and demand for oil and gas is highly dependent on a number of factors, including worldwide supply and demand levels, energy policies, weather, competitiveness of alternative energy sources, global economic and political developments and the volatile trading patterns of the commodity futures markets. Oil and gas prices have fluctuated widely in recent years and may continue to do so in the future. Lower oil and gas prices will adversely affect the Group's future revenues, business or financial condition and the future valuation of its reserves. In periods of sharply lower commodity prices, the Group may curtail future production and capital spending projects and may defer or delay drilling wells because of lower cash flows. In addition, the demand for and supply of oil and gas worldwide may affect the Group's level of future production. Oil from Alaska's North Slope trades at premium to WTI due to the fact that there is not economically viable way to move much of the WTI to the west coast of the United States. In the event that such an economically viable process was developed, the premium for Alaska North Slope oil might be eroded or disappear.

### **Exploration and drilling for oil and gas is speculative**

The key focus of the Group is its exploration activities, the success of which will be determined through the successful drilling and completion of exploration wells. The exploration for and drilling of oil and gas wells is speculative and may be unprofitable. The Group may not identify commercially exploitable deposits or successfully drill, complete or develop oil and gas reserves. Completed wells may never produce oil or gas, or may not produce sufficient quantities to be profitable or commercially viable. An investment in the Ordinary Shares is suitable only for individuals who are financially able to withstand a complete loss of their investment.

The exploration for, development and production of, oil, gas and other natural resources is technically challenging and involves a high degree of risk. The operations of the Group may be disrupted by a variety of risks and hazards which are beyond the control of the Group, including environmental hazards, industrial accidents, occupational and health hazards, technical failures, labour disputes, political unrest and conflicts, unusual or unexpected geological formations, flooding, earthquake and extended interruptions due to inclement or hazardous weather conditions, explosions and other accidents. These risks and hazards could also result in damage to, or destruction of wells or production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. Given the Group's focus on growth, its projects may require the construction and commissioning of production facilities and other forms of infrastructure for the Group to realise their full potential. Delays in the construction and commissioning of these projects or other technical difficulties may result in the Group's current or future projected target dates for production being delayed or further capital expenditure being required. If the Group fails to meet its work and/or expenditure obligations, the rights granted under its licences/agreement with the government may be forfeited and the Group may be liable to pay large sums, which could jeopardise its ability to continue operations.

### **Competition**

The oil and gas industry is very competitive and the Group will face competition in the countries within which it will conduct its activities. Some of the Group's competitors have access to greater financial and technical resources which may convey to them a competitive advantage. As a result, the Group may not be able to gain access to future growth opportunities.

## **Major release of oil or gas at an exploration, appraisal or production site**

The operations of the Group may be disrupted by a variety of risks and hazards, including environmental hazards, industrial accidents, occupational and health hazards, technical failures, inclement or hazardous weather conditions, explosions or other accidents. These risks and hazards could result in damage to, or the destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. While the Group maintains insurance within ranges of coverage consistent with industry practice, no assurance can be given that the Group will be able to obtain such insurance coverage at reasonable rates (or at all) or that any coverage it obtains will be adequate and available to cover any such claims.

### **3 RISKS RELATED TO THE GROUP**

#### **Licences**

The licences held by the Group and the associated petroleum agreements impose certain obligations on the Group to carry out an agreed work programme. If the Group is unable to deliver on its obligations through lack of funds or as a result of other circumstances the ownership of some or all of the Group's licences may be put at risk. The licences are also valid for a limited period and although renewal of the licences is possible in certain circumstances there is a risk that the licences may not be renewable.

#### **Dependence on key personnel**

The success of the Group, in common with other businesses of a similar size, will be dependent on the expertise and experience of its directors and senior management. The loss of key personnel could harm the business or cause delay in the plans of the Group whilst management time is directed at finding suitable replacements. The future success of the Group is in part dependent upon its ability to identify, attract, motivate and retain staff with the requisite experience. Measures are in place and are under review to reward and retain key individuals and to protect the Group from the impact of staff turnover. However, risks in this area cannot be totally eliminated.

#### **Reliance on third parties**

The Group may contract with third parties for commercial evaluation and support, equipment and services. The failure of a third party to perform its obligations and quality could subject the Group to additional costs, delays or abandonment of the projects.

#### **Oil price risk**

Oil and gas prices are unstable and are subject to fluctuation. The Company's future revenues, profitability and rate of growth could be substantially dependent upon the prevailing prices of, and demand for, oil and natural gas. Prices for oil and natural gas are subject to wide fluctuations in response to changes in the supply of and demand for oil and natural gas, market uncertainty and a variety of additional factors that are beyond the control of the Company.

#### **Interest rates**

General fluctuations in interest rates may adversely affect the value of the Group's assets and may also increase the risks inherent in the Group's assets.

#### **Foreign exchange**

The cash raised in the Capital Raising will be denominated in sterling, whilst it is expected that the majority of the Group's financial obligations will be denominated in United States dollars. This may result in additions to the Group's reported costs. The Group may not engage in foreign exchange hedging to minimise such exchange rate risk.

## 4 GENERAL RISKS

### **Economic conditions and current economic weakness**

Any economic downturn, either globally or locally, in any area in which the Group operates may have an adverse effect on the Group. A more prolonged economic downturn may lead to an overall decline in the potential value of the Group's assets, restricting the Group's ability to deliver on its strategy. In addition, although signs of economic recovery have been perceptible in certain countries, the sustainability of a global economic upturn is not yet assured and the Directors consider that the current level of market risk is higher than normal given geo-political unrest and a slowdown in the growth of emerging economies. If economic conditions remain uncertain, the Group might see lower levels of growth than in the past, which could have an adverse impact on the Group's operations and business results.

Changes in tax laws or their interpretation could affect the Group's financial condition or prospects

The nature and amount of tax which the Group expects to pay and the reliefs expected to be available to the Group are each dependent upon a number of assumptions, any one of which may change and which would, if so changed, affect the nature and amount of tax payable and reliefs available. In particular, the nature and amount of tax payable is dependent on the availability of relief under tax treaties in a number of jurisdictions and is subject to changes to the tax laws or practice in any of the jurisdictions affecting the Group. Any limitation in the availability of relief under these treaties, any change in the terms of any such treaty or any changes in tax law, interpretation or practice could increase the amount of tax payable by the Group.

### **Force majeure**

The economics of the Group's projects may be adversely affected by risks outside the control of the Group, including labour unrest, civil disorder, war, subversive activities, sabotage, fires, floods, acts of God, explosions or other catastrophes or epidemics.

Currency fluctuations could materially adversely affect the Group's results

As the Group's potential future revenue streams may come from abroad, exchange rate fluctuations could have a material adverse effect on the Group's profitability or the price competitiveness of its products.

There can be no guarantee that the Group would be able to compensate for, or hedge against, such adverse effects and therefore, adverse exchange rate movements could have a material adverse effect on the Group's business, results of operations and/or financial condition.

## 5 RISKS RELATING TO THE ORDINARY SHARES

### **Investment risk**

An investment in a share which is traded on AIM, such as the Ordinary Shares, may be difficult to realise and carries a high degree of risk. The ability of an investor to sell Ordinary Shares will depend on there being a willing buyer for them at an acceptable price. Consequently, it might be difficult for an investor to realise his investment in the Company and he/she may lose all of his/her investment.

Investors should be aware that the market price of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore be unable to recover their original investment and could lose their entire investment. This volatility could be attributable to various facts and events, including the availability of information for determining the market value of an investment in the Company, any regulatory or economic changes affecting the Group's operations, variations in the Group's operating results, developments in the Group's business or its competitors, or changes in market sentiment towards the Ordinary Shares. In addition, the Group's operating results and prospects from time to time may be below the expectations of market analysts and investors.

Market conditions may affect the Ordinary Shares regardless of the Group's operating performance or the overall performance of the sector in which the Group operates. Share market conditions are affected by many factors, including general economic outlook, movements in or outlook on interest rates and inflation

rates, currency fluctuations, commodity prices, changes in investor sentiment towards particular market sectors and the demand and supply for capital. Accordingly, the market price of the Ordinary Shares may not reflect the underlying value of the Group's net assets, or its trading performance and the price at which investors may dispose of their Ordinary Shares at any point in time may be influenced by a number of factors, only some of which may pertain to the Group while others of which may be outside the Group's control.

If the Group's operating or capital expenditures exceed expectations and cannot be adjusted sufficiently, the market price of its Ordinary Shares may decline. In addition, if the market for the securities of companies in the same sector or the stock market in general experiences a loss in investor confidence or otherwise falls, the market price of the Ordinary Shares may fall for reasons unrelated to the Group's business, results of operations or financial condition. Therefore, investors might be unable to resell their Ordinary Shares at or above the Capital Raising Price.

### **Future need for access to capital**

The Group may need to raise further funds to carry out the implementation of its business plan. In particular, the net proceeds proposed to be raised by way of the Capital Raising is not sufficient of itself to develop the assets of the Group or to undertake more operations than as disclosed in the use of funds, and will therefore require additional capital in the future to complete the development of the East Texas and the Great Bear Assets. Although the Directors anticipate that the Group will have sufficient working capital for the forthcoming 12 months, there can be no assurance that further funds will not be required in the future to complete the drilling or carry out the implementation of the Group's business plan. Any additional equity financing may be dilutive to Shareholders, and project or debt financing, if available, may involve restrictions in on-going financing and operating activities. In addition, there can be no assurance that the Group will be able to raise additional funds when needed or that such funds will be available on terms favourable to it. If the Group is unable to obtain additional financing as needed it may be required to reduce the scope of its operations or anticipated expansion, stop development and/or cease trading.

### **Investment in publicly quoted securities**

Investments in securities traded on AIM is perceived to involve a higher degree of risk and be less liquid than investment in companies whose securities are listed on the "Official List" of the FCA in the UK and traded on the London Stock Exchange's main market for listed securities. An investment in the Ordinary Shares traded on AIM may be difficult to realise. AIM has been in existence since 1995 and is a market designed for small and growing companies, but its future success and liquidity as a market for Ordinary Shares cannot be guaranteed.

### **Potentially volatile share price and liquidity**

The share prices of companies quoted on AIM can be highly volatile and shareholdings illiquid. The price at which the Ordinary Shares are quoted and the price at which investors may realise their investment in the Company may be influenced by a significant number of factors, some specific to the Group and its operations and some which affect quoted companies generally.

These factors could include the performance of the Group, large purchases or sales of Ordinary Shares, legislative changes and general economic, political or regulatory conditions.

## DEFINITIONS

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

<b>Acquisition</b>	the proposed acquisition by the Group of Great Bear Companies
<b>Acquisition Agreement</b>	the sale and purchase agreement between the Company and the Great Bear Vendors in respect of Great Bear Companies
<b>Admission</b>	admission of the New Shares to trading on AIM becoming effective in accordance with the AIM Rules for Companies
<b>Adviser Shares</b>	the 1,403,278 new Ordinary Shares issued to certain advisers to the Company in payment of commission owing to such advisers
<b>AIM</b>	AIM, a market operated by the London Stock Exchange
<b>AIM Rules</b>	the AIM Rules for Companies and the AIM Rules for Nominated Advisers
<b>AIM Rules for Companies</b>	the rules for companies whose securities are admitted to trading on AIM published by the London Stock Exchange as amended from time to time
<b>AIM Rules for Nominated Advisers</b>	the rules for nominated advisers to companies whose securities are admitted to trading on AIM published by the London Stock Exchange as amended from time to time
<b>Amended Articles</b>	the Articles as amended pursuant to Resolution 3
<b>Arden</b>	Arden Partners plc
<b>Articles</b>	the articles of association of the Company
<b>ASIC</b>	the Australian Securities and Investments Commission
<b>Australian Accredited Investors</b>	persons in Australia, who it is lawful to offer the shares to be issued under the Placing without disclosure under Chapter 6D and Part 7.9 of the Australian Corporations Act, who are a "wholesale client" within the meaning of section 761G of the Australian Corporations Act, and where such action complies with all applicable laws, regulations and directives and does not require any document to be lodged with ASIC
<b>Australian Corporations Act</b>	the Australian Corporations Act 2001
<b>Board</b>	the board of directors of the Company
<b>Business Day</b>	a day (other than a Saturday or Sunday) on which AIM is open for trading
<b>Capital Raising</b>	the issue of 108,335,266 new Ordinary Shares pursuant to the Placing and the Subscription
<b>Capital Raising Price</b>	the price at which the Capital Raising Shares are to be allotted and issued pursuant to the Capital Raising, being 15.25 pence per Capital Raising Share
<b>Capital Raising Shares</b>	the Placing Shares and the Subscription Shares
<b>Cash Consideration</b>	an amount of US\$6,100,000 to be paid by the Company to the Great Bear Vendors pursuant to the Great Bear Acquisition Agreement
<b>CFIUS</b>	Committee on foreign investment in the United States
<b>CHONS</b>	CHONS LLC, a Delaware corporation, which is an affiliate of Farallon
<b>Circular</b>	this document which comprises a circular to Shareholders and which, for the avoidance of doubt, does not comprise a prospectus (under the Prospectus Rules) or an admission document (under the AIM Rules) and does not constitute an offer or invitation to the public within the meaning of any relevant legislation or regulation

<b>Code</b>	the City Code on Takeovers and Mergers issued from time to time by or on behalf of the Panel
<b>Company or Pantheon</b>	Pantheon Resources plc, a company incorporated and registered in England and Wales with registered number 05385506
<b>Consideration Shares</b>	up to 100,000,000 new Ordinary Shares and up to 102,471,055 Non-Voting Convertible Shares to be issued to the Great Bear Vendors pursuant to the Acquisition Agreement
<b>Consideration Warrants</b>	means 9,607,843 warrants to subscribe for Non-Voting Convertible Shares
<b>Directors</b>	the directors of the Company
<b>DNR</b>	Alaska Department of Natural Resources
<b>Enlarged Share Capital</b>	the Existing Ordinary Share Capital, as enlarged by the issue of the New Shares and Non-Voting Convertible Shares
<b>EU Relevant Persons</b>	persons within a member state of the European Economic Area, who are Qualified Investors and "professional clients" or "eligible counterparties" within the meaning of Article 4(1)(11) and Article 24(2), (3) and (4), respectively, of Directive 2004/39/EC as implemented into national law of the relevant EEA state
<b>Existing Ordinary Share Capital</b>	means the 237,486,555 Ordinary Shares currently in issue
<b>Farallon</b>	Farallon Capital Management LLC
<b>FCA</b>	the UK Financial Conduct Authority
<b>Form of Proxy</b>	the form of proxy for use by Shareholders at the General Meeting enclosed with this document and " <b>Forms of Proxy</b> " shall be construed accordingly
<b>FPO</b>	the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005
<b>FSMA</b>	the UK Financial Services and Markets Act 2000, as amended
<b>General Meeting</b>	the general meeting of the Company to be held at the offices of FTI Consulting, 200 Aldersgate, Aldersgate Street, London EC1A 4HD at 10:15 a.m. on 14 January 2019 (or any adjournment thereof), notice of which is set out at the end of this document
<b>Great Bear Acquisition Agreement</b>	means the membership interest and asset purchase agreement between Pantheon Oil & Gas LP and the Great Bear Vendors dated 20 December 2018
<b>Great Bear Assets</b>	the assets to be acquired by the Company pursuant to the Great Bear Acquisition Agreement
<b>Great Bear Companies</b>	Great Bear Petroleum Ventures I LLC and Great Bear Petroleum Ventures II LLC
<b>Great Bear Group</b>	means Great Bear Petroleum Operating LLC, the Great Bear Companies and their parent and subsidiary undertakings from time to time
<b>Great Bear Shareholders</b>	the individual and corporate shareholders listed in schedule 1 to the Relationship Agreement
<b>Great Bear Vendors</b>	Great Bear Petroleum Operating LLC and CHONS
<b>Group</b>	the Company and its subsidiaries from time to time including the Great Bear Companies following completion of the Acquisition
<b>HK Companies Ordinance</b>	the Registrar of Companies in Hong Kong under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
<b>International Relevant</b>	persons who are lawfully permitted to receive the announcement (and in

<b>Persons</b>	circumstances which will not constitute an offer to the public in such jurisdiction, if and to the extent relevant) (together with the UK Relevant Persons, the Australian Accredited Investors and the EU Relevant Persons)
<b>Kaiser Francis</b>	Kaiser-Francis Management Company, LLC
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>New Shares</b>	The Capital Raising Shares, the 100,000,000 new Ordinary Shares to be issued in consideration to the Great Bear Vendors pursuant to the Acquisition Agreement and the Adviser Shares
<b>Non-Voting Convertible Shares</b>	the non-voting convertible shares of £0.01 each in the capital of the Company to be constituted by and having the rights and restrictions attached as set out in the new articles of association of the Company proposed to be adopted pursuant to Resolution 3 as set out in the Notice of General Meeting, further details of which are set out at pages 28 to 32 of this document
<b>Notice of General Meeting</b>	the notice convening the General Meeting set out at the end of this document
<b>Option Exercise Price</b>	30 pence per Ordinary Share
<b>Ordinary Shares</b>	ordinary shares of 1 penny each in the capital of the Company
<b>Panel</b>	the Panel on Takeovers and Mergers
<b>Placees</b>	subscribers for Placing Shares
<b>Placing</b>	the proposed placing to institutional investors of new Ordinary Shares by Arden on behalf of the Company pursuant to the Placing Agreement
<b>Placing Agreement</b>	the agreement dated 21 December 2018 between the Company and Arden relating to the Placing
<b>Placing Shares</b>	new Ordinary Shares to be issued by the Company at the Capital Raising Price pursuant to the Placing
<b>Prospectus Directive</b>	EU Prospectus Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU) and includes any relevant implementing directive measure in any member state
<b>Prospectus Rules</b>	the Prospectus Rules made in accordance with the Prospectus Directive
<b>Qualified Investors</b>	as defined in section 86(7) of FSMA, being persons falling within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC)
<b>Regulatory Information Service</b>	has the same meaning as in the AIM Rules
<b>Relationship Agreement</b>	the relationship, lock-in and orderly market agreement between the Company, Arden, the Great Bear Vendors and the Great Bear Shareholders to be entered into
<b>Resolutions</b>	the resolutions to be proposed at the General Meeting as set out in the Notice of General Meeting
<b>SFA</b>	the Securities and Futures Act, Chapter 289 of Singapore
<b>SFO</b>	the HK Companies Ordinance or the Securities Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
<b>Share Option Scheme</b>	the Company's 2009 discretionary share option plan (as amended on 29 September 2014) pursuant to which the Share Options were granted at the Option Exercise Price
<b>Share Options</b>	the options granted over 10,000,000 new Ordinary Shares pursuant to the Share Option Scheme
<b>Shareholders</b>	holders of existing Ordinary Shares in the Company

<b>Subscribers</b>	Subscribers for the Subscription Shares
<b>Subscription</b>	the proposed subscription by certain individuals and institutions of new Ordinary Shares by the Company pursuant to the Subscription Agreements
<b>Subscription Agreements</b>	the agreements dated 21 December 2019 between the Company and the Subscribers relating to the Subscription
<b>Subscription Shares</b>	new Ordinary Shares to be issued by the Company at the Capital Raising Price pursuant to the Subscription
<b>Transaction</b>	the proposed Acquisition and the Capital Raising
<b>UK Relevant Persons</b>	persons in the UK, who have professional experience in matters relating to investments, being investment professionals as defined in Article 19(5) of the FPO, or are high net worth companies as defined in Article 49(2) of the FPO
<b>United Kingdom or UK</b>	the United Kingdom of Great Britain and Northern Ireland
<b>United States or US</b>	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
<b>US Accredited Investors</b>	persons in the United States (as defined under Regulation S of the Securities Act), who are "accredited investors" as defined in Rule 501 of Regulation D promulgated under the Securities Act
<b>Vision Acquisition</b>	the proposed acquisition by the Company of Kaiser-Francis Management Company, LLC's 67% stake in Vision Resources LLC and Vision Gas Limited as announced by the Company on 17 December 2018
<b>£</b>	pounds sterling, the lawful currency of the United Kingdom
<b>\$</b>	United States dollar, the lawful currency of the United States of America

## Glossary

<b>Bbl</b>	Barrel of Oil
<b>Bcf</b>	Billion Cubic Feet
<b>Choke</b>	Manifold used to lower the pressure from the well head
<b>Mcf/d</b>	Million Cubic Feet per Day
<b>Mmbl</b>	Million Barrels (oil reserves)
<b>Mmbo</b>	Million Barrels of Oil
<b>MMboe</b>	Million Barrels of Oil Equivalent
<b>P50 or P50 Technically Recoverable Resource</b>	A 50% probability that a stated volume will be equalled or exceeded.
<b>Working Interest</b>	A percentage of ownership in an oil and gas lease granting its owner the right to explore, drill and produce oil and gas from a tract of property. Great Bear leases have royalty rates ranging from 12.50% to 16.6% and an overriding royalty interest of 1.61% on six of its leases.
<b>WTI</b>	West Texas Intermediate

## NOTICE OF GENERAL MEETING

### PANTHEON RESOURCES PLC

(the "Company")

*Incorporated and registered in England and Wales with registered number 05385506*

**NOTICE IS HEREBY GIVEN** that a General Meeting of the shareholders of the Company will be held at the offices of FTI Consulting, 200 Aldersgate, Aldersgate Street, London EC1A 4HD on 14 January 2019 at 10:15 a.m. to consider and, if thought fit, pass the resolutions set out below. Resolutions 1 and 4 will be proposed as ordinary resolutions and resolutions 2, 3 and 5 will be proposed as special resolutions.

In this notice words and defined terms shall have the same meanings as words and defined terms in the circular to the holders of Ordinary Shares dated 28 December 2018 to which this notice is attached.

#### ORDINARY RESOLUTION

- 1 THAT, subject to and conditional upon the Placing Agreement (as defined in the circular to the shareholders of the Company dated 28 December 2018 containing this Notice of General Meeting (the "**Circular**")), becoming unconditional in all respects (save only for the passing of the Resolutions and Admission (both as defined in the Circular) and in addition to all existing authorities granted pursuant to section 551 of the Companies Act 2006 (the "**Act**"), the Directors be and are hereby generally and unconditionally authorised for the purpose of section 551 of the Act to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for, or convert any securities into, shares in the Company up to a nominal amount of £2,097,385.44 in connection with the New Shares (as such term is defined in the Circular), provided that this authority shall expire on 31 January 2019, save that the Company may before such expiry make an offer or agreement which would or might require shares in the Company to be allotted, or rights to be granted, after such expiry and the Board may allot shares or grant rights in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

#### SPECIAL RESOLUTION

- 2 THAT, subject to and conditional upon the passing of resolution 1 and the Placing Agreement (as defined in the Circular), becoming unconditional in all respects (save only for the passing of the Resolutions and Admission (both as defined in the Circular) in addition to all existing authorities granted pursuant to section 571 of the Act the Directors be and are hereby generally and unconditionally empowered pursuant to section 571 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash, pursuant to the authority conferred by resolution 1, as if section 561(1) of the Act did not apply to such allotment, provided that the power conferred by this resolution shall be limited to the allotment of equity securities for cash up to a maximum nominal amount of £1,097,385.44 in connection with the Placing, Subscription and Adviser Shares (as such terms are defined in the Circular) and shall expire on 31 January 2019, save that the Company may before such expiry make an offer or agreement which would or might require shares in the Company to be allotted, or rights to be granted, after such expiry and the Board may allot shares or grant rights in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

#### SPECIAL RESOLUTION

- 3 THAT, the articles of association of the Company be altered as follows by the insertion of a new article 3A:

*3A NON-VOTING CONVERTIBLE SHARES*

*3.1A For the purpose of this Article:*

*"AIM" has the meaning given in Article 3.10A*

**"Affiliate"** means a company or other body corporate which is associated with the Company for the purposes of section 256 of CA2006, or a person or entity that directly or indirectly controls, is controlled by, or is under common control with another person or entity.

**"Business Day"** means a day (except a Saturday or Sunday) on which banks in the City of London are open for business.

**"Conversion Date"** shall be the date as referred to in Article 3.7A.

**"Conversion Notice"** a notice in writing by a holder of Non-Voting Convertible Shares as referred to at Article 3.6.

**"Conversion Shares"** such number of Non-Voting Convertible Shares constituted in the Conversion Notice.

**"Offer"** shall have the meaning attributed to it in the Takeover Code.

**"Mandatory Offer"** has the meaning given in Article 3.4A.

**"Non-Voting Convertible Shares"** means non-voting convertible shares of £0.01 each in the Company.

**"Panel"** means the Panel on Takeovers and Mergers

**"Takeover Code"** the City Code on Takeovers and Mergers published by the Panel.

- 3.2A The holder of the Non-Voting Convertible Shares shall be entitled to the rights of conversion as set out in this Article 3A, shall be entitled to receive notice of and attend general meetings and annual general meetings of the Company but the Non-Voting Convertible Shares shall not carry the right to vote at general meetings or annual general meetings of the Company and subject to the provisions of Article 3.14A and Article 3.15A shall not be transferable. In all other respects the Non-Voting Convertible Shares shall rank *pari passu* with the Ordinary Shares.
- 3.3A No conversion of Non-Voting Convertible Shares, may be made without Panel consent.
- 3.4A Any Conversion Notice that would require the holder of the Non-Voting Convertible Shares (together with any persons "acting in concert" as defined in the Takeover Code) to make a mandatory offer pursuant to Rule 9 of the Takeover Code ("**Mandatory Offer**") will be automatically revoked by the Company in respect of the number of Non-Voting Convertible Shares that would give rise to the obligation to make a Mandatory Offer if such shares were converted into Ordinary Shares.
- 3.5A Notwithstanding the provisions of Article 3.3A and Article 3.4A, in the event that an Offer for the Company is declared or becomes unconditional in all respects in accordance with the provisions of the Takeover Code, all Non-Voting Convertible Shares held by the holder of the Non-Voting Convertible Shares will be subject to Rule 14 of the Takeover Code.
- 3.6A Subject to Article 3.4A, any holder of Non-Voting Convertible Shares may at any time by delivery of the Conversion Notice to the Company's registered office address for the time being, request conversion of the Non-Voting Convertible Shares held by them into Ordinary Shares, in minimum block sizes of five million Non-Voting Convertible Shares ("**Minimum Block Size**"), save where:
- 3.6.1A a holder of Non-Voting Convertible Shares holds fewer than five million Non-Voting Convertible Shares, in which case the Conversion Notice must request the conversion of all of the Non-Voting Convertible Shares held by that holder; and/or

- 3.6.2A *conversion of the Minimum Block Size would breach Article 3.4A, in which case only such number of Non-Voting Convertible Shares shall be converted to comply with Article 3.4A.*
- 3.7A *Subject to any applicable statute, the Non-Voting Convertible Shares referred to in a valid Conversion Notice shall convert five Business Days from the receipt of the Conversion Notice ("**Conversion Date**") or, if later, five Business Days after the determination by the Panel that the conversion of the Non-Voting Convertible Shares does not give rise to an obligation to make a Mandatory Offer.*
- 3.8A *A valid Conversion Notice:*
- 3.8.1A *shall set out the number of Non-Voting Convertible Shares the subject of the conversion notice;*
- 3.8.2A *if the holder of the Conversion Shares intends to hold the Ordinary Shares resulting from a conversion in uncertificated form, it shall set out the CREST details of the holder of the Conversion Shares or its nominee being the participant ID and member account ID;*
- 3.8.3A *shall be signed by the legal holder of the Conversion Shares;*
- 3.8.4A *shall be accompanied by the share certificate(s) relating to the Conversion Shares (or an indemnity for lost share certificates in a form reasonably satisfactory to the Company);*
- 3.8.5A *shall set out details of beneficial and/or legal interests of the holder of the Non-Voting Convertible Shares and, so far as the holder is aware, any persons "acting in concert" (as defined in the Takeover Code) in the share capital of the Company as at close of business on the Business Day prior to the date of such notice,*
- and once issued, the Conversion Notice will be irrevocable save as set out in Article 3.4A.*
- 3.9A *On the Conversion Date:*
- 3.9.1A *the relevant Non-Voting Convertible Shares shall (without any further authority than that contained in these Articles) stand converted into Ordinary Shares on the basis of one Ordinary Share for one Non-Voting Convertible Share and the Ordinary Shares resulting from the conversion shall rank pari passu in all other respects with the existing issued Ordinary Shares;*
- 3.9.2A *the Company shall enter the holder of the converted Non-Voting Convertible Shares on the register of Shareholders of the Company as the holder of the appropriate number of Ordinary Shares and remove from the register of Shareholders of the Company corresponding number of Non-Voting Convertible Shares;*
- 3.9.3A *if the holder of the Conversion Shares intends to hold the converted Ordinary Shares in uncertificated form (either through its own CREST account or a nominee account), and it has given details of its participant ID and member account ID to the Company, the shares will be delivered by way of a registrar's adjustment to the account details so given;*
- 3.9.4A *if the holder of the Conversion Shares has not given the details required for holding the Ordinary Shares in CREST as referred to at Article 3.8.2A, it will be deemed to have accepted the Ordinary Shares resulting from the conversion in certificated form and the Company shall issue share certificates in respect thereof within 10 Business Days of the Conversion Date, the delivery of such share certificates shall be at the holder's risk.*
- 3.10A *If on the Conversion Date the Company's Ordinary Shares are admitted to trading on the AIM Market of London Stock Exchange Plc ("**AIM**"), within two Business Days of the Conversion Date the Company will make an application for the Conversion Shares to be admitted to trading on AIM and the Company shall use all reasonable endeavours to ensure that such admission becomes effective.*

- 3.11A *Within 10 Business Days of the Conversion Date, certificates for the balance of the Non-Voting Convertible Shares (if any) shall be despatched to the persons entitled to them at their own risk.*
- 3.12A *The Non-Voting Convertible Shares shall not be admitted for trading on AIM or any other market.*
- 3.13A *Save as set out in Article 3.14A and Article 3.15A, no holder of the Non-Voting Convertible Shares shall dispose of any interest in, or right attaching to, or renounce or assign any right to receive or subscribe for any Non-Voting Convertible Share or create an encumbrance over the whole or any part of any Non-Voting Convertible Share or agree (whether subject to any condition precedent, condition subsequent or otherwise) to do any of such things.*
- 3.14A *Notwithstanding the provisions of Article 3.13A but subject to the other terms of these Articles:*
- (a) *a holder of Non-Voting Convertible Shares may transfer, assign, encumber or otherwise dispose of an interest in, or right attaching to, all or part of its holding of Non-Voting Convertible Shares to a bank or other financial institution upon the creation, granting or enforcement of any security granted to such bank or financial institution by the holder of Non-Voting Convertible Shares (a "**Security Transfer**"); and*
  - (b) *the transferee pursuant to a Security Transfer may transfer or assign its interest in the Non-Voting Convertible Shares back to the grantee of the relevant security interest upon release of such security interest over the Non-Voting Convertible Shares.*
- 3.15A *Notwithstanding the provisions of Article 3.13A but subject to the other terms of these Articles, and other than in respect of transfers made pursuant to Articles 3.14A, a holder of Non-Voting Convertible Shares may transfer all (but not part) of its holding of Non-Voting Convertible Shares to any person that is:*
- (a) *a person who is a holder of Non-Voting Convertible Shares at the time of such transfer; or*
  - (b) *an Affiliate of such holder of Non-Voting Convertible Shares.*
- 3.16A *The Company shall not register any transfer made in breach of Article 3.13 and the Non-Voting Convertible Shares comprised in any purported transfer so made shall carry no rights whatsoever.*
- 3.17A *At any time when any Non-Voting Convertible Shares are in issue, if there is a consolidation, sub-division or other similar adjustment of the Ordinary Shares an equal consolidation, sub-division or other similar adjustment shall be effected in respect of the Non-Voting Convertible Shares.*

#### **ORDINARY RESOLUTION**

- 4 THAT, subject to and conditional upon the passing of resolution 3 and the Placing Agreement (as defined in the Circular), becoming unconditional in all respects (save only for the passing of the Resolutions and Admission (both as defined in the Circular), the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "**Act**") to allot Non-Voting Convertible Shares (as such term is defined in the Circular) up to an aggregate nominal amount of £1,024,710.55, provided that such authority shall, unless previously revoked, varied or renewed, expire on 31 January 2019, save that the Company may before such expiry make offers and enter into agreements which would or might require Non-Voting Convertible Shares to be allotted after such expiry and the Directors may allot Non-Voting

Convertible Shares pursuant to any such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

### **ORDINARY RESOLUTION**

5 THAT, subject to and conditional on Admission and in addition to the authority granted in resolution 1 above, the directors be generally and unconditionally authorised in accordance with section 551 of the Act to allot:

- (a) shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £1,475,843.83; and in addition
- (b) equity securities of the Company (within the meaning of section 560 of the Act) in connection with an offer of such securities by way of a rights issue up to an aggregate nominal amount of £1,475,843.83,

provided that this authority shall expire on 12 April 2020 but, the Company may before such expiry, make an offer or agreement which would or might require shares to be allocated or rights to subscribe for or convert securities into shares to be granted after such expiry and the directors may allot shares or grant rights to subscribe for or convert securities into shares pursuant to such an offer agreement as if this authority had not expired.

“**rights issue**” means an offer to:

- (a) holders of ordinary shares in the capital of the Company in proportion (as nearly as may be practicable) to the respective number of ordinary shares held by them; and
- (b) holders of other equity securities if this is required by the rights of those securities or, if the directors consider it necessary, as permitted by the rights of those securities,

to subscribe for further securities by means of the issue of a renounceable letter (or other negotiable document) which may be traded for a period before payment for the securities is due, but subject in both cases to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory or any other matter.

### **SPECIAL RESOLUTION**

6 THAT, subject to and conditional on Admission, and in addition to the authority granted in resolution 2 above, the directors be empowered, pursuant to section 570 of the Act, to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by resolution 5 above and/or where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the Act, in each case:

- (a) in connection with an offer of such securities by way of a rights issue (as defined in resolution 5 above); and
- (b) (otherwise than pursuant to paragraph (6)(a) above), up to an aggregate nominal amount of £1,475,843.83,

provided that this authority shall expire on 12 April 2020, save that the Company may, before such expiry, make an offer or agreement which would or might require securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if this power had not expired.

By order of the Board

Chairman  
28 December 2018

**Notes:**

- 1 Every holder has the right to appoint some other person(s) of their choice, who need not be a shareholder, as proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the meeting. If you wish to appoint a person other than the Chairman, please insert the name of your chosen proxy holder in the space provided on the proxy form. If the proxy is being appointed in relation to less than your full voting entitlement, please enter the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if the proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).
- 2 To appoint more than one proxy you may photocopy the proxy form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
- 3 To be valid, the Form of Proxy and the power of attorney or other authority (if any) under which it is signed or a certified copy of such power or authority must be lodged at the **Registered Office Address of the Company, 6<sup>th</sup> Floor, 60 Gracechurch Street, London EC3V 0HR by hand or by post, or by fax to +44 (0) 20 7264 4440 or by email to [ben.harber@shma.co.uk](mailto:ben.harber@shma.co.uk)**, so as to be received not less than 48 hours (excluding any part of a day which is not a working day) before the time fixed for the holding of the meeting or any adjournment thereof (as the case may be). **For the avoidance of doubt, the last possible date for the submission of forms of proxy will be 10:15 a.m. on 12 January 2019.**
- 4 The completion and return of the proxy form will not prevent you from attending in person and voting at the General Meeting should you subsequently decide to do so. If you attend the meeting in person, your proxy appointment will be terminated automatically.
- 5 In the case of a corporation, the proxy must be given under its common seal or signed by a duly authorised officer, attorney or other person authorised to sign it. A proxy need not be a member.
- 6 Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all its powers as a shareholder provided that they do not do so in relation to the same shares.
- 7 To direct your proxy how to vote on the resolutions mark the appropriate box with an "X". To abstain from voting on a resolution, select the relevant "withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes "For" or "Against" the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion.
- 8 Only those shareholders entered on the register of shareholders of the Company at close of business on 9 January 2019 shall be entitled to attend and vote at the General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of shareholders after close of business on 9 January 2019 shall be disregarded in determining the rights of any person to attend or vote at the General Meeting.
- 9 During the meeting there will be an opportunity for shareholders, proxies or corporate representatives to ask questions relevant to the business of the meeting.
- 10 Any amendments to the Form of Proxy must be initialled.