

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document and/or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA") if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your Existing Ordinary Shares in President Petroleum Company PLC before the date that the Existing Ordinary Shares are marked "ex-entitlement" to the Open Offer by the London Stock Exchange, please immediately forward this document, together with the accompanying Application Form and 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 delivery to the purchaser or transferee. If you have sold only part of your holding of Existing Ordinary Shares, please contact immediately your stockbroker, bank or other agent through whom the sale or transfer was effected. However, this document and any accompanying documents should not be sent or transmitted in or into, any jurisdiction where to do so might constitute a violation of local securities law or regulations including, but not limited to, the United States, Canada, Japan, Australia, the Republic of Ireland or the Republic of South Africa.

This document is not a prospectus for the purposes of the Prospectus Rules and has not been prepared in accordance with the Prospectus Rules. Accordingly, this document has not been, and will not be, reviewed or approved by the Financial Services Authority of the United Kingdom ("FSA"), pursuant to sections 85 and 87 of FSMA, the London Stock Exchange or any other authority or regulatory body.

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## President Petroleum Company PLC

*(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 5104249)*

### Proposed Acquisition of Paraguayan Concession Interests

### Subscription of 18,750,000 New Ordinary Shares

at 20 pence per share

### Firm Placing of 28,962,500 New Ordinary Shares and Proposed

### Placing of 86,887,500 New Ordinary Shares at 20 pence per share

### Open Offer of up to 19,998,541 New Ordinary Shares

at 20 pence per share

### Proposed Change of Name

and

### Notice of General Meeting

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RBC CAPITAL MARKETS

JEFFERIES

*Nominated Adviser and Joint Broker*

*Joint Broker*

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You should read the whole of this document. Your attention is drawn in particular to the letter from the Chairman of President Petroleum Company PLC which is set out in Part I of this document and which contains the unanimous recommendation of the Directors that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting referred to below. In addition, your attention is drawn to Part II of this document entitled "Risk Factors" which contains a discussion of certain factors that should be considered by Shareholders when considering whether or not to make an investment in the Company.

The Existing Ordinary Shares are admitted to trading on AIM, a market operated by the London Stock Exchange. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. An application will be made to the London Stock Exchange for the New Ordinary Shares to be issued pursuant to the Capital Raising to be admitted to trading on AIM. It is expected that First Admission will become effective and that dealings in the New Ordinary Shares to be issued pursuant to the Firm Placing will commence at 8.00 a.m. on 17 September 2012, that Second Admission will become effective and that dealings in the New Ordinary Shares to be issued pursuant to the Proposed Placing and Open Offer will commence at 8.00 a.m. on 1 October 2012 and that the Third Admission will become effective and dealings in the New Ordinary Shares to be issued pursuant to the Subscription will commence following completion of the Farm-In Agreements.

Notice of a General Meeting of President Petroleum Company PLC, to be held at 11.00 a.m. on 28 September 2012 at the offices of Pelham Bell Pottinger, 6th Floor, Holborn Gate, 330 High Holborn WC1V 7QD, is set out at the end of this document. The Form of Proxy for use at the meeting accompanies this document and, to be valid, should be completed and returned to the Company's registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA as soon as possible and, in any event, so as to arrive by no later than 11.00 a.m. on 26 September 2012. Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting, should they so wish.

The distribution of this document and/or the accompanying documents, and/or the transfer of Open Offer Entitlements or Excess Open Offer Entitlements through CREST, in jurisdictions other than the UK, including the United States, Canada, Japan, Australia, the Republic of Ireland, the Republic of South Africa, may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any of those restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdiction.

None of the New Ordinary Shares, the Open Offer Entitlements or the Excess Open Offer Entitlements has been or will be registered under the US Securities Act or under the applicable state securities laws of the United States or under the applicable securities laws of Japan, Canada, Australia, or the Republic of Ireland. Subject to certain exceptions, the New Ordinary Shares, the Open Offer Entitlements and the Excess Open Offer Entitlements may not be offered, sold, taken up, delivered or transferred in or into the United States, Australia, Canada, the Republic of South Africa, the Republic of Ireland or Japan and, subject to certain exceptions, Application Forms are not being posted to and no Open Offer Entitlements or the Excess Open Offer Entitlements will be credited to a stock account of any person in the United States, Australia, Canada or Japan. The attention of Overseas Shareholders and other recipients of this document who are residents or citizens of any country other than the United Kingdom is drawn to the section entitled "Overseas Shareholders" at paragraph 6 of Part IV of this document.

Jefferies Hoare Govett (a division of Jefferies International Limited) ("**Jefferies**"), which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for the Company and no-one else in connection with the Capital Raising and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Placing, the Open Offer, the Subscription or the Acquisition 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 Capital Raising or the Acquisition, or any other matter referred to herein. Its responsibilities as the Company's joint broker under the AIM Rules for Companies are owed to the London Stock Exchange and the Company and not to any other person in respect of this decision to acquire New Ordinary Shares in reliance on any part of this document. No representation or warranty, express or implied, is made by Jefferies as to any of the contents of this document.

RBC Europe Limited (trading as RBC Capital Markets) ("**RBC**"), which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for the Company and no-one else in connection with the Capital Raising and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Placing, the Open Offer, the Subscription or the Acquisition 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 Capital Raising or the Acquisition, or any other matter referred to herein. Its responsibilities as the Company's nominated adviser and joint broker under the AIM Rules for Companies and the AIM Rules for Nominated Advisers are owed to the London Stock Exchange and the Company and not to any other person in respect of his decision to acquire New Ordinary Shares in reliance on any part of this document. No representation or warranty, express or implied, is made by RBC as to any of the contents of this document.

**The latest time and date for acceptance and payment in full under the Open Offer is 11.00 a.m. on 28 September 2012. The procedure for acceptance and payment is set out in Part IV of this document and, where relevant, in the Application Form.**

Qualifying non-CREST Shareholders will find an Application Form accompanying this document. Qualifying CREST Shareholders (none of whom will receive an Application Form) will receive a credit to their stock accounts in CREST in respect of the Open Offer Entitlements which will be enabled for settlement on 13 September 2012. Applications under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim arising out of a sale or transfer of Existing Ordinary Shares prior to the date on which the Existing Ordinary Shares were marked "ex-entitlement" by the London Stock Exchange. If the Open Offer Entitlements are for any reason not enabled by 3.00 p.m. or such later time as the Company may decide on 13 September 2012, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements credited to its stock account in CREST. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer. Applications for Excess Shares pursuant to the Excess Application Facility may be made by the Qualifying Shareholder provided that their Open Offer Entitlement has been taken up in full and subject to being scaled back in accordance with the provisions of this document.

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer.

## TABLE OF CONTENTS

	Page
Directors and Advisers	2
Capital Raising Statistics	3
Expected Timetable of Principal Events	4
Definitions	5
Part I – Letter from the Chairman	11
Part II – Risk Factors	24
Part III – Some questions and answers about the Placing and Open Offer	33
Part IV – Terms and Conditions of the Open Offer	41
Part V – Additional Information	61
Notice of General Meeting	66

## DIRECTORS AND ADVISERS

Directors	<p>Peter Michael Levine (<i>Executive Chairman</i>) John Andrew Hamilton (<i>Executive Director</i>) Benjamin David Wilkinson (<i>Group Finance Director</i>) Dr Michael David Cochran (<i>Non-Executive Director</i>) Dr David Anthony Lawson Jenkins (<i>Non-Executive Deputy Chairman</i>) David Christopher Wake-Walker (<i>Non-Executive Director</i>)</p> <p>all of:</p> <p>13 Regent Street London SW1Y 4LR (which is the registered office of the Company)</p>
Company Secretary	David Christopher Wake-Walker
Nominated Adviser and Joint Broker	<p>RBC Capital Markets Riverbank House 2 Swan Lane London EC4R 3BF</p>
Joint Broker	<p>Jefferies Vintners Place 68 Upper Thames Street London EC4V 3BJ</p>
Legal Advisers to the Company	<p>Field Fisher Waterhouse LLP 35 Vine Street London EC3N 2AA</p>
Paraguayan Legal Advisers to the Company	<p>Mersan, Abogados Fulgencio R. Moreno 509 De la Colina Building P.O. BOX 693 Asunción Paraguay</p>
Legal Advisers to RBC and Jefferies	<p>Norton Rose LLP 3 More London Riverside London SE1 2AQ</p>
Registrars and Receiving Agent for the Open Offer	<p>Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA</p>

## CAPITAL RAISING STATISTICS

Issue Price for each New Ordinary Share	20 pence
Basis of Open Offer	7 New Ordinary Share for every 45 Existing Ordinary Shares
Number of Existing Ordinary Shares in issue as at the date of this document	128,562,055
Number of New Ordinary Shares to be issued pursuant to the Firm Placing	28,962,500
Number of New Ordinary Shares in issue immediately following completion of the Firm Placing	157,524,555
Number of New Ordinary Shares to be issued pursuant to the Proposed Placing	86,887,500
Number of New Ordinary Shares to be issued pursuant to the Open Offer*	19,998,541
Number of New Ordinary Shares to be issued pursuant to the Subscription	18,750,000
Enlarged Share Capital immediately following completion of the Proposed Placing and Open Offer and Subscription*	283,160,596
New Ordinary Shares as a percentage of the Enlarged Share Capital*	54.6%
Estimated net proceeds of the Capital Raising*	£30.9 million

\* *Assuming full take-up under the Open Offer*

## EXCHANGE RATES

In the document, references to "pounds sterling", "£", "pence" and "p" are to the lawful currency of the United Kingdom and references to "US dollars", "\$" and "cents" are to the lawful currency of United States of America. Unless otherwise stated, the basis of translation of pounds sterling into US dollars for the purposes of inclusion in this document is £1.00/US\$1.6.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2012

Record Date for entitlement under the Open Offer	close of business on 7 September
Announcement of the Proposals	12 September
Posting of this document, Forms of Proxy and, to Qualifying non-CREST Shareholders only, the Application Forms	12 September
Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts in CREST of Qualifying CREST Shareholders	8.00 a.m. on 13 September
First Admission effective and dealings in the Firm Placing Shares expected to commence on AIM	8.00 a.m. on 17 September
Expected date for crediting of Firm Placing Shares in uncertificated form to CREST stock accounts	8.00 a.m. on 17 September
Expected date of despatch of share certificates in respect of Firm Placing Shares in certificated form	24 September
Latest recommended time and date for requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST	4.30 p.m. on 24 September
Latest time for depositing Open Offer Entitlements and Excess CREST Open Offer Entitlements into CREST	3.00 p.m. 25 September
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims)	3.00 p.m. 26 September
<b>Latest time and date for receipt of Forms of Proxy</b>	<b>11.00 a.m. on 26 September</b>
<b>Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction (as appropriate)</b>	<b>11.00 a.m. on 28 September</b>
Expected time and date of announcement of results of the Placing and Open Offer	7.00 a.m. on 1 October
General Meeting	11.00 a.m. on 28 September
Expected time of announcement of results of the General Meeting	by 4.30 p.m. on 28 September
Second Admission effective and dealings in the Conditional Placing Shares and Open Offer Shares expected to commence on AIM	8.00 a.m. on 1 October
Expected date for crediting of Conditional Placing Shares and Open Offer Shares in uncertificated form to CREST stock accounts	8.00 a.m. on 1 October
Expected date of despatch of share certificates in respect of Conditional Placing Shares and Open Offer Shares in certificated form	8 October
Third Admission effective and dealings in the Subscription Shares expected to commence dealing on AIM	Following completion of the Farm-In Agreements

**Notes:**

- (1) *If you have any questions on the procedure for acceptance and payment, you should contact Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, telephone: 0871 384 2050 from the UK or +44 121 415 0259 from overseas. Calls to the 0871 384 2050 number cost 8 pence per minute (excluding value added tax) plus your service provider's network extras. Calls to the +44 121 415 0259 number will be charged at applicable international rates. Different charges may apply to calls from mobile telephones. Please note that Equiniti cannot provide financial advice on the merits of the Capital Raising or as to whether or not you should take up your entitlement.*
- (2) *The dates set out in the Expected Timetable of Principal Events above and mentioned throughout this document may be adjusted by President in which event details of the new dates will be notified to AIM and, where appropriate, to Shareholders.*
- (3) *All references to time in this document are to time in London.*

## DEFINITIONS

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

"Act"	the Companies Act 2006 (as amended)
"Acquisition"	the acquisition by the Group of the Paraguayan Concession Interests pursuant to the Farm-In Agreements
"Admission"	the admission to trading on AIM of the New Ordinary Shares to be issued pursuant to the Capital Raising taking place in accordance with the AIM Rules for Companies, which shall take place in three stages at the time of First Admission, Second Admission and Third Admission
"AIM"	the market of that name operated by the London Stock Exchange
"AIM Rules for Companies"	the AIM Rules for Companies, as published and amended from time to time by the London Stock Exchange
"AIM Rules for Nominated Advisers"	the rules for nominated advisers to AIM companies, as published and amended from time to time by the London Stock Exchange
"Applicant"	a Qualifying Shareholder or a person entitled by virtue of a <i>bona fide</i> market claim who lodges an Application Form under the Open Offer
"Application Form"	the application form which accompanies this document for Qualifying non-CREST Shareholders for use in connection with the Open Offer
"Articles"	the existing articles of association of the Company as at the date of this document
"boepd"	barrels of oil equivalent per day
"bopd"	barrels of oil per day
"Board"	the board of directors of the Company from time to time
"Business Day"	any day (excluding Saturdays and Sundays) on which banks are open in London for normal banking business and the London Stock Exchange is open for trading
"Capital Raising"	together, the Placing, Subscription and Open Offer details of which are set out in this document
"CCSS"	the CREST courier and sorting service, established by Euroclear UK & Ireland to facilitate, <i>inter alia</i> , the deposit and withdrawal of certified securities
"certificated" or "certificated form"	not in uncertificated form
"Change of Name"	the proposed change of the Company's name to President Energy PLC, such change to be approved pursuant to a Resolution to be proposed at the General Meeting
"Company" or "President"	President Petroleum Company PLC

“Conditional Placing Shares”	the 86,887,500 New Ordinary Shares which have been placed conditionally with investors by RBC and Jefferies pursuant to the Proposed Placing
“Crescent Oil”	Crescent Global Oil, LLC
“Crescent Global Oil Paraguay”	Crescent Global Oil Paraguay S.A.
“CREST”	the relevant system for the paperless settlement of trades and the holding of uncertificated securities operated by Euroclear UK & Ireland in accordance with the CREST Regulations
“CREST member”	a person who has been admitted by Euroclear UK & Ireland as a system-member (as defined in the CREST Regulations)
“CREST participant”	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations)
“CREST payment”	shall have the meaning given in the CREST Manual issued by Euroclear UK & Ireland
“CREST Regulations”	the Uncertificated Securities Regulations 2001, as amended
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member (which includes all CREST Personal Members)
“Deferred Shares”	the existing deferred shares of 29 pence each of the Company
“Demattei Block”	the oil and gas exploration and exploitation area designated as “Demattei Block” which is located in Paraguay’s occidental region
“Demattei Concession”	the concession contract enacted into Paraguayan Law No. 3549 of 16 July 2008 in respect of the Demattei Block
“Demattei Farm-In Agreement”	the conditional agreement dated 12 September 2012 between Crescent Global Oil Paraguay, Crescent Oil and the Company, pursuant to which terms the Company would acquire certain of its interest in the Demattei Concession on an incremental basis
“Demattei Joint Venture Agreement”	the agreement dated to be entered into between the Company and Crescent Global Oil Paraguay S.A. governing future operations on the Demattei Concession and pursuant to which terms the Company would act as operator of the Demattei Concession
“Directors”	the directors of the Company at the date of this document whose names are set out on page 2 of this document
“Enlarged Share Capital”	the issued ordinary share capital of the Company immediately following Third Admission
“enabled for settlement”	in relation to Open Offer Entitlements or Excess Open Offer Entitlements, enabled for the limited purpose of settlement of claim transactions and unmatched stock event transactions (each as described in the CREST Manual issued by Euroclear UK & Ireland)
“Euroclear UK & Ireland” or “Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST



“Excess Application Facility”	the arrangement pursuant to which Qualifying Shareholders may apply for Open Offer Shares in excess of their Open Offer Entitlements
“Excess CREST Open Offer Entitlement”	in respect of each Qualifying CREST Shareholder, the entitlement to apply for Open Offer Shares in addition to his Open Offer Entitlement credited to his stock account in CREST, pursuant to the Excess Application Facility, which is conditional on him taking up his Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of this document
“Excess Open Offer Entitlement”	an entitlement for each Qualifying Shareholder to apply to subscribe for Open Offer Shares in addition to his Open Offer Entitlement pursuant to the Excess Application Facility which is conditional on him taking up his Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of this document
“Excess Shares”	New Ordinary Shares in addition to the Open Offer Entitlement for which Qualifying Shareholders may apply under the Excess Application Facility
“Excluded Territories”	the United States, Australia, Canada, Japan, the Republic of South Africa, the Republic of Ireland and any other jurisdiction where the extension or availability of the Open Offer would breach any applicable law or regulations
“Existing LCM Loan Facility”	the existing loan facilities of US\$9 million made available to the Company and other members of the Group by IYA Global Limited, a subsidiary of LCM
“Existing Ordinary Shares”	the existing issued ordinary shares of 1 penny each in the capital of the Company as at the date of this document
“Farm-In Agreements”	the Demattei Farm-In Agreement and the Purity Farm-In Agreement
“Firm Placing”	the placing of the Firm Placing Shares at the Issue Price by RBC and Jefferies pursuant to the Placing and Open Offer Agreement, as described in Part I of this document
“Firm Placing Shares”	the 28,962,500 New Ordinary Shares which have been placed firm by RBC and Jefferies and are to be issued by the Company to investors pursuant to the Firm Placing
“First Admission”	the admission to trading on AIM of the Firm Placing Shares, which is expected to take place on 17 September 2012
“Form of Proxy”	the form of proxy relating to the General Meeting being sent to Shareholders with this document
“FSA”	the Financial Services Authority of the United Kingdom
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“GCA”	Gaffney, Cline & Associates, Inc. of Suite 1000, 1300 Post Oak Blvd., Houston, Texas 77056, USA
“General Meeting”	the general meeting of the Company convened for 11.00 a.m. on 28 September 2012 (or any adjournment of it), notice of which is set out at the end of this document

"Group"	the Company and its subsidiary undertakings
"ISIN"	International Securities Identification Number
"Issue Price"	20 pence per New Ordinary Share
"Jefferies"	Jefferies Hoare Govett, a division of Jefferies International Limited, the Company's Joint Broker
"Joint Operating Agreements"	the Purity Joint Operating Agreement and the Demattei Joint Operating Agreement
"London Stock Exchange"	London Stock Exchange plc
"LCM"	Levine Capital Management Limited, a company registered in the British Virgin Islands under number 1533154 with registered office at OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands.
"Member Account ID"	the identification code or number attached to any member account in CREST
"mmb"	million barrels
"mmboe"	million barrels of oil equivalent
"Money Laundering Regulations"	the Money Laundering Regulations 2007 (as amended)
"New LCM Loan Facility"	the US\$15 million revolving loan term facility to be provided by LCM (or an associated party of LCM and/or Peter Levine) to President
"New Ordinary Shares"	up to 154,598,541 ordinary shares of 1 penny each in the capital of the Company to be issued pursuant to the Capital Raising
"Official List"	the Official List of the UK Listing Authority
"Open Offer"	the invitation to Qualifying Shareholders to subscribe for Open Offer Shares at the Issue Price on the terms of and subject to the conditions set out or referred to in Part IV of this document and, where relevant, in the Application Form
"Open Offer Entitlement"	the <i>pro rata</i> basic entitlement for Qualifying Shareholders to apply to subscribe for 7 Open Offer Shares for every 45 Existing Ordinary Shares held by them on the Record Date pursuant to the Open Offer
"Open Offer Shares"	the 19,998,541 New Ordinary Shares for which Qualifying Shareholders are being invited to apply under the terms of the Open Offer
"Overseas Shareholders"	Shareholders who are resident in, or who are citizens of, or who have registered addresses in, territories other than the United Kingdom
"Paraguay"	the Republic of Paraguay
"Paraguayan Concession"	the Purity Concession and the Demattei Concession
"Paraguayan Concession Interests"	certain interests in the Purity Concession and the Demattei Concession to be acquired by the Group pursuant to the Acquisition
"Participant ID"	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant

“PetroVictory”	PetroVictory LLC
“Pirity Block”	the oil and gas prospecting, exploration and exploitation area designated as “Pirity Block” which is located in Paraguay’s occidental region
“Pirity Concession”	the concession contract enacted into Paraguayan Law No. 3479 of 13 May 2008 in respect of the Pirity Block
“Pirity Farm-In Agreement”	the conditional agreement dated 12 September 2012 between Pirity Hidrocarburos, PetroVictory and the Company, pursuant to which terms the Company would acquire certain of its interest in the Pirity Concession on an incremental basis
“Pirity Hidrocarburos”	Pirity Hidrocarburos S.R.L.
“Pirity Joint Operating Agreement”	the agreement to be entered into between the Company and Pirity Hidrocarburos governing future operations on the Pirity Concession and pursuant to which terms the Company would act as operator of the Pirity Concession
“Placees”	the persons who conditionally agree to subscribe for the Placing Shares
“Placing”	the Firm Placing and the Proposed Placing
“Placing and Open Offer Agreement”	the agreement dated 12 September 2012 between the Company, RBC and Jefferies relating to the Placing and Open Offer, details of which are set out in paragraph 4 of Part V of this document
“Placing Shares”	the Firm Placing Shares and Conditional Placing Shares
“Proposed Placing”	the conditional placing by RBC and Jefferies of the Conditional Placing Shares at the Issue Price pursuant to the Placing and Open Offer Agreement, as described in Part I of this document
“Proposals”	together, the Capital Raising, the Acquisition and the Change of Name
“Prospectus Rules”	the rules made by the FSA under Part VI of FSMA in relation to offers of transferable securities to the public and admission of transferable securities to trading on a regulated market
“Puesto Guardian Concession”	the exploitation concession over the CNO-8 “Puesto Guardian Area” located in the Province of Salta, Argentina granted by means of a Presidential Decree 1596/1991 dated 15 August 1991 of the National Executive Branch (as subsequently amended)
“Qualifying CREST Shareholders”	Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company at the close of business on the Record Date are held in uncertificated form
“Qualifying non-CREST Shareholders”	Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company at the close of business on the Record Date are held in certificated form
“Qualifying Shareholders”	holders of Existing Ordinary Shares on the Company’s register of members at the Record Date (other than certain Overseas Shareholders)
“RBC” or “RBC Capital Markets”	RBC Europe Limited (trading as RBC Capital Markets), the Company’s Nominated Adviser and Joint Broker

"Record Date"	close of business on 7 September 2012
"Registrar", "Receiving Agent" or "Equiniti"	Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA
"Related Parties"	the related parties of LCM being John Hamilton, Benjamin Wilkinson, Michael Cochran and Richard Hubbard
"Resolutions"	the resolutions set out in the notice of the General Meeting at the end of this document
"Second Admission"	the admission to trading on AIM of the Conditional Placing Shares and Open Offer Shares, which is expected to take place on 1 October 2012
"Shareholders"	holders of Existing Ordinary Shares
"stock account"	an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited
"subsidiary"	a "subsidiary undertaking" as that term is defined in the Act
"Subscription"	the conditional subscription of 18,750,000 Subscription Shares at the Issue Price by Pirity Hidrocarburos
"Subscription Shares"	the 18,750,000 New Ordinary Shares which are to be issued by the Company to Pirity Hidrocarburos pursuant to the Subscription
"Third Admission"	the admission to trading on AIM of the Subscription Shares, which is expected to take place following completion of the Farm-In Agreements
"uncertificated" or "uncertificated form"	recorded on the relevant register or other record of the share or other security concerned as being held in uncertificated form in CREST, and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
"UK Listing Authority"	the FSA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"£" or "Pounds"	UK pounds sterling, being the lawful currency of the United Kingdom
"United States", "USA" or "US"	the United States of America, its territories and possessions and any state of the United States of America and the District of Columbia
"US\$" or "US Dollars"	US dollars, being the lawful currency of the United States
"US Securities Act"	the United States Securities Act of 1933, (as amended)

## Part I – Letter From The Chairman

# PRESIDENT PETROLEUM COMPANY PLC

(Incorporated and registered in England under the Companies Act 1985 with registered number 5104249)

### Directors:

Peter Michael Levine (*Executive Chairman*)  
John Andrew Hamilton (*Executive Director*)  
Benjamin David Wilkinson (*Group Finance Director*)  
Dr Michael David Cochran (*Non-Executive Director*)  
Dr David Anthony Lawson Jenkins (*Non-Executive Deputy Chairman*)  
David Christopher Wake-Walker (*Non-Executive Director*)

### Registered Office:

13 Regent Street  
London  
SW1Y 4LR

12 September 2012

Dear Shareholder,

**Proposed Acquisition of Paraguayan Concession Interests**  
**Subscription of 18,750,000 New Ordinary Shares at 20 pence per share**  
**Firm Placing of 28,962,500 New Ordinary Shares and Proposed Placing of 86,887,500 New**  
**Ordinary Shares at 20 pence per share**  
**Open Offer of up to 19,998,541 New Ordinary Shares at 20 pence per share**  
**Proposed Change of Name**  
**and**  
**Notice of General Meeting**

## 1. Introduction

President has announced today that it has entered into conditional Farm-In Agreements to acquire certain Paraguayan Concession Interests comprising:

- (a) a farm-in to earn up to a 59 per cent. working interest in the Pirity Concession from Pirity Hidrocarburos (a subsidiary of PetroVictory); and
- (b) a farm-in to earn up to a 60 per cent. working interest in the Demattei Concession from Crescent Global Oil Paraguay (a subsidiary of Crescent Oil).

Under the terms of the Farm-In Agreements, President will acquire an immediate 11.8 per cent. working interest in the Pirity Concession for an initial consideration of US\$10 million in cash and a 3 per cent. working interest in the Demattei Concession for an initial consideration of US\$2 million in cash. The total up-front payment in cash of US\$12 million will be used to repay back costs to the Vendors in respect of each Paraguayan Concession. It is intended that further interests in each Paraguayan Concession will be acquired incrementally by the Company should it elect to fund the agreed work programmes. A summary of the consideration amounts and working interests of the farm-ins are set out in the table below:

Work Programme	Pirity Concession		Demattei Concession	
	Incremental Interest Earned (%)	Approximate Cost (US\$) <sup>(1)</sup>	Incremental Interest Earned (%)	Approximate Cost (US\$) <sup>(1)</sup>
Initial payment (Back costs)	11.8%	US\$10m	3%	US\$2m
Seismic programme	5.9%	US\$10m	7.125%	US\$10m
Commencement of the operation at Well 1	5.9%	US\$10m	7.125%	US\$10m
Well 1	11.8%		14.25%	
Well 2	11.8%	US\$10m	14.25%	US\$10m
Well 3	11.8%	US\$10m	14.25%	US\$10m
<b>Total (including initial consideration)</b>	<b>59%</b>	<b>US\$50m</b>	<b>60%</b>	<b>US\$42m</b>

Note (1): The approximate costs set out in the table are as agreed under the Pirity Farm-In Agreement and the Demattei Farm-In Agreement between the parties thereto, and are stated on the assumption that there are no cost overruns in relation to each staged work programme. However, the Company is only obliged to pay up to US\$50 million in respect of the agreed work programme to earn its full 59 per cent. interest in the Pirity Concession and up to US\$42 million in respect of the agreed work programme to earn its full 60 per cent. interest in the Demattei Concession.

The Board has also announced that the Company proposes to raise up to US\$49.47 million (before expenses) by the issue of up to 154,598,541 New Ordinary Shares at a price of 20 pence per New Ordinary Share. The Issue Price of 20 pence per New Ordinary Share represents a 20 per cent. discount to the closing middle market price of 25 pence per Existing Ordinary Share on 11 September 2012, being the last Business Day before the announcement of the Capital Raising.

The Capital Raising is being made by way of the Placing to institutional and other investors, the Subscription and an Open Offer, thus allowing the Company's existing Shareholders the opportunity to participate in the fundraising through the Open Offer. The Placing is being undertaken in two stages:

- a) 28,962,500 New Ordinary Shares have already been placed with institutions and other investors pursuant to the Firm Placing and are being issued pursuant to the Directors' existing authorities to allot shares for cash on a non pre-emptive basis, thereby raising gross proceeds of £5.7 (US\$9.27) million for the Company. The Firm Placing Shares are to be admitted to trading on AIM at the time of First Admission, which is expected to take place on 17 September 2012.
- b) The second stage of the Placing will comprise a proposed placing of 86,887,500 further New Ordinary Shares. As the allotment and issue of the Firm Placing Shares will have exhausted the Directors' existing authorities to allot shares for cash on a non pre-emptive basis, the General Meeting is being called to seek Shareholders' approval to grant new authorities to enable the Directors, *inter alia*, to complete the Proposed Placing, thereby raising further gross proceeds of £17.38 (US\$27.80) million for the Company. The Conditional Placing Shares are expected to be admitted to trading on AIM at the time of Second Admission, which is scheduled for 1 October 2012.

Pursuant to the Subscription, Purity Hidrocarburos (a subsidiary of PetroVictory) has agreed to subscribe for 18,750,000 New Ordinary Shares at the Issue Price. Completion of the Subscription will take place at the time of completion of the Farm-In Agreements and is conditional on, amongst other things, completion of the Farm-In Agreements and shareholder approval.

In addition to the Placing and the Subscription, President has launched an Open Offer to issue up to 19,998,541 New Ordinary Shares to Qualifying Shareholders. Shareholders may subscribe for Open Offer Shares on the basis of 7 Open Offer Shares for every 45 Existing Ordinary Shares held on the Record Date. Shareholders subscribing for their full entitlement under the Open Offer may also request additional New Ordinary Shares through the Excess Application Facility.

Assuming full take-up under the Open Offer, the issue of the Open Offer Shares will raise further gross proceeds of up to £4 million (up to US\$6.4 million) for the Company. The New Ordinary Shares to be issued pursuant to the Open Offer are to be admitted to trading on AIM at the time of Second Admission, which is expected to take place on 1 October 2012.

The gross proceeds of the Placing (comprising of the Firm Placing and the Proposed Placing) of £23.17 million (US\$37.07 million) and the Subscription of £3.75 million (US\$6 million) and the Open Offer of up to £4 million (US\$6.4 million) will be used principally to fund the obligations of the Company to acquire its initial interests in the Paraguayan Concessions and to fund the initial parts of the work programmes as set out in the provisions of the Farm-In Agreements and detailed in paragraph 6 of Part I of this document. The remaining proceeds will be used for incremental exploration and development work on President's Argentinian assets, including the new concessions that were recently awarded at Matorras and Ocultar, new wells in Louisiana, pursuing further business development opportunities and to cover the expenses associated with the Placing, Subscription and Open Offer.

The Proposed Placing, Subscription and Open Offer are each conditional upon, *inter alia*, Shareholder approval which will be sought at the General Meeting to be held at 11.00 a.m. on 28 September 2012, notice of which is set out at the end of this document. Should Shareholder approval not be obtained at the General Meeting, the Proposed Placing, Subscription and Open Offer will not proceed. In addition, the Subscription is conditional on the completion of the Farm-In Agreements. Should the Farm-In Agreements not close, the Subscription will not proceed.

Under the terms of the Farm-In Agreements, the Company has agreed to pay US\$3 million of the up-front payment to acquire its initial interests in the Paraguayan Concessions, at the time of First Admission and with the balance due on completion. Accordingly, the Company will use part of the funds raised from the Firm Placing to pay the US\$3 million deposit under the Farm-In Agreements and this amount will not be returned in the event that the deposit is not refunded to the Company. Should any of the conditions to the Farm-In Agreements not be satisfied or waived by the Company then completion of the Acquisition will not take place and, in such eventuality, the Company will seek to return funds invested in the Company pursuant to the Placing and/or Open Offer, further details of which can be found in paragraph 3 of this Part 1 and paragraphs 4.2 and 4.3 of Part V.

The Board also proposes to change the name of the Company from President Petroleum Company PLC to President Energy PLC, pursuant to a Resolution being proposed at the General Meeting.

**This letter sets out the reasons for, and provides details of, the Acquisition and the Placing, Subscription and Open Offer. Further information on the Acquisition (including the consideration payable by the Group to farm-in up to its full working interests in the Paraguayan Concessions) can be found in paragraph 3 of this Part I.**

## **2. Information on President Petroleum Company PLC**

President Petroleum Company PLC is a UK AIM listed oil and gas company, with producing licences in Argentina and Louisiana, USA, and with other exploration licences in South Australia.

President's stated aim is to achieve growth through a twin track strategy of the acquisition of new oil and gas assets and the organic development of the Group's existing assets, with a view to creating a mid-cap exploration and production company with critical mass and a strategic presence in its key areas of interest.

In July 2011 President acquired a 50 per cent. working interest in the Puesto Guardian Concession in the Salta Province of Argentina. This entry into Argentina was seen as the first stage in developing a South American business and President is seeking to build upon its regional presence. On 20 August 2012, the Company announced that the Government of Salta Province, Argentina, had awarded to President two new exploration licences called Matorras and Occultar, that are adjacent to the Puesto Guardian Concession and which cover a combined area of 2,203 km<sup>2</sup>. President also announced that it had separately entered into an agreement with its partner in Puesto Guardian to acquire for nominal value the entire interest in Matorras and Occultar, with any such transfer, however, being subject to prior consent and approval of the regulatory authorities in the Province of Salta.

President is further expanding its regional presence by entering into neighbouring Paraguay, by farming into two existing oil and gas concessions, the Pirity Concession and the Demattei Concession. The entry will be funded using the proceeds of the Capital Raising.

Further details of the Acquisition are contained in paragraph 3 of Part I of this document.

Further information on President Petroleum Company PLC's existing strategy, current assets, reserves and resources and financial reports, *inter alia*, can be found on the Company's website, [www.presidentpc.com](http://www.presidentpc.com).

## **3. Background to and reasons for the Capital Raising and the Acquisition**

President has secured farm-in agreements as operator of the Pirity and Demattei Concessions which combine to cover almost all of the prospective Pirity Basin (16,000 km<sup>2</sup>) in the Chaco region of Paraguay, which is virtually undrilled and a direct extension of the proven Olmedo basin on the Argentine side of the country border. President has developed the opportunity as a direct consequence of the regional knowledge and experience gained in the adjacent and contiguous Olmedo basin of Argentina. President has a deep understanding of the geology of the basin and believes these licences to be highly prospective. Whereas the Argentine Olmedo sector has been continuously explored and has produced oil and gas over the past 30 years (over 150 mmbobe of cumulative production to date), the attraction of Paraguay is that the Pirity Basin (which contains large undrilled structures) has remained fallow just a few kilometres to the east for political reasons.

The Pirity Basin acreage (comprising the Pirity and Demattei blocks) is currently owned by two US private companies, Pirity Hidrocarburos (a subsidiary of PetroVictory) and Crescent Global Oil Paraguay (a subsidiary of Crescent Oil). PetroVictory and Crescent Oil are both substantially under the control of the same US citizens. Both of the Paraguayan Concessions have been the subject of litigation over recent years, although this litigation has now been settled in full. Following disputes which arose between the Vendors of the Paraguayan Concession Interests and the Paraguayan Ministry of Public Communications and Works, the Government of Paraguay issued Decrees in 2009 and 2010 declaring that the Pirity Concession and Demattei Concession had expired. Accordingly, the Vendors of the Paraguayan Concession Interests initiated legal proceedings to revoke the Decrees and re-instate the Paraguayan Concessions and thereby bring them back into full force and effect. Earlier this year, settlement agreements were entered into in relation to both of the Paraguayan Concessions, pursuant to which the parties agreed to settle all outstanding claims and thereby settle the litigation proceedings between them. In August 2012, Court Orders were issued by the Supreme Court of Paraguay, pursuant to which the settlement agreements became final and binding and all outstanding litigation was settled in full and is no longer subject to any right of appeal by the parties.

Over the past seven years, Crescent Oil has commissioned several extensive geological studies which evaluate the hydrocarbon potential of the Pirity Basin. President estimates that the 16 identified prospects have a gross risked recoverable resource potential greater than 150 mmb. A 3D seismic programme is planned to further de-risk the prospect inventory and a competent person's report is expected to be commissioned following the planned seismic programme.

Following a competitive process, with a number of parties expressing an interest in acquiring the Paraguayan Concessions, President has successfully agreed to farm into the two blocks covering the entire Paraguayan Pirity Basin. The Acquisition of the Paraguayan Concession Interests will comprise:

- (a) a farm-in to earn up to a 59 per cent. working interest in the Pirity Concession (Law 3479/08) from Pirity Hidrocarburos (a subsidiary of PetroVictory); and
- (b) a farm-in to earn up to a 60 per cent. working interest in the Demattei Concession (Law 3549/08) from Crescent Global Oil Paraguay (a subsidiary of Crescent Oil).

Each block is approximately 8,000 km<sup>2</sup> in size. In the Pirity Block adjacent to the Argentine border, President will earn its full 59 per cent. working interest in return for funding a seismic programme and a staged three well drilling programme for a capped investment of US\$50 million, including back costs incurred by the Vendor of US\$10 million in the manner outlined in the table on page 11. In the adjacent Demattei Block, President will earn its full 60 per cent. working interest in return for funding a seismic programme and a staged three well drilling programme for a capped investment of US\$42 million, including back costs incurred by the Vendor of US\$2 million, again in the manner outlined in the table on page 11. President has negotiated certain provisions to limit risk exposure and the ability to retain or assign any of its interests in the event that it elects not to complete in full the respective drilling campaign on the Pirity Concession and the Demattei Concession, respectively.

In addition to the Placing and Open Offer, Pirity Hidrocarburos has irrevocably agreed to subscribe for 18,750,000 New Ordinary Shares at the Issue Price for £3.75 million (US\$6 million). Further details can be found in paragraph 8 of this Part I.

Under the terms of the Farm-In Agreements, President will acquire an immediate 11.8 per cent. working interest in the Pirity Concession for an initial consideration of US\$10 million in cash and a 3 per cent. working interest in the Demattei Concession for an initial consideration of US\$2 million in cash. The total up-front payment in cash of US\$12 million will be used to repay back costs to the Vendors in respect of each Paraguayan Concession. Further interests in each Paraguayan Concession may then be acquired incrementally by the Company should it elect to fund the agreed work programmes.

US\$3 million of the US\$12 million up-front payment is due to be paid under the terms of the Farm-In Agreements shortly after First Admission, by way of a deposit to secure the farm-ins. This deposit will be retained by the Vendors in the event that the Company fails to pay the US\$9 million balance of the up-front



payment at the time of completion. The Farm-In Agreements are subject to various conditions including, *inter alia* Paraguayan Government approvals of the assignment to President of the participating interests and confirmation of the terms of the Paraguayan Concessions, in the case of Demattei Concession only the renewal/restatement of the environmental licences being given by the Paraguayan Environmental Agency which are required for the commencement of works on the Paraguayan Concessions and confirmation that all court decisions, documents, notices and other filings have been completed in respect of the litigation proceedings affecting each Paraguayan Concession.

Should any of the conditions to the Farm-In Agreements not be satisfied or waived by the Company then completion of the Acquisition will not take place. In such eventuality, the Company will seek to return to Shareholders those funds invested in the Company pursuant to the Placing and/or Open Offer in as tax efficient a manner as possible. Should the Company be unable to pay the US\$9 million balance of the up-front payment due on completion then the US\$3 million deposit will not be refunded to the Company and therefore will not be returned to placees who have invested as part of the Firm Placing.

#### **4. About Paraguay**

Paraguay moved to a democratic political system in 1992 following 35 years of dictatorship under General Stroessner. The right-wing Colorado party held power for the succeeding years until the 2008 election of Fernando Lugo, the first time power had passed peacefully to an opposing party. In June 2012, Fernando Lugo was impeached under the Paraguayan constitution, leading to the incumbent Vice-President Federico Franco becoming President. Elections are scheduled for April 2013 and President Franco has begun his presidency by demonstrating his support for foreign investment by, *inter alia*, approving the construction of Rio Tinto's proposed US\$3.5 billion aluminium plant and expressing support for the oil and gas industry. Regional oil and gas companies such as YPF and UK listed Amerisur Resources PLC already operate in Paraguay, and a number of other companies have expressed interest in entering into the country. The UK Government has also recently announced the re-opening of the British Embassy in Asunción, which is expected to accelerate the unlocking of commercial opportunities for British companies in Paraguay.

Paraguay is a fast-growing economy, experiencing average GDP growth of 9.4 per cent. in 2010-2011. Paraguay is governed by particularly favourable hydrocarbon laws. A Tax and Royalty system provides an initial four year exploration period (which can be extended by drilling one well per year) and a twenty year exploitation period which may be extended by ten years. Tax is levied at a flat 10 per cent. rate on business profits whilst royalties are levied on production on a sliding scale from 10 per cent. for production of less than 5,000 bopd to 14 per cent. for production over 50,000 bopd. Paraguay does not currently have any hydrocarbon production and the country imports approximately 27,000 bopd. Management believes that the Paraguayan Government is eager to establish domestic production, as demonstrated by Petropar expressing a written interest to offtake up to 27,000 bopd at international prices from any future production at the farm-in blocks.

#### **5. Current Trading and Prospects**

On 11 May 2012, the Company announced its results for the year ended 31 December 2011. Subsequently, the Company has provided corporate and operational updates, including the Trading and Operational Update dated 3 August 2012. Group production for the 6 months to 30 June 2012 averaged 315 boepd, evenly split between the Group's Argentine and Louisiana operations. Average realised prices per barrel during the period were US\$72 in Argentina and US\$109 in Louisiana. Due to drilling activity during the period, group production for the month of June 2012 was 430 boepd, principally comprising oil production in Argentina of 235 bopd and in Louisiana of 195 boepd. Net debt position at 30 June 2012 was approximately US\$3.5 million comprising cash (US\$1.1 million) and debt (US\$4.6 million). The Company and other members of the Group's outstanding indebtedness as at 11 September 2012 under the Existing LCM Loan Facility was US\$9 million.

In Argentina, a workover and frac programme has commenced, with the first frac timed for the fourth quarter of 2012. Significant effort is being made in seismic reprocessing and reservoir studies which will provide the foundation for the continued development of drilling activity in 2013. In Louisiana, a new well is planned at East White Lake for next month, and smaller recompletions and workovers are anticipated.

On 20 August 2012, President announced that the Government of Salta, Argentina had awarded the Company in Puesto Guardian two new exploration concession areas surrounding Puesto Guardian, namely Matorras and Ocultar. President will be the operator of the two concessions and has the right to acquire all of its partner's interest in the concessions for nominal value (subject to the prior consent and approval of the regulatory authorities in the Province of Salta). These areas cover a combined area of 2,203 km<sup>2</sup> partly surrounding the 633 km<sup>2</sup> Puesto Guardian Concession. Matorras (1,469 km<sup>2</sup>) is on the same structural trend as the palaeozoic prospect under Martinez del Tineo that was the subject of the GCA audited resource report announced by the Company on 23 January 2012. In the palaeozoic prospect under Martinez del Tineo, GCA assessed gross unrisked mid case prospective gas and condensate resource of 570 bcf and 14.5 million barrels of condensate.

## 6. Use of Proceeds

The gross proceeds of the Placing, Subscription and Open Offer of up to US\$49.47 million and the US\$15 million committed line of credit available to the Company under the New LCM Loan Facility will be used principally to fund the Company's obligations to acquire its initial interests in the Paraguayan Concessions and the initial work programmes for the Pirity Concession and Demattei Concession. In addition, the remaining funds will be used for incremental exploration and development work on President's Argentinian assets (including the recently awarded new licences), building the regional delivery team, pursuing regional business development opportunities, incremental new drilling activity in Louisiana and to cover the expenses associated with the Placing, Subscription and Open Offer, broken down as follows:

<i>Use of Funds</i>	<i>US\$ million</i>
<b>Paraguay<sup>(1)</sup></b>	<b>37</b>
Back costs (earn 11.8 per cent. working interest in the Pirity Block and 3 per cent. working interest in the Demattei Block)	12
Seismic on the Pirity Block (\$10 million) and the Demattei Block (\$2 million)	12
Corporate set-up and business development	3
Well 1 on the Pirity Block	10
<b>Argentina</b>	<b>2</b>
Exploration work programme – new acreage	2
<b>USA (Louisiana)</b>	<b>1</b>
New wells	1
<b>Corporate</b>	<b>2</b>
Deal expenses <sup>(2)</sup>	2
<b>Sub-Total</b>	<b>42</b>
Loan repayment <sup>(3)</sup>	9
<b>TOTAL</b>	<b>51</b>

Note (1): The further work programme in Paraguay is to be funded from cash flow, farm-outs or later corporate activity; note (2): These are estimated costs only; and note (3): The loan repayment relates to the LCM Loan Facility as detailed in paragraph 7 of this Part I.

## 7. Levine Capital Management Limited

LCM is an entity beneficially owned by Peter Levine, the Company's Executive Chairman, and is the Company's largest shareholder. LCM and the Related Parties, who are deemed by the UK Panel on Takeovers and Mergers to be acting in concert with LCM for the purpose of the City Code on Takeovers and Mergers, currently hold 37,714,525 Existing Ordinary Shares in aggregate, representing approximately 29.3 per cent. of the Company's Existing Ordinary Shares.

LCM (through its subsidiary, IYA Global Limited) has made available to President the Existing LCM Loan Facility until 25 October 2013, under which US\$9 million is currently outstanding. The provision of the Existing LCM Loan Facility has enabled President to continue investing in business development and the ongoing operational programme at Puesto Guardian.

LCM and the Related Parties (as well as the remaining Directors) have irrevocably undertaken to vote or procure to vote in favour of the Resolutions 1 and 2 relating to the Placing and Open Offer in respect of 37,868,329 Existing Ordinary Shares, in aggregate, representing approximately 29.3 per cent. of the existing issued ordinary share capital of the Company.

As part of the Placing, LCM has irrevocably agreed to subscribe for 31,250,000 Placing Shares at the Placing Price for £6.25 million. This will comprise the subscription by LCM of 7,812,500 Firm Placing Shares which will be settled as to £1.56 million at the time of First Admission, and of 23,437,500 Conditional Placing Shares which will be settled as to £1.56 million at the time of Second Admission and as to £3.13 million on 31 December 2012.

As part of the Proposals, the Company will also repay the US\$9 million outstanding under the Existing LCM Loan Facility, in accordance with its terms. LCM has also agreed to provide the New LCM Loan Facility, under which, a US\$15 million committed line of credit is available to the Company for a period of two years. Loan monies may be drawn down and repaid under the New LCM Loan Facility at the Company's election and provides additional operational flexibility going forward. Interest accrues on the loan at 10 per cent. per annum on amounts drawn under the New LCM Loan Facility and 5 per cent. per annum on the undrawn balance of the facility.

Following LCM's participation in the Placing, LCM will have invested over US\$30 million in President.

## 8. The Subscription

Pirity Hidrocarburos has conditionally agreed to subscribe for the Subscription Shares at the Issue Price, raising a further £3.75 million for the Company.

The Subscription Shares subscribed for by Pirity Hidrocarburos will represent 6.62 per cent. of the Enlarged Share Capital immediately following Third Admission, assuming a full take up under the Open Offer. The settlement of the Subscription will take place on the completion of the Acquisition. Pirity Hidrocarburos has entered into a lock-up agreement with the Company pursuant to which it has agreed not to offer, dispose of, directly or indirectly, any of the Subscription Shares held by it for a period of 6 months from date of Third Admission. Should the completion of the Acquisition not occur, Pirity Hidrocarburos will not subscribe for the Subscription Shares and the Company will not receive the subscription proceeds from Pirity Hidrocarburos.

## 9. Directors' shareholdings

Immediately following Third Admission, it is expected that the Directors will have the following beneficial shareholdings:

	<i>Total no. of Ordinary Shares held following Third Admission</i>	<i>Percentage of the Enlarged Share Capital immediately following Third Admission*</i>
Peter Levine	68,523,525	24.20
John Andrew Hamilton	300,000	0.11
Benjamin David Wilkinson	40,000	0.01
David Anthony Lawson Jenkins	75,000	0.03
Michael David Cochran	100,000	0.04
David Christopher Wake-Walker	253,804	0.09

\* Assuming full take up of entitlements under the Open Offer

In addition to the shares subscribed for by LCM in the Placing referred to above, David Wake-Walker has agreed to subscribe for 125,000 Placing Shares and David Jenkins has agreed to subscribe for 50,000 Placing Shares.

## 10. Related Party Transactions

The subscription by LCM in the Placing at the Issue Price and the provision of the New LCM Loan Facility are each classified as a related party transaction under the AIM Rules. Accordingly, the Directors, excluding Peter Levine, John Hamilton, Benjamin Wilkinson and Michael Cochran (who are not considered independent by virtue of their respective relationships with LCM), consider, having consulted with RBC, the Company's nominated adviser, that the terms of LCM's participation in the Placing and the New LCM Loan Facility are each fair and reasonable insofar as independent Shareholders are concerned.

## 11. Details of the Placing and Open Offer

### 11.1 Structure

The Directors have given consideration as to the best way to structure the proposed equity fundraising, having regard to current market conditions, the composition of the Company's Shareholder register, the level of the Company's share price and the importance of pre-emption rights to Shareholders. After considering these factors, the Directors have concluded that the structure of the fundraising by way of the Placing and Open Offer is the most suitable option available to the Company and its Shareholders as a whole. The Open Offer provides an opportunity for all Qualifying Shareholders to participate in the fundraising by acquiring Open Offer Shares *pro rata* to their current holdings of Existing Ordinary Shares with the option for subscribing for more pursuant to the Excess Application Facility subject to clawback.

The Issue Price of 20 pence per New Ordinary Share represents a 20 per cent. discount to the closing middle market price of 25 pence per Existing Ordinary Share on 11 September 2012, the last business day before the announcement of the Capital Raising.

### 11.2 Principal terms of the Placing

The Company is proposing to raise approximately US\$37.07 million (before expenses) pursuant to the Placing through the issue of 115,850,000 Placing Shares.

The Company has placed 28,962,500 Firm Placing Shares at the Issue Price with institutions and other investors, raising US\$9.27 million (before expenses).

The Firm Placing Shares will be issued pursuant to the Directors' existing authorities to allot shares for cash on a non pre-emptive basis and Admission of the Firm Placing Shares will take place at the time of First Admission, which is expected to take place on 17 September 2012.

In addition, the Company has placed 86,887,500 Conditional Placing Shares at the Issue Price with institutions and other investors pursuant to the Proposed Placing, raising the balance of the proceeds of the Placing of US\$27.8 million (before expenses). As the allotment and issue of the Firm Placing Shares will have exhausted the Directors' existing authorities to allot shares for cash on a non pre-emptive basis, the General Meeting is being called to seek Shareholders' approval to grant new authorities to enable the Directors, *inter alia*, to complete the Proposed Placing, thereby raising further gross proceeds of US\$27.8 million for the Company. The Conditional Placing Shares have therefore been placed conditional, *inter alia*, on the passing of the Resolutions (save for the Resolution relating to the Change of Name) and Admission, which is expected to take place at the time of Second Admission, which is expected to take place on 1 October 2012.

Except for the shares subscribed by LCM under the Placing, all of the Firm Placing Shares and the Conditional Placing Shares have been placed with institutions and other investors and are not, therefore, being offered to existing Shareholders and do not form part of the Open Offer. The Firm Placing Shares and the Conditional Placing Shares will, upon issue, rank *pari passu* with each other, the Existing Ordinary Shares and the Open Offer Shares in issue following the Capital Raising.

A total of 31,250,000 Placing Shares shall be subscribed for by LCM, of which 7,812,500 Firm Placing Shares will be subscribed for by LCM as part of the Firm Placing and the balance of 23,437,500 Conditional Placing Shares as part of the Conditional Placing. The settlement for the subscription by LCM of these Placing Shares will occur in three stages: First Admission, Second Admission and on 31 December 2012,

as detailed in paragraph 7 of this Part I. LCM's shareholding will represent 24.4 per cent. of the Enlarged Share Capital immediately following Third Admission, assuming a full take up under the Open Offer. At the time of subscription by LCM under the Placing, the Company will repay US\$9 million of its outstanding loan to LCM in accordance with the terms of the LCM Loan Facility. A US\$15 million line of credit is also available to President for the following 24 months.

A total of 18,750,000 Subscription Shares shall be subscribed for by Pirity Hidrocarburos as detailed in paragraph 8 of this Part I.

The Company has appointed RBC and Jefferies as its agents to use their respective reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price. Further terms of the Placing and Open Offer Agreement are set out in paragraph 4 of Part V of this document.

### 11.3 *Principal terms of the Open Offer*

Subject to the fulfilment of the conditions set out below and in Part IV of this document, Qualifying Shareholders are being given the opportunity to subscribe for the Open Offer Shares at a price of 20 pence per Open Offer Share, *pro rata* to their holdings of Existing Ordinary Shares on the Record Date on the basis of:

#### **7 Open Offer Shares for every 45 Existing Ordinary Shares**

Qualifying Shareholders are also being given the opportunity, provided that they take up their Open Offer Entitlement in full, to apply for Excess Shares through the Excess Application Facility.

The allotment and issue of the Open Offer Shares will also need to be made following and conditional on, *inter alia*, the Shareholder approval referred to above.

Assuming full take-up under the Open Offer, the issue of the Open Offer Shares will raise further gross proceeds of approximately £4/US\$6.4 million for the Company.

The Open Offer Shares will, upon issue, rank *pari passu* with the Placing Shares to be issued pursuant to the Placing.

Fractions of Open Offer Shares will not be allotted, each Qualifying Shareholder's entitlement under the Open Offer will be rounded down to the nearest whole number. The fractional entitlements will be aggregated and sold by RBC and/or Jefferies in the market, with the proceeds being retained for the benefit of the Company.

Qualifying Shareholders with holdings of Existing Ordinary Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating the Open Offer Entitlements.

### 11.4 *Excess Application Facility*

The Excess Application Facility will enable Qualifying Shareholders, provided that they take up their Open Offer Entitlement in full, to apply for Excess Open Offer Entitlements. Qualifying non-CREST Shareholders who wish to apply to acquire more than their Open Offer Entitlement should complete the relevant sections on the Application Form. Qualifying CREST Shareholders will have Excess CREST Open Offer Entitlements credited to their stock account in CREST and should refer to paragraph 4.2.10 of Part IV of this document for information on how to apply for Excess Shares pursuant to the Excess Application Facility. Applications for Excess Open Offer Entitlements will be satisfied only and to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their Open Offer Entitlements. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility.

Application will be made for the Open Offer Entitlements and Excess Open Offer Entitlements in respect of Qualifying CREST Shareholders to be admitted to CREST. It is expected that such Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST at 8.00 a.m. on 13 September 2012. Such Open Offer Entitlements and Excess Open Offer Entitlements will also be enabled for settlement in CREST at 8.00 a.m. on 13 September 2012. Applications through the means of the CREST system may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim.

Qualifying non-CREST Shareholders will have received an Application Form with this document which sets out their entitlement to Open Offer Shares as shown by the number of Open Offer Entitlements allocated to them. Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlements on 13 September 2012.

Shareholders should note that the Open Offer is not a rights issue. Qualifying CREST Shareholders should note that although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim. Qualifying non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded. Qualifying Shareholders should be aware that in the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold in the market or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer. If applications are made for less than all of the Open Offer Shares available, then the lower number of Open Offer Shares will be issued.

Further information on the Open Offer and the terms and conditions on which it is made, including the procedure for application and payment, are set out in Part IV of this document.

For Qualifying non-CREST Shareholders, completed Application Forms, accompanied by full payment, should be returned by post or by hand (during normal business hours only) to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA so as to arrive as soon as possible and in any event so as to be received no later than 11.00 a.m. on 28 September 2012. For Qualifying CREST Shareholders the relevant CREST instructions must have been settled as explained in this document by no later than 11.00 a.m. on 28 September 2012.

#### 11.5 *Other information relating to the Capital Raising*

The Firm Placing is conditional, *inter alia*, upon:

- (i) the conditions relating to the Firm Placing as contained in the Placing and Open Offer Agreement having been satisfied in all respects (other than First Admission) and the agreement having not been terminated in accordance with its terms;
- (ii) each of the Farm-In Agreements having been entered into and remaining in full force and effect; and
- (iii) First Admission of the Firm Placing Shares becoming effective by not later than 8.00 a.m. on 17 September 2012 (or such later time and/or date as RBC and Jefferies may agree).

The Proposed Placing and Open Offer are conditional, *inter alia*, upon:

- (i) the passing of Resolutions (save for the Resolution relating to the Change of Name);
- (ii) the Placing and Open Offer Agreement becoming unconditional in all respects (other than Second Admission) and not having been terminated in accordance with its terms;
- (iii) each of the Farm-In Agreements having been entered into and remaining in full force and effect; and
- (iv) Second Admission of the Conditional Placing Shares and Open Offer Shares becoming effective by not later than 8.00 a.m. on 1 October 2012 (or such later time and/or date as RBC and Jefferies may agree, not being later than 3.00 p.m. on 15 October 2012).

Accordingly, if any of such conditions are not satisfied, or, if applicable, waived, the relevant part or parts of the Capital Raising will not proceed.

A summary of the principal terms of the Placing and Open Offer Agreement is set out in paragraph 4 of Part V of this document.

The Placing and Open Offer will result in the issue of in total 135,848,541 New Ordinary Shares assuming full take up under the Open Offer (representing, in aggregate, approximately 47.98 per cent. of the Enlarged Share Capital assuming full take up under the Open Offer). The New Ordinary Shares, when issued and fully paid, will rank *pari passu* in all respects with the Existing Ordinary Shares and therefore rank equally for all dividends or other distributions declared, made or paid after the date of issue of the New Ordinary Shares. No temporary documents of title will be issued.

Following the issue of the New Ordinary Shares pursuant to the Capital Raising, Qualifying Shareholders who take up their full entitlements, excluding any New Ordinary Shares acquired through the Excess Application Facility, in respect of the Open Offer will undergo a dilution of up to 48 per cent. to their interests in the Company because of the Placing. Qualifying Shareholders who do not take up any of their entitlements in respect of the Open Offer will experience a more substantial dilution of approximately 55 per cent. to their interests in the Company because of the Capital Raising.

Application has been made to the London Stock Exchange for the Firm Placing Shares to be admitted to trading on AIM. It is expected that First Admission will become effective on 17 September 2012 and that dealings for normal settlement in the Firm Placing Shares will commence at 8.00 a.m. on 17 September 2012.

Application will also be made to the London Stock Exchange for the Conditional Placing Shares and the Open Offer Shares to be admitted to trading on AIM. It is expected that Second Admission will become effective on 1 October 2012 and that dealings for normal settlement in the New Ordinary Shares will commence at 8.00 a.m. on 1 October 2012.

Application will also be made to the London Stock Exchange for the Subscription Shares to be admitted to trading on AIM. It is expected that Third Admission will become effective and that dealings for normal settlement in the New Ordinary Shares will commence shortly following completion of the Farm-In Agreements.

## **12. Change of Name**

In order to reflect President's increasingly diversified oil and gas assets, and to simplify the Company's name, the Board proposes to change the name of the Company from President Petroleum Company PLC to "President Energy PLC". Accordingly, a Resolution is being proposed at the General Meeting, as stated in paragraph 13 of this Part I below.

## **13. General Meeting**

A notice convening a General Meeting of the Company, to be held at the offices of Pelham Bell Pottinger, 6th Floor, Holborn Gate, 330 High Holborn WC1V 7QD on 28 September 2012 at 11.00 a.m. is set out at the end of this document. At the General Meeting, the following Resolutions will be proposed:

- (1) an ordinary resolution to grant authority to the Directors to allot up to 154,598,541 New Ordinary Shares in the capital of the Company or to grant rights to subscribe for or convert any security into shares in the capital of the Company pursuant to section 551 of the Act, being up to an aggregate nominal amount of £1,545,985.41. The Directors will limit this authority to the allotment of New Ordinary Shares pursuant to the Capital Raising and the authority will expire at the conclusion of the Annual General Meeting of the Company to be held in 2013 after the passing of the Resolution;

- (2) a special resolution to disapply the statutory pre-emption rights contained in section 561(1) of the Act in respect of the allotment of up to 154,598,541 New Ordinary Shares with an aggregate nominal amount of up to £1,545,985.41. The Directors will again limit this authority to the allotment of New Ordinary Shares pursuant to the Capital Raising and the authority will expire at the conclusion of the Annual General Meeting of the Company to be held in 2013 after the passing of the Resolution;
- (3) a special resolution to change the name of the Company;
- (4) an ordinary resolution to grant a general authority to the Directors to allot up to 84,948,178 shares in the capital of the Company or to grant rights to subscribe for or convert any security into shares in the capital of the Company pursuant to section 551 of the Act, being up to an aggregate nominal amount of £849,481.78. This authority will represent 30 per cent. of the Enlarged Share Capital and is in line with the Directors' existing share authorities granted pursuant to section 551 of the Act at the Company's last AGM which was held earlier this year; and
- (5) a special resolution to disapply the statutory pre-emption rights contained in section 561(1) of the Act in respect of the allotment of up to 56,632,119 equity shares with an aggregate nominal amount of up to £566,321.19. This authority will represent approximately 20 per cent. of the Enlarged Share Capital and is in line with the Directors' existing share authorities granted in respect of the disapplication of section 561(1) granted at the Company's last AGM which was held earlier this year.

LCM, the Directors and certain other Shareholders have irrevocably undertaken to vote or procure the voting in favour of the Resolutions 1 and 2 relating to the Placing and Open Offer in respect of 48,982,533 Existing Ordinary Shares, in aggregate, representing approximately 38.1 per cent. of the existing issued ordinary share capital of the Company.

## **14. Action to be taken**

### *14.1 General Meeting*

Shareholders will find accompanying this document a Form of Proxy for use at the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete, sign and return the Form of Proxy in accordance with the instructions printed on it to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA as soon as possible and, in any event, so as to arrive no later than 11.00 a.m. on 26 September 2012. Completion and return of the Form of Proxy will not affect your right to attend and vote in person at the General Meeting if you so wish.

### *14.2 Open Offer*

#### *Qualifying non-CREST Shareholders*

If you are a Qualifying non-CREST Shareholder you will have received an Application Form which gives details of your maximum entitlement under the Open Offer (as shown by the number of Open Offer Entitlements allocated to you). If you wish to apply for Open Offer Shares under the Open Offer (whether in respect of your Open Offer Entitlement or both your Open Offer Entitlement and any Excess Open Offer Entitlements), you should complete the accompanying Application Form in accordance with the procedure for application set out in paragraph 4.1 of Part IV of this document and on the Application Form itself.

#### *Qualifying CREST Shareholders*

If you are a Qualifying CREST Shareholder and do not hold any Ordinary Shares in certificated form, no Application Form accompanies this document and you will receive a credit to your appropriate stock account in CREST in respect of the Open Offer Entitlements representing your maximum entitlement under the Open Offer except (subject to certain exceptions) if you are an Overseas Shareholder who has



a registered address in, or is a resident in or a citizen of an Excluded Territory. Applications by Qualifying CREST Shareholders for Excess Open Offer Entitlements in excess of their Open Offer Entitlements should be made in accordance with the procedures set out in paragraph 4.2 of Part IV of this document, unless you are an Overseas Shareholder in which event, applications should be made in accordance with the procedures set out in paragraph 6 of Part IV of this document.

**The latest time for applications under the Open Offer to be received is 11.00 a.m. on 28 September 2012. The procedure for application and payment depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your entitlement under the Open Offer or have Open Offer Entitlements credited to your stock account in CREST in respect of such entitlement. The procedures for application and payment are set out in Part IV of this document.**

**Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer.**

#### **15. Overseas Shareholders**

Information for Overseas Shareholders who have registered addresses outside the United Kingdom or who are citizens or residents of countries other than the United Kingdom appears in paragraph 6 of Part IV of this document, which sets out the restrictions applicable to such persons. If you are an Overseas Shareholder, it is important that you read that part of this document.

#### **16. Additional Information**

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

#### **17. Directors' recommendation**

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

Accordingly the Directors unanimously recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting. Shareholders (which include the Directors, LCM and certain other Shareholders) have irrevocably undertaken to vote or procure to vote in favour of the Resolutions 1 and 2 relating to the Placing, Subscription and Open Offer in respect of 48,982,533 Existing Ordinary Shares, in aggregate, representing approximately 38.1 per cent. of the existing issued ordinary share capital of the Company.

Yours sincerely

**Peter Michael Levine**  
Chairman

## Part II – Risk Factors

An investment in the New Ordinary Shares is highly speculative and involves a high degree of risk due to the nature of oil and gas exploration. Before making any investment decision, prospective investors should carefully consider all the information contained in this document including, in particular, the risk factors described below. In addition to the usual risks associated with an investment in an oil and gas exploration business, the Directors believe that, in particular and in no order of priority, the following risk factors should be considered. Other factors relate principally to an investment in the New Ordinary Shares. It should be noted that this list is not exhaustive and that other risk factors may apply. Additional risks and uncertainties not currently known to the Directors, or that the Directors currently deem immaterial, may also have an adverse effect on the Group's business, financial condition and results of operations.

An investment in the Company may not be suitable for all recipients of this document. Investors are advised to consult an independent financial adviser authorised under the FSMA who specialises in advising on the acquisition of shares and other securities before making a decision to invest.

### 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. Natural gas prices also continue to be highly volatile. Changes in oil and gas prices can impact on the Company's valuation of reserves. International 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 Company's revenues, business or financial condition and the valuation of its reserves. In periods of sharply lower commodity prices, the Company may curtail 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 Company's level of production.

#### *Exploration, production and general operational risks*

The exploration for and production of oil and other natural resources is speculative and involves a high degree of risk. In particular, the operations of the Company may be disrupted by a variety of risks and hazards which are beyond the control of the Company, including environmental hazards, industrial accidents, occupational and health hazards, technical failures, labour disputes, earthquakes, 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.

Delays in the construction and commissioning of projects or other technical difficulties may result in the Company's current or future projected target dates for production being delayed or further capital expenditure being required. If the Company fails to meet its work and/or expenditure obligations, the rights granted therein will be forfeited and the Company may be liable to pay large sums, which could jeopardise its ability to continue operations.

#### *Increase in drilling costs and the availability of drilling equipment*

The oil and gas industry historically has experienced periods of rapid cost increases. Increases in the cost of exploration and development would affect the Company's ability to invest in prospects and to purchase or hire equipment, supplies and services. In addition, the availability of drilling rigs and other equipment and services is affected by the level and location of drilling activity around the world. An increase in drilling operations may reduce the availability of equipment and services to the Company. The reduced availability of equipment and services may delay its ability to exploit reserves and adversely affect the Company's operations and profitability.

## Risks related to the Group

### *Estimation of reserves, resources and production profiles*

The estimation of oil and gas reserves and their anticipated production profiles involves subjective judgements and determinations based on available geological, technical, contractual and economic information. They are not exact determinations. In addition, these judgments may change based on new information from production or drilling activities or changes in economic factors, as well as from developments such as acquisitions and dispositions, new discoveries and extensions of existing fields and the application of improved recovery techniques. Published reserve estimates are also subject to correction for errors in the application of published rules and guidance.

The reserves, resources and production profile data contained in this document are estimates only and should not be construed as representing exact quantities. They are based on production data, prices, costs, ownership, geophysical, geological and engineering data and other historical and current information assembled by the Company and third parties. The estimates may prove to be incorrect and potential investors should not place undue reliance on the forward-looking statements contained in this document concerning the Group's reserves and resources or production levels.

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

### *Delays in production, marketing and transportation*

Various production, marketing and transportation conditions may cause delays in oil production and adversely affect the Company's business. Drilling wells in areas remote from distribution and production facilities may delay production from those wells until sufficient reserves are established to justify construction of the necessary transportation and production facilities. The Company's inability to complete wells in a timely manner would result in production delays.

In addition, marketing demands, which tend to be seasonal, may reduce or delay production from wells. The marketability and price of oil and natural gas that may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. The ability of the Company to market its natural gas may depend upon its ability to acquire space on pipelines that deliver natural gas to commercial markets. The Company is also subject to market fluctuations in the prices of oil and natural gas, deliverability uncertainties related to the proximity of its reserves to adequate pipeline and processing facilities and extensive government regulation relating to price, taxes, royalties, licences, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business. Moreover, weather conditions may impede the transportation and delivery of oil by sea.

### *Decommissioning costs*

The Company may become responsible for costs associated with abandoning and reclaiming wells, facilities and pipelines which it may use for production of oil and gas. Abandonment and reclamation of facilities and the costs associated therewith is often referred to as "decommissioning". There are no immediate plans to establish a reserve account for these potential costs. Rather, the costs of decommissioning are expected to be paid from the proceeds of production in accordance with the practice generally employed in onshore and offshore oilfield operations. Should decommissioning be required, the costs of decommissioning may exceed the value of reserves remaining at any particular time to cover such decommissioning costs. The Company may have to draw on funds from other sources to satisfy such costs. The use of other funds to satisfy such decommissioning costs could have a materially adverse effect on the Company's financial position and future results of operations.

### *Third party contractors and providers of capital equipment can be scarce*

The Group contracts or leases services and capital equipment from third party providers. Such equipment and services can be scarce and may not be readily available at times and places required. In addition, costs of third party services and equipment have increased significantly over recent years and may continue to rise. Scarcity of equipment and services and increased prices may in particular result from any significant increase in exploration and development activities on a region by region basis which might be driven by high demand for oil and gas. In the regions in which the Group operates there is significant demand for capital equipment and services. The unavailability and high costs of such services and equipment could result in a delay or restriction in the Group's projects and adversely affect the feasibility and profitability of such projects and therefore have an adverse effect on the Group's business, financial condition, results of operations and prospects.

### *Significant competition*

The Company's competitors include major and independent oil and gas companies. The oil and gas business is highly competitive in the search for and acquisition of reserves and in the gathering and marketing of oil and gas production and in the recruitment and employment of qualified personnel. In addition, the Company will compete with oil and gas companies in the bidding for exploration and production licences. Some of the Company's competitors have significantly greater financial, technical and other resources than it and are able to devote greater resources to the development of their businesses. If the Company is unable successfully to compete, its business will suffer.

### *Limited diversification*

Generally, risk is reduced through diversification. Diversification is maximised by drilling a large number of wells over a large and geographically diverse areas of prospects having different geological characteristics. The drilling and development programme, therefore, will have only a limited amount of diversification with a correspondingly higher degree of financial risk for investors.

### *Requirements for permits and licences*

The operations of the Company require licences, permits and in some cases assignments or renewals of existing licences and permits from various governmental authorities. Governmental approvals, licences and permits are subject to the discretion of the applicable governments or governmental offices, and are outside the control of the Company. The Company's ability to obtain, sustain, renew or assign such licences and permits on acceptable terms is therefore subject to the discretion of the applicable governments as well as changes in regulations and policies. A failure to obtain, sustain, renew or assign these where needed could result in the dilution or forfeiture of interests held by the Company which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

### *Health, Safety, Environment and Security ("HSES")*

The range of the Group's operated and joint venture production operations globally means that the Group's HSES risks cover a wide spectrum. These risks include major process safety incidents; failure to comply with approved policies; effects of natural disasters and pandemics; social unrest; civil war and terrorism; exposure to general operational hazards; personal health and safety; and crime. The consequences of such risks materialising can be injuries, loss of life, environmental harm and disruption to business activities. Depending on cause and severity, the materialisation of such risks may affect the Group's reputation, operational performance and financial position.

In addition, failure by the Group to comply with applicable legal requirements or recognised international standards may give rise to significant liabilities. HSES laws and regulations may over time become more complex and stringent or the subject of increasingly strict interpretation or enforcement. The terms of licences may include more stringent HSES requirements. The obtaining of exploration, development or production licences and permits may become more difficult or be the subject of delay by reason of governmental, regional or local environmental consultation, approvals or other considerations or requirements. These factors may lead to delayed or reduced exploration, development or production activity as well as to increased costs.

### *Environmental risk and insurance coverage*

There are significant exploration and operating risks associated with drilling oil and gas wells, including blowouts, cratering, sour gas releases, uncontrollable flows of oil, natural gas or well fluids, adverse weather conditions, and fire, all of which can result in accidental spills, leakages or discharges of harmful liquids and toxic gases. The occurrence of any of these incidents can result in substantial losses to the Group due to injury or loss of life, damage to or destruction of the Company's oil and gas wells, pollution or other environmental damage. Damages occurring as a result of such risks can give rise to claims against the Company or a member of its Group, and can result in the Company's targets for drilling or production being delayed or halted.

Although the Company will exercise due care in the conduct of its business and will maintain what it believes to be customary insurance coverage for companies engaged in similar operations, the Company is not fully insured against all risk in its business. The occurrence of a significant event against which the Company is not fully insured could have a material adverse effect on its operations and financial performance. In addition, in the future some or all of the Company's insurance coverage may become unavailable or prohibitively expensive.

### *Working Capital*

The Company may need to raise additional funds in the future in order to develop further exploration and development programmes including funding the work programme for the Pirity Block and the Demattei Block. Additional equity financing may be dilutive to Shareholders and could contain rights and preferences superior to those of the New Ordinary Shares. Debt financing may involve restrictions on the Company's financing and operating activities. In either case, additional financing may not be available to the Company on acceptable terms. If the Company is unable to raise additional funds as needed, the scope of its operations may be reduced and or its interest in concessions diluted or expired and, as a result, the Company may be unable to fulfil its long-term expansion programme.

### *Foreign currency exchange rates*

As an international operator, the Company's business transactions may not be denominated in the same currencies. To the extent that the Company's business transactions are not denominated in the same currency, the Company is exposed to foreign currency exchange rate risk. In addition, holders of the Company's shares are subject to foreign currency exchange rate risk to the extent that its business transactions are denominated in currencies other than the US dollar. Fluctuations in foreign currency exchange rates may adversely affect the Company's profitability. At this time, the Company does not plan actively to hedge its foreign currency exchange rate risk.

## **Risks related to the Acquisition**

### *Conditionality of the Farm-In Agreements*

The Company has entered into the Farm-In Agreements, pursuant to which it (or another member of its Group) will acquire the Paraguayan Concession Interests. US\$3 million of the US\$12 million up-front payment is due to be paid under the terms of the Farm-In Agreements shortly after First Admission, by way of a deposit to secure the farm-ins. This deposit will be retained by the Vendors in the event that the Company fails to pay the US\$9 million balance of the up-front payment at the time of completion. The Farm-In Agreements are subject to various conditions including, *inter alia*, Paraguayan Government approvals of the assignment to the Company of the participating interests and confirmation of the terms of the Paraguayan Concessions, the renewal/restatement of the environmental licences being given by the Paraguayan Environmental Agency which are required for the commencement of works on the Paraguayan Concessions, certificates of good standing being issued by the Paraguayan Ministry of Public Works and Communications in respect of each Paraguayan Concession and confirmation that all court decisions, documents, notices and other filings have been completed in respect of the litigation proceedings affecting each Paraguayan Concession. The Paraguayan Government approvals, renewals/restatements and confirmations may take a longer than expected period of time to obtain which could delay completion of the Acquisition and/or may have occurred by the time of the completion of the

Proposed Placing, Subscription and Open Offer. In addition, there can be no assurance that the conditions to the Farm-In Agreements will be satisfied or waived or that the Acquisition will be completed, the occurrence of which could have a material adverse effect on the share price of the Company.

#### *Counterparty risk to the Farm-In Agreements*

The Farm-In Agreements contain, *inter alia*, certain warranties and indemnities and ongoing obligations of the Vendors of the interests which they hold in the Paraguayan Concessions. In addition, the Joint Operating Agreements also contain certain ongoing obligations. Purity Hidrocarburos and Crescent Global Oil Paraguay are private companies registered in Paraguay and the only assets they hold are believed to comprise of the interests they hold in the Paraguayan Concessions. Whilst the parent companies of Purity Hidrocarburos and Crescent Global Oil Paraguay (being Petro Victory and Crescent Oil, respectively) have agreed to guarantee the obligations of the Vendors under the Farm-In Agreements, the parent companies are also private companies which may also have limited assets. Accordingly, there can be no guarantee that the Group will be able to recover all or any of the losses it may incur as a result of any breach of those warranties, indemnities or other ongoing obligations. If this occurred then the Group's business, financial condition, results of operations and prospects may be adversely affected as a result.

#### *Joint Venture partners*

Purity Hidrocarburos (in respect to the Purity Concession) and Crescent Global Oil Paraguay (in respect to the Demattei Concession) will hold majority working interests in each respective Paraguayan Concession until the Company has earned up to its full working interests. While the Company is the operator of each Paraguayan Concession and maintains good working relationships with each respective partner, certain decisions, approvals and other actions require the vote of both the Company and the respective partner. Any non-compliance by or disagreement with the partners may lead to delays in the pace of the work programmes that may be detrimental to the project or may otherwise have adverse consequences for the Company.

In accordance with the terms of the Farm-In Agreements, the Company is obliged to pay up to US\$50 million in respect of the agreed work programme to earn its full 59 per cent. interest in the Purity Concession and up to US\$42 million in respect of the agreed work programme to earn its full 60 per cent. interest in the Demattei Concession. The Company's financial obligations under each Farm-In Agreement are based on cost approximations which have been agreed by the parties thereto, and are stated on the assumption that there are no cost overruns in relation to each staged work programme. A cost overrun in relation to either Paraguayan Concession will be split equally and will be payable by the parties to the Farm-In Agreements respectively. The occurrence of cost overruns could however mean that the Company and its respective partners may need to obtain further financing to meet their financial obligations under the staged work programmes. In contrast to President, both Purity Hidrocarburos and Crescent Global Oil Paraguay are private companies and are unable to access the public markets for capital. Liquidity and cash flow problems encountered by the Company's farm-in partners and/or any non-compliance by the Company's partners may lead to a delay in the agreed work programmes which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

#### *Title, rights and interests*

The operations of the Company require the title to, and rights and interests in, its licences and permits to be in good standing in order to carry on its intended exploration and exploitation activities. Both of the Paraguayan Concessions have been the subject of litigation over recent years, although this litigation has now been settled in full. Following disputes which arose between the Vendors of the Paraguayan Concession Interests and the Paraguayan Ministry of Public Communications and Works, the Government of Paraguay issued Decrees in 2009 and 2010 declaring that the Purity Concession and Demattei Concession had expired. Accordingly, the Vendors of the Paraguayan Concession Interests initiated legal proceedings to revoke the Decrees and re-instate the Paraguayan Concessions and thereby bring them back into full force and effect. Earlier this year, settlement agreements were entered into in relation to both of the Paraguayan Concessions, pursuant to which the parties agreed to settle all outstanding claims and thereby settle the litigation proceedings between them. In August 2012, Court Orders were issued by the Supreme Court of Paraguay, pursuant to which the settlement agreements became final and binding and all outstanding litigation was settled in full and is no longer subject to any right of appeal by the parties.

Whilst the Company has investigated and obtained a legal opinion on the title to, and rights and interests in, its licences and permits with respect to the Paraguayan Concessions, and is satisfied that the settlement agreements are final and binding, such licences and permits may be subject to undetected defects and future unforeseen events including action by third parties, changes in Paraguayan laws and regulations or a further change in the Paraguayan Government following the appointment of a new Paraguayan President after the next presidential elections scheduled for April 2013. If a defect or unforeseen event should occur, it is possible that President may lose all or part of its interest in the licence or permit to which the defect relates and its exploration and exploitation programmes and prospects may accordingly be adversely affected.

#### *Native rights of landowners*

The Paraguayan Concession Interests are in relation to the Pirity Block and the Demattei Block which are located in Paraguay's occidental region which is made up of large privately held ranches. The operation of the agreed work programmes for each Paraguayan Concession Interest requires the approval and cooperation of each landowner where the blocks are located. Each of the Company's partners have maintained working relationships and dialogue with each landowner and the outcome of early discussions regarding the seismic and drilling programmes have been positive. It is normal practice to not have formal written agreements in place with landowners at the current stage of the work programmes, and obtaining approval is considered a straightforward process. There can be no guarantee, however, that the approval and co-operation of each landowner will be forthcoming, if required. Should this occur, the Paraguayan government can be requested by the concession holder of the relevant Paraguayan Concession to expropriate private properties where the prospection, exploration and exploitation of the land is declared of benefit to the public. In the unlikely outcome that the Company is unable to obtain the approval and co-operation of each landowner and there is an unsuccessful outcome from an application to expropriate the land, there could be a disruption, curtailment and/or delay in the operations and planned drilling activities of the Company, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

### **Risks relating to the Placing, Subscription and Open Offer and the New Ordinary Shares**

#### *There may be volatility in the price of the New Ordinary Shares*

The Issue Price may not be indicative of the market price for the New Ordinary Shares following Admission. The market price of the New Ordinary Shares could be volatile and subject to significant fluctuations due to a variety of factors, including changes in sentiment in the market regarding the Company, the sector or equities generally, any regulatory changes affecting the Group's operations, variations in the Group's operating results and/or business developments of the Group and/ or its competitors, the operating and share price performance of other companies in the industries and markets in which the Group operates, news reports relating to trends in the Group's markets or the wider economy and the publication of research analysts' reports regarding the Company or the sector generally.

The proportionate ownership and voting interest in the Company of Shareholders (who are not Places) will be reduced pursuant to the Placing and Open Offer. In addition, to the extent that Shareholders do not take up the Open Offer Shares under the Open Offer, their proportionate ownership and voting interest in the Company will be further reduced and the percentage that their Existing Ordinary Shares represents of the Enlarged Share Capital will be reduced accordingly. Subject to certain exceptions, Shareholders in the United States and other Excluded Territories will not be able to participate in the Open Offer.

#### *Pre-emptive rights may not be available for US and other non-UK holders of ordinary shares*

In the case of an increase in the share capital of the Company for cash, the Shareholders are generally entitled to pre-emption rights pursuant to the Act unless such rights are waived by a special resolution of the Shareholders at a general meeting (as proposed in respect of the Capital Raising), or in certain circumstances stated in the Articles, and such an issue could dilute the interests of the Shareholders. To the extent that pre-emptive rights are applicable, US and certain other non-UK holders of Ordinary Shares may not be able to exercise pre-emptive rights for their shares unless the Company decides to comply

with applicable local laws and regulations and, in the case of US holders, unless a registration statement under the US Securities Act is effective with respect to those rights or an exemption from the registration requirements thereunder is available. The New Ordinary Shares to be issued will not be registered under the US Securities Act. Qualifying Shareholders who have a registered address, or who are resident in, or who are citizens of, countries other than the United Kingdom should consult their professional advisers about whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their Open Offer Entitlements or acquire Open Offer Shares.

## **Risks relating to Paraguay**

### *Corporate Governance in Paraguay*

The proposed acquisition of the Paraguayan Concession Interests will signify the Group's entry into a new country, Paraguay. The country has a low score in the Transparency International 2011 "Corruption Perceptions Index" which ranks countries and territories according to their perceived levels of public sector corruption. Paraguay ranks 154th in the world, thus highlighting there is a risk that corruption permeates government institutions and corrupts the execution of their functions.

The Group values its reputation for ethical behaviour and for financial probity and reliability and has adopted an anti-bribery policy statement and other safeguards designed to prevent the occurrence of fraud, bribery and corruption. It may not be possible, however, for the Company to detect or prevent every instance of fraud, bribery or corruption that may occur with respect to the proposed Paraguayan Concession Interests. Should this occur, the Company may be subject to civil and criminal penalties and to reputational damage. Instances of fraud, bribery and corruption, and violations of laws and regulations in Paraguay and the other jurisdictions in which the Company operates could have a material adverse effect on its results of operations and financial condition.

### *Political risks in Paraguay*

Paraguay moved to a democratic political system in 1992 following 35 years of dictatorship under General Stroessner. The right-wing Colorado party held power for the succeeding years until the 2008 election of Fernando Lugo, the first time power had passed peacefully to an opposing party. In June 2012, Fernando Lugo was impeached under the Paraguayan constitution, leading to the incumbent Vice-President Federico Franco becoming President. Democratic elections are scheduled for 23 April 2013 with Franco stepping down from office on 15 August 2013. The heightened political instability and unrest could have a material adverse effect on the Company's ability to operate the Paraguayan Concessions.

The recent political instability and impeachment of President Lugo has caused international denunciation of the Paraguayan government, for denying its President due process and the right to a defence against his removal. In particular, these events have resulted in the suspension of Paraguay from the Union of South American Nations ("**Unasur**"), the intergovernmental union integrating two existing customs unions: Mercosur and the Andean Community of Nations. The suspension, which is expected to remain in place until the April 2013 elections, prevents Paraguay from participating in meetings but does not impose economic sanctions. This could result in the country's political isolation and have a significant effect on economic trade for the country, particularly if the suspension remains in place beyond April 2013. In particular, the suspension could result in sanctions being imposed on the country and also affect the funding it receives from Unasur. As a result, the Group's operations in Paraguay may be adversely affected.

In addition, future operations of President may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and oil and natural gas safety matters. As with any country, the possibility that future governments may adopt substantially different policies, which may extend to the expropriation of assets cannot be ruled out. However, there is no precedent for this.



Failure to comply strictly with applicable laws, regulations and local practices relating to property applications and tenure, could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's business, results of operations and financial condition.

#### *Economic risks in Paraguay*

Paraguay's economy is small and remains heavily dependent on its traditional agricultural exports of soyabeans (Paraguay is the world's 4th largest exporter), cotton and meat. Approximately 20 per cent. of the country's GDP is derived from agriculture and agricultural activities employ approximately one-quarter of the country's workforce. While economic growth has been substantial in recent years with GDP growth of 9.4 per cent. between 2010-2011, Paraguay depends on imports of manufactured goods, as well as capital goods that are necessary to supply the industrial and investment requirements of the economy. Due to this over-dependence on agriculture and its reliance on imported goods, Paraguay is vulnerable to economic downturns and there can be no guarantee that Paraguay's economy would be able to withstand or rebound from a new or a continued global economic downturn. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's business, results of operations and financial condition.

#### *Lack of oil and gas production in Paraguay*

The Group's Paraguayan Concession Interests will be at the exploration stage only. Paraguay's oil and gas industry is dependent on imported fuel and is at the nascent stage with known hydrocarbon deposits but no proven reserves or domestic oil production.

There is no assurance that commercial quantities of crude oil and/or gas will be discovered at any of Paraguayan Property Concessions or any future properties, nor is there any assurance that the exploration or development programs of the Group thereon will yield any positive results. Even if commercial quantities of crude oil and/or natural gas are discovered, there can be no assurance that any property of the Group in Paraguay will ever be brought to a stage where oil and/or natural gas can profitably be produced thereon. Factors which may limit the ability of the Group to produce oil and/or natural gas from its properties include, but are not limited to, commodity prices, availability of additional capital and financing and the nature of any crude oil and/or natural gas deposits.

#### *Legal system and regulatory landscape in Paraguay*

Paraguay may have less developed legal systems than more established economies, which may result in risks such as: (i) potential difficulties in obtaining effective legal redress in its courts, whether in respect of a breach of law or regulation, or in an ownership dispute; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or (v) relative inexperience of the judiciary and courts in such matters.

Historically, the Paraguayan Government has sought to restrict foreign investment in the country. However, over recent years, attempts have been made to attract and secure foreign investment through privatisation. In June 2006, for example, the governments of Bolivia and Paraguay approved a plan to construct a pipeline from southern Bolivia to Paraguay, which led to an increase in interest from international oil and gas companies. To attract further foreign investment, Paraguay enacted favourable hydrocarbon and tax laws which offer benefits conducive to the high risk nature of oil and natural gas exploration and development. While these measures have sought to attract the level of foreign investment required to explore and develop hydrocarbons in Paraguay, progress has been slow.

No assurance can be given that new laws, rules or tariffs will not be enacted or that existing laws, rules and tariffs will not be applied in a manner which could limit or curtail exploration, development or production by foreign companies. Any amendment to the current Paraguayan laws, rules and tariffs which govern the operations and activities of oil and gas operations such as the intended work programmes at the Paraguayan Concession Interests could have a substantial adverse impact on the Company's results of operations and financial condition.

### *Availability of infrastructure in Paraguay*

Crude oil and natural gas exploration, development and production activities depend, to one degree or another, on third parties providing access to the necessary infrastructure. Reliable roads, bridges, power sources, water supply and disposal facilities are important determinants, which affect capital and operating costs. The Company intends to transport hydrocarbons produced from the Pirity Block and the Demattei Block to local and/or Argentine refineries via a road network which provides a border crossing between Argentina and Paraguay approximately 200 kilometres west of Filadelfia and a further road network which provides a transport link to the proposed refinery near Tartagal. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the operations, financial condition and results of operations of the Group. While in recent years, the level of investment by foreign companies has increased, Paraguay has limited infrastructure with respect to the commercialisation of hydrocarbons.

### **Other risk factors**

The Existing Ordinary Shares are traded on AIM rather than the main market of the London Stock Exchange. An investment in shares traded on AIM may carry a higher risk than an investment in shares listed on the Official List of the UK Listing Authority and traded on the main market of the London Stock Exchange.

Investors should be aware that the value of the New Ordinary Shares may be volatile and may go down as well as up and investors may therefore not recover their original investment, especially as the market in the New Ordinary Shares on AIM may have limited liquidity.

The market price of the New Ordinary Shares may not reflect the underlying value of the Company's net assets. The price at which investors may dispose of their shares in the Company may be influenced by a number of factors, some of which may pertain to the Company, and others of which are extraneous. Investors may realise less than the original amount invested.

The risks above do not necessarily comprise all those faced by the Company and are not intended to be presented in any assumed order of priority.

The investment offered in this document may not be suitable for all of its recipients. Investors are accordingly advised to consult an investment adviser, who is authorised under the FSMA and who or which specialises in investments of this kind before making a decision to invest.

### Part III – Some Questions and Answers about the Placing and Open Offer

*The questions and answers set out in this Part III of this document are intended to be in general terms only and, as such, you should read Part IV of this document for full details of what action you should take. If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank, fund manager, solicitor, accountant or other appropriate independent financial adviser, who is authorised under the FSMA if you are resident in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser.*

*This Part III deals with general questions relating to the Placing and Open Offer and more specific questions relating principally to the Existing Ordinary Shares held by persons resident in the United Kingdom who hold their Existing Ordinary Shares in certificated form only. If you are an Overseas Shareholder, you should read paragraph 6 of Part IV of this document and you should take professional advice as to whether you are eligible and/or you need to observe any formalities to enable you to take up your Open Offer Entitlements or apply for Excess Shares pursuant to the Excess Application Facility. If you hold your Existing Ordinary Shares in uncertificated form (that is, through CREST) you should read Part IV of this document for full details of what action you should take. If you are a CREST sponsored member, you should also consult your CREST sponsor.*

**The contents of this document should not be construed as legal, business, accounting, tax, investment or other professional advice. Each prospective investor should consult his, her or its own appropriate professional advisers for advice. This document is for your information only and nothing in this document is intended to endorse or recommend a particular course of action.**

#### **1. What is an open offer?**

An open offer is a way for companies to raise money. Companies may do this by giving their existing shareholders a right to acquire further shares at a fixed price in proportion to their existing shareholdings (the open offer) and providing for new investors to acquire any shares not bought by the company's existing shareholders (the placing). The fixed price is normally at a discount to the market price of the existing ordinary shares prior to the announcement of the placing and open offer.

This Open Offer is an invitation by the Company to Qualifying Shareholders to apply to acquire an aggregate of up to 19,998,541 Open Offer Shares at a price of 20 pence per New Ordinary Share. If you hold Existing Ordinary Shares (provided that you hold seven or more such shares) on the Record Date or have a *bona fide* market claim, other than, subject to certain exceptions, where you are a Shareholder with a registered address or located in the United States or another Excluded Territory, you will be entitled to apply for Open Offer Shares under the Open Offer.

**The Open Offer is being made on the basis of 7 Open Offer Shares for every 45 Existing Ordinary Shares held by Qualifying Shareholders on the Record Date. If your entitlement to Open Offer Shares is not a whole number, you will not be entitled to apply for an Open Offer Share in respect of any fraction of an Existing Ordinary Share and your entitlement will be rounded down to the nearest whole number. The resulting fractions of New Ordinary Shares will be aggregated and sold by RBC and/or Jefferies for the benefit of the Company.**

Open Offer Shares are being offered to Qualifying Shareholders in the Open Offer at a discount to the closing price on the last dealing day before the details of the Capital Raising were announced on 12 September 2012. The Issue Price of 20 pence per Open Offer Share represents a 20 per cent. discount to the closing middle market price of 25 pence per Existing Ordinary Share on 12 September 2012, the last business day before the announcement of the Proposals. Considering this discount, and while the market value of an Existing Ordinary Share exceeds the Issue Price, the right to subscribe for Open Offer Shares is potentially valuable.

Applications by Qualifying Shareholders will be satisfied in full up to the amount of their individual Open Offer Entitlement. Qualifying Shareholders are also being given the opportunity, provided that they take up their Open Offer Entitlement in full, to apply for Excess Shares through the Excess Application Facility.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility.

The number of available Open Offer Shares under the Excess Application Facility is dependent on the level of take-up of Open Offer Entitlements. Assuming that there is no Overseas Shareholder who has a registered address in, or is a resident in or a citizen of an Excluded Territory, and if every Qualifying Shareholder takes up their Open Offer Entitlements in full there will be no Open Offer Shares available under the Excess Application Facility.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying non-CREST Shareholders should also note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and the Excess CREST Open Offer Entitlements will be admitted to CREST, they will have limited settlement capabilities (for the purposes of market claims only), and neither the Open Offer Entitlements nor the Excess CREST Open Offer Entitlements will be tradable or listed, and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim.

## **2. What is a placing? Am I eligible to participate in the Placing?**

A placing is where specific investors procured by a company's agents agree to acquire placed shares. The 115,850,000 Placing Shares to be issued to Placees as part of the Capital Raising have been placed firm and are not being offered to Qualifying Shareholders and therefore do not form part of the Open Offer.

Unless you are a Placee, you will not participate in the Placing.

## **3. I hold my Existing Ordinary Shares in certificated form. How do I know whether I am able to acquire Open Offer Shares under the Open Offer?**

If you receive an Application Form and, subject to certain exceptions, are not a holder with a registered address in or located in the United States or another Excluded Territory, then you should be eligible to acquire Open Offer Shares under the Open Offer, as long as you have not sold all of your Existing Ordinary Shares before 8.00 a.m. on 12 September 2012 (the time when the Existing Ordinary Shares are expected to be marked "ex-entitlement" by the London Stock Exchange).

## **4. I hold my Existing Ordinary Shares in certificated form. How do I know how many Open Offer Shares I am entitled to take up?**

Subject to Shareholders approving Resolutions 1 and 2 at the General Meeting, if you hold your Existing Ordinary Shares in certificated form and, subject to certain exceptions, do not have a registered address and are not located in the United States or another Excluded Territory, you have been sent an Application Form that shows:

- how many Existing Ordinary Shares you held at on close of business on 7 September 2012 (the Record Date for the Open Offer);
- how many Open Offer Shares are comprised in your Open Offer Entitlement; and
- how much you need to pay if you want to take up your right to buy all your entitlement to the Open Offer Shares.

Subject to certain exceptions, if you have a registered address in the United States or one of the Excluded Territories, you will not receive an Application Form.

If you would like to apply for any of, all of or more than the Open Offer Shares comprised in your Open Offer Entitlement you should complete the Application Form in accordance with the instructions printed on it and the information provided in this document. Please return the completed form in the reply-paid envelope provided with the Application Form along with a cheque or banker's draft for the number of Open Offer Shares you want to apply for and allow at least four Business Days for delivery if sent by first class post from within the United Kingdom. Please also see questions 5 and 11 for further help in completing the Application Form.

**5. I am a Qualifying Shareholder with a registered address in the UK and I hold my Existing Ordinary Shares in certificated form. What are my choices in relation to the Open Offer and what should I do with the Application Form?**

*(a) If you want to take up all of your Open Offer Entitlement*

If you want to take up all of the Open Offer Shares to which you are entitled, all you need to do is sign and send the Application Form, together with your cheque or banker's draft for the amount (as indicated in Box 8 of your Application Form), payable to "Equiniti Limited re President Petroleum Company PLC Open Offer" and crossed "A/C payee only", in the reply-paid envelope provided, by post or by hand (during normal business hours only) to Equiniti to arrive by no later than 11.00 a.m. on 28 September 2012. Within the United Kingdom only, you can use the accompanying reply-paid envelope. You should allow at least four Business Days for delivery if using first-class post within the United Kingdom. If posting from outside the United Kingdom, postage will be payable when using the reply-paid envelope.

Full instructions are set out in the Application Form. A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you by no later than 8 October 2012.

*(b) If you want to take up some but not all of your Open Offer Entitlement*

If you want to take up some but not all of the Open Offer Shares to which you are entitled, you should write the number of Open Offer Shares you want to take up in Box 2 of your Application Form; for example, if you are entitled to take up 100 shares but you only want to take up 50 shares, then you should write '50' in Box 2.

To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example '50') by £0.20, which is the price in pounds of each Open Offer Share (giving you an amount of £10 in this example). You should write this amount in Box 5, rounding down to the nearest whole penny and this should be the amount your cheque or banker's draft is made out for. You should then sign and return your Application Form together with your cheque or banker's draft for that amount, payable to "Equiniti Limited re President Petroleum Company PLC Open Offer" and crossed "A/C payee only", in the reply-paid envelope provided, by post, or by hand (during normal business hours only) to Equiniti, to arrive by no later than 11.00 a.m. on 28 September 2012, after which time the Application Form will not be valid. Within the United Kingdom only, you can use the accompanying reply-paid envelope. You should allow at least four Business Days for delivery if using first-class post or the reply-paid envelope within the United Kingdom. If posting from outside the United Kingdom, postage will be payable when using the reply-paid envelope. Full instructions are set out in Part IV of this document and will be set out in the Application Form.

A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you by no later than 8 October 2012.

(c) *If you want to apply for more than your Open Offer Entitlement*

Provided that you have agreed to take up your Open Offer Entitlement in full, you can apply for further Open Offer Shares using the Excess Application Facility. You should write the number of Open Offer Shares you wish to take up, in Box 2 which must be the number of Open Offer Shares shown in Box 7. You should then write the number of Open Offer Shares you wish to apply for under the Excess Application Facility in Box 3 and then complete Box 4 by adding together the numbers you have entered in Boxes 2 and 3.

To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares shown in Box 4 by £0.20, which is the price in pounds of each Open Offer Share. You should write this amount in Box 5, rounding down to the nearest whole penny. You should then return your Application Form together with your cheque or banker's draft for that amount, payable to "Equiniti Limited re President Petroleum Company PLC Open Offer" and crossed "A/C payee only", in the reply-paid envelope provided by post or by hand (during normal business hours only) to Equiniti, to arrive by no later than 11.00 a.m. on 28 September 2012, after which time the Application Form will not be valid. Within the United Kingdom only, you can use the accompanying reply-paid envelope. You should allow at least four Business Days for delivery if using first-class post or the reply-paid envelope within the United Kingdom. If posting from outside the United Kingdom, postage will be payable when using the reply-paid envelope. Full instructions are set out in the Application Form.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility. Therefore, applications under the Excess Application Facility may not be satisfied in full. In this event Qualifying Shareholders will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for by, but not allocated to, the relevant Qualifying Shareholder, multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable, without payment of interest and at the Applicant's sole risk.

A definitive share certificate will be sent to you for the Open Offer Shares that you take up and otherwise successfully apply for using the Excess Application Facility. Your definitive share certificate for Open Offer Shares is expected to be despatched to you by no later than 8 October 2012.

(d) *If you do not want to take up your Open Offer Entitlement*

If you do not want to take up the Open Offer Shares to which you are entitled, you do not need to do anything. In these circumstances, you will not receive any Open Offer Shares. You will also not receive any money when the Open Offer Shares you could have taken up are placed, as would happen under a rights issue. Open Offer Shares not applied for will not be sold in the market or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer, but will be placed under the Placing for the benefit of the Company.

If you do not return your Application Form acquiring the Open Offer Shares to which you are entitled by 11.00 a.m. on 28 September 2012, we have made certain limited arrangements under which RBC may find investors to take up your entitlements and the entitlements of others who have not taken them up under the Excess Application Facility.

If you do not take up your Open Offer Entitlement then, following the issue of the Open Offer Shares pursuant to the Open Offer, your interest in the Company will be diluted by approximately 51 per cent. If you do take up your Open Offer Entitlement in full, your interest in the Company will be diluted by approximately 44 per cent. as a result of the Placing.

**6. I hold my Existing Ordinary Shares in uncertificated form in CREST. What do I need to do in relation to the Open Offer?**

CREST members should follow the instructions set out in Part IV of this document. Persons who hold Existing Ordinary Shares through a CREST member should be informed by such CREST member of the number of Open Offer Shares they are entitled to take up or apply for under their Open Offer Entitlement and their Excess CREST Open Offer Entitlement respectively, and should contact their CREST member should they not receive this information.

**7. I acquired my Existing Ordinary Shares prior to the Record Date and hold my Existing Ordinary Shares in certificated form. What if I do not receive an Application Form or I have lost my Application Form?**

If you do not receive an Application Form but hold your Existing Ordinary Shares in certificated form, this probably means that you are not able to acquire Open Offer Shares under the Open Offer. Some Qualifying non-CREST Shareholders, however, will not receive an Application Form but may still be eligible to acquire New Ordinary Shares under the Open Offer, namely:

- Qualifying CREST Shareholders who held their Existing Ordinary Shares in uncertificated form on 7 September 2012 and who have converted them to certificated form prior to 4.30 p.m. on 24 September 2012;
- Shareholders who bought Existing Ordinary Shares before or on 12 September 2012 and who hold such ordinary shares in certificated form but were not registered as the holders of those shares at the close of business on 7 September 2012; and
- certain Overseas Shareholders.

**8. If I buy Existing Ordinary Shares after the Record Date will I be eligible to participate in the Open Offer?**

If you bought Existing Ordinary Shares after the Record Date you are unlikely to be able to participate in the Open Offer, as the Existing Ordinary Shares are expected to start trading ex-entitlement on the London Stock Exchange at 8.00 a.m. on 12 September 2012.

If you are in any doubt, please consult your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement.

If you buy Existing Ordinary Shares at or after 8.00 a.m. on 12 September 2012, you will not be eligible to participate in the Open Offer in respect of those Existing Ordinary Shares.

**9. What if I change my mind?**

Once you have sent your Application Form and payment to the Receiving Agent, you cannot withdraw your application or change the number of Open Offer Shares you have applied for.

**10. What if the number of Open Offer Shares to which I am entitled is not a whole number? Am I entitled to fractions of Open Offer Shares?**

Your entitlement to Open Offer Shares will be calculated at the Record Date. If the result is not a whole number, you will not receive an Open Offer Share in respect of the fraction of each Existing Ordinary Share and your entitlement will be rounded down to the nearest whole number. The resulting fractions of New Ordinary Shares will be aggregated and sold by RBC and/or Jefferies for the benefit of the Company.

**11. I hold my Existing Ordinary Shares in certificated form. What should I do if I want to spend more or less than the amount set out in Box 8 of the Application Form?**

If you want to spend more than the amount set out in Box 8 you should divide the amount you want to spend by £0.20 (being the price in pounds of each Open Offer Share under the Open Offer). This will give you the number of Open Offer Shares for which you should apply. You can only apply for a whole number of Open Offer Shares. For example, if you want to spend £200 you should divide £200 by £0.20, which comes to 1000. You should round that down to 1000 to give you the number of Open Offer Shares for which, in this example, you can apply without exceeding your chosen amount. Write the total number of Open Offer Shares (in this example 1000) in Box 4. To get an accurate amount to put on your cheque or banker's draft, you should multiply the whole number of Open Offer Shares you want to apply for (1000) by £0.20 and then fill in that amount rounded down to the nearest whole penny (in this example being £200), in Box 5 and on your cheque or banker's draft accordingly.

You should note that the number of available Open Offer Shares under the Excess Application Facility is dependent on the level of take-up of Open Offer Entitlements. If applications are received for more than the available number of Open Offer Shares, applications made under the Excess Application Facility will be scaled back pro rata to the number of Excess Shares applied for by Qualifying Shareholders. Assuming that there are no Overseas Shareholders who have registered addresses in, or are residents in or citizens of an Excluded Territory, and if every Qualifying Shareholder takes up their Open Offer Entitlements in full there will be no Open Offer Shares available under the Excess Application Facility. Qualifying non-CREST Shareholders whose applications under the Excess Application Facility are so scaled back will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for by, but not allocated to, them multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable, without payment of interest and at the Applicant's sole risk.

If you want to spend less than the amount set out in Box 8, you should divide the amount you want to spend by £0.20 (being the price, in pounds, of each Open Offer Share under the Open Offer). This will give you the number of Open Offer Shares you should apply for. You can only apply for a whole number of Open Offer Shares. For example, if you want to spend £100 you should divide £100 by £0.20. You should round that down to the nearest whole number (in this example, 500), to give you the number of shares you want to take up. Write that number (in this example, 500) in Box 4. Then to get an accurate amount to put on your cheque or banker's draft, you should multiply the whole number of Open Offer Shares you want to apply for (in this example, 500) by £0.20 and then fill in that amount rounded down to the nearest whole penny (in this example being £100) in Box 5 and on your cheque or banker's draft accordingly.

**12. I hold my Existing Ordinary Shares in certificated form. What should I do if I have sold some or all of my Existing Ordinary Shares?**

If you hold shares in the Company directly and you sell some or all of your Existing Ordinary Shares before or on 7 September 2012, you should contact the buyer or the person/company through whom you sell your shares. The buyer may be entitled to apply for Open Offer Shares under the Open Offer. If you sell any of your Existing Ordinary Shares on or after 7 September 2012, you may still take up and apply for the Open Offer Shares as set out on your Application Form.

**13. I hold my Existing Shares in certificated form. How do I pay?**

You should return your Application Form with a cheque or banker's draft drawn in pounds sterling on a UK bank or building society account in the accompanying reply-paid envelope (from within the United Kingdom). You should allow at least four Business Days for delivery if using first-class post within the United Kingdom. It is recommended that cheques should be drawn on a personal account of the Qualifying Shareholder who is applying for the Open Offer Shares or you may be required to supply additional documentation to satisfy Money Laundering Regulations. The funds should be made payable to "Equiniti Limited re President Petroleum Company PLC Open Offer". In each case, the cheque should be crossed "A/C Payee only". Payments via CHAPS, BACS or electronic transfer will not be accepted.



**14. Will the Existing Ordinary Shares that I hold now be affected by the Open Offer?**

If you decide not to apply for any of the Open Offer Shares to which you are entitled under the Open Offer, or only apply for some of your entitlement, your proportionate ownership and voting interest in the Company will be reduced.

**15. I hold my Existing Ordinary Shares in certificated form. Where do I send my Application Form?**

You should send your completed Application Form and monies in the accompanying reply-paid envelope (from within the United Kingdom) by post or by hand to: Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. You should allow at least four Business Days for delivery if using first class post within the United Kingdom.

If you do not want to take up or apply for Open Offer Shares then you need take no further action.

**16. I hold my Existing Ordinary Shares in certificated form. When do I have to decide whether I want to apply for Open Offer Shares?**

The Receiving Agent must receive your completed Application Form and cheque or banker's draft by 11 a.m. on 28 September 2012. You should allow at least four Business Days for delivery if using first-class post or the reply-paid envelope included with the Application Form, within the United Kingdom.

**17. I hold my Existing Ordinary Shares in certificated form. If I take up my entitlements, when will I receive the certificate representing my Open Offer Shares?**

It is expected that the Registrar will post all new share certificates by 8 October 2012.

**18. What should I do if I think my holding of Existing Ordinary Shares (as shown in Box 1 on page 1 of the Application Form) is incorrect?**

If you bought or sold Existing Ordinary Shares shortly before the Record Date, your transaction may not have been entered on the register of members before the Record Date for the Open Offer. If you bought Existing Ordinary Shares on or before 12 September 2012 but were not registered as the holder of those shares on the Record Date for the Open Offer (7 September 2012), you may still be eligible to participate in the Open Offer. If you are in any doubt, please contact your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure that you claim your entitlement. You will not be entitled to Open Offer Entitlements in respect of any Existing Ordinary Shares acquired on or after 12 September 2012.

**19. Will the Placing and Open Offer affect dividends on the Existing Ordinary Shares?**

The New Ordinary Shares will, when issued and fully paid, rank equally in all respects with Existing Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue.

**20. What should I do if I live outside the United Kingdom?**

Your ability to apply to acquire Open Offer Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your Open Offer Entitlement. Shareholders with registered addresses or who are located in the United States or another Excluded Territory are, subject to certain exceptions, not eligible to participate in the Open Offer. Your attention is drawn to the information in paragraph 6 of Part IV of this document.

## **21. How do I transfer my entitlements into the CREST system?**

If you are a Qualifying non-CREST Shareholder, but are a CREST member and want your Open Offer Shares to be in uncertificated form, you would complete the CREST deposit form (Box 13 on page 4 of the Application Form), and ensure they are delivered to CCSS to be received by 3.00 p.m. on 25 September 2012 at the latest. CREST sponsored members should arrange for their CREST sponsors to do this.

If you have transferred your rights into the CREST system, you should refer to Part IV of this document for details on how to pay for the Open Offer Shares.

## **22. Do I need to comply with the Money Laundering Regulations (as set out in paragraph 5 of Part IV of this document)?**

If you are a Qualifying non-CREST Shareholder, you do not need to follow these procedures if the value of the Open Offer Shares you are acquiring is less than €15,000 (or its pounds sterling equivalent) or if you pay for them by a cheque drawn on an account in your own name and that account is one which is held with an EU or United Kingdom regulated bank or building society. If you are a Qualifying CREST Shareholder, you will not generally need to comply with the Money Laundering Regulations unless you apply to take up all or some of your entitlement to Open Offer Entitlements as agent for one or more persons and you are not an EU or United Kingdom regulated financial institution.

Qualifying non-CREST Shareholders should refer to paragraph 5.1 of Part IV of this document and Qualifying CREST Shareholders should refer to paragraph 5.2 of Part V of this document for a fuller description of the requirements of the Money Laundering Regulations.

## **23. Further assistance**

Should you require further assistance please call the Shareholder Helpline on 0871 384 2050 (from inside the United Kingdom), or +44 121 415 0259 (from outside the United Kingdom), which is available between the hours of 8.30 a.m. to 5.30 p.m. on any Business Day. Calls to the 0871 384 2050 number cost 8 pence per minute (excluding value added tax) plus your service provider's network extras. Calls to the +44 121 415 0259 number will be charged at applicable international rates. Different charges may apply to calls from mobile telephones. Please note that, for legal reasons, the Shareholder Helpline is only able to provide information contained in this document and information relating to President's register of members and is unable to give advice on the merits of the Open Offer or to provide legal, business, accounting, tax, investment or other professional advice.

## **Part IV – Terms and Conditions of the Open Offer**

### **Open Offer of up to 19,998,541 New Ordinary Shares at a price of 20 pence per Share**

#### **1. Introduction**

As explained in Part I of this document, the Company is proposing to issue up to 19,998,541 New Ordinary Shares pursuant to the Open Offer to raise up to £4 million, net of expenses and assuming a full take up under the Open Offer. Upon completion of the Open Offer, assuming a full take up under the Open Offer, the Open Offer Shares will represent approximately 7 per cent. of the Enlarged Share Capital. Qualifying Shareholders are being offered the opportunity under the Open Offer to acquire New Ordinary Shares at the Issue Price, being the same price per share as they are being offered to Places under the Placing, assuming a full take up under the Open Offer under the Placing. The Placing Shares, which represent approximately 75 per cent. of the Capital Raising, have been placed with institutional and other investors at the Issue Price and are not being offered to Shareholders and do not form part of the Open Offer. A summary of the Placing and Open Offer Agreement is set out in paragraph 4 of this Part V of this document.

The Issue Price of the New Ordinary Shares represents a discount of 20 per cent. to the closing middle market price of 25 pence per Existing Ordinary Share on 11 September 2012 (being the latest practicable date prior to publication of this document).

This document and, where relevant, the accompanying Application Form contain the formal terms and conditions of the Open Offer.

#### **2. The Open Offer**

Subject to the terms and conditions set out below and, where relevant, in the Application Form, the Company hereby invites Qualifying Shareholders to apply for Open Offer Shares at the Issue Price, payable in full in cash on application, free of all expenses, on the basis of:

- (a) 7 Open Offer Shares for every 45 Existing Ordinary Shares held by them and registered in their names at the close of business on the Record Date and so in proportion for any other number of Existing Ordinary Shares then held; and
- (b) further Open Offer Shares in excess of their Open Offer Entitlement through the Excess Application Facility (although such Open Offer Shares will only be allotted to the extent that not all Qualifying Shareholders apply for their Open Offer Entitlement in full).

Holdings of Existing Ordinary Shares in both certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer.

Fractions of New Ordinary Shares will not be allocated to Qualifying Shareholders and entitlements to apply for Open Offer Shares will be rounded down to the nearest whole number of New Ordinary Shares. New Ordinary Shares representing the aggregate of fractional entitlements will be sold for the benefit of the Company.

Qualifying Shareholders may apply for any whole number of New Ordinary Shares up to their Open Offer Entitlement, which, in the case of Qualifying non-CREST Shareholders, is equal to the number of Open Offer Entitlements as shown on their Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Open Offer Entitlements standing to the credit of their stock account in CREST and, if they so wish, may apply for Open Offer Shares in excess of their Open Offer Entitlement. Accordingly, applications in excess of the Open Offer Entitlements will only be satisfied to the extent that applications made by other Qualifying Shareholders are for less than their full Open Offer Entitlement

and may therefore be scaled down *pro rata* to the number of Excess Shares applied for under the Open Offer, or otherwise at the absolute discretion of the Company. Any monies paid for applications in excess of their Open Offer Entitlements which are not so satisfied will be returned to the Applicant without interest within 14 days by way of cheque or CREST payment, as appropriate. The action to be taken in relation to the Open Offer depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your entitlement under the Open Offer or have Open Offer Entitlements credited to your stock account in CREST in respect of such entitlement.

**Not all Shareholders will be Qualifying Shareholders. Overseas Shareholders who are located in, or who are citizens of, or have a registered address in certain overseas jurisdictions (including, without limitation, any Excluded Territory) will not qualify to participate in the Open Offer. The attention of Overseas Shareholders or any person (including, without limitation, a custodian, nominee or trustee) who has a contractual or other legal obligation to forward this document into a jurisdiction other than the United Kingdom is drawn to paragraph 6 of this Part IV.**

If you have received an Application Form with this document please refer to paragraph 4.1 and paragraphs 5 to 7 of this Part IV.

If you hold your Existing Ordinary Shares in CREST and have received a credit of Open Offer Entitlements to your CREST stock account, please refer to paragraph 4.2 and paragraphs 5 to 7 of this Part IV and also to the CREST Manual for further information on the CREST procedures referred to below.

The Open Offer Shares will be issued fully paid and will be identical to, and rank *pari passu* in all respects with, the Existing Ordinary Shares and the New Ordinary Shares to be issued pursuant to the Placing and will rank for all dividends or other distributions declared, made or paid after the date of issue of the Open Offer Shares. No temporary documents of title will be issued.

Application will be made to the London Stock Exchange for the Open Offer Shares, together with the Conditional Placing Shares, to be admitted to trading on AIM. It is expected that Second Admission will become effective on 1 October 2012 and that dealings for normal settlement in the New Ordinary Shares will commence at 8.00 a.m. on 1 October 2012. It is expected that the results of the Placing and Open Offer will be announced at 7.00 a.m. on 1 October 2012.

**Shareholders should be aware that the Open Offer is not a rights issue. Entitlements to Open Offer Shares will neither be tradeable nor sold in the market for the benefit of Qualifying Shareholders who do not apply for them in the Open Offer.**

Qualifying CREST Shareholders should note that although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying CREST Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Qualifying non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded.

Before making any decision to acquire Open Offer Shares, you are asked to read and carefully consider all of the information in this document, including in particular the important information set out in the letter from the Chairman of the Company in Part I of this document, as well as this paragraph 2 of this Part IV and the Risk Factors set out in Part II of this document. Shareholders who do not participate in the Open Offer will be subject to dilution of their existing President Petroleum Company PLC shareholdings. The material terms of the Open Offer are contained in paragraph 11 of Part I of this document.

### 3. Conditions of the Open Offer

The Open Offer is conditional, *inter alia*, upon:

- (a) the passing of the Resolutions (save for the resolution relating to the Change of Name);
- (b) each of the Farm-In Agreements remaining in full force and effect;
- (c) the Placing and Open Offer Agreement becoming unconditional in all respects (other than Second Admission) and having not been terminated in accordance with its terms; and
- (d) Second Admission of the Conditional Placing Shares and Open Offer Shares becoming effective by not later than 8.00 a.m. on 1 October 2012 (or such later time and/or date as RBC and Jefferies may agree, being not later than 3.00 p.m. on 15 October 2012)

Further details of the Placing and Open Offer Agreement are set out in paragraph 4 of Part V of this document. Further terms of the Open Offer are set out in this Part IV and in the Application Form.

If the Placing and Open Offer Agreement does not become unconditional in all respects by 8.00 a.m. on 15 October 2012 or if it is terminated in accordance with its terms, the Open Offer will be revoked and will not proceed. Revocation cannot occur after dealings in the New Ordinary Shares have begun.

### 4. Procedure for application and payment

Save as provided in paragraph 6 of this Part IV in relation to Overseas Shareholders, the action to be taken by you in respect of the Open Offer depends on whether at the relevant time you have an Application Form in respect of your Open Offer Entitlements, including the Excess Application Facility, or you have Open Offer Entitlements and Excess Open Offer Entitlements credited to your CREST account in respect of such entitlements.

Qualifying Shareholders who hold part of their Existing Ordinary Shares in uncertificated form on the Record Date will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to Open Offer Shares arises as a result of holding Existing Ordinary Shares in uncertificated form. Further information on deposit into CREST is set out in paragraph 4.2.6 of this Part IV.

CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements and Excess CREST Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements in CREST should refer to the CREST manual for further information on the CREST procedures referred to below.

#### 4.1 *Action to be taken if you have an Application Form in respect of your entitlement under the Open Offer*

##### 4.1.1 *General*

Each Qualifying non-CREST Shareholder will have received an Application Form accompanying this document. The Application Form shows the number of Existing Ordinary Shares registered in the relevant Qualifying non-CREST Shareholder's name at the close of business on the Record Date. It also shows the number of Open Offer Shares for which such relevant Qualifying non-CREST Shareholder is entitled to apply under the Open Offer, calculated on the basis set out in paragraph 2 above. Qualifying non-CREST Shareholders may also apply for less than their maximum Open Offer Entitlements.

The Excess Application Facility enables Qualifying Shareholders who have taken up their full Open Offer Entitlement to apply for Open Offer Shares in excess of their Open Offer Entitlement. Applications in excess of the Open Offer Entitlement will only be satisfied to the extent that applications made by other Qualifying Shareholders are less than their full Open Offer Entitlements and may therefore be scaled down.

Fractions (if any) of Open Offer Shares will be aggregated and sold by RBC and/or Jefferies for the benefit of the Company under the Placing. The instructions and other terms which are set out in the Application Form constitute part of the terms of the Open Offer.

#### 4.1.2 Procedure for application

Applications for Open Offer Shares (including under the Excess Application Facility) by Qualifying non-CREST Shareholders may only be made on the Application Form, which is personal to the Qualifying non-CREST Shareholder(s) named on it and is not capable of being split, assigned or transferred except in the circumstances described below.

Qualifying non-CREST Shareholders may also apply for Excess Shares in excess of their *pro rata* entitlement to Open Offer Shares by completing Boxes 3 and 4 of the Application Form for the total number of Open Offer Shares for which they wish to make application (including their *pro rata* entitlement) and submitting the amount payable on such application. Further details on the Excess Application Facility are set out in paragraph 4.1.4 of this Part IV.

A Qualifying non-CREST Shareholder who does not wish to apply for any of the Open Offer Shares to which he or she is entitled should not return a completed Application Form to the Receiving Agents. **However, he or she is strongly encouraged to still complete and return the Form of Proxy to the Registrars.**

The Application Form represents a right personal to the Qualifying non-CREST Shareholder to apply to subscribe for Open Offer Shares (including under the Excess Application Facility); it is not a document of title and it cannot be traded. It is assignable or transferable only to satisfy *bona fide* market claims in relation to purchases in the market pursuant to the rules and regulations of the London Stock Exchange. Application Forms may be split up to 3.00 p.m. on 26 September 2012 but only to satisfy such *bona fide* market claims. Qualifying non-CREST Shareholders who have before the 'ex' date sold or transferred all or part of their shareholdings are advised to consult their stockbroker, bank or agent through whom the sale or transfer was effected or another professional adviser authorised under the FSMA as soon as possible, since the invitation to apply for Open Offer Shares (including under the Excess Application Facility) may represent a benefit which can be claimed from them by the purchaser(s) or transferee(s) under the rules of the London Stock Exchange.

Qualifying non-CREST Shareholders who submit a valid application using the Application Form and accompanying payment will (subject to the terms and conditions set out in this Part IV, in the letter from the Chairman of the Company in Part I and in the Application Form) be allocated the Open Offer Shares applied for in full at the Issue Price (subject to the Company's discretion to accept, reject or scale back any application for any Open Offer Shares).

Applications will be irrevocable and, once submitted, may not be withdrawn and their receipt will not be acknowledged. The Company reserves the right to treat any application not strictly complying with the terms and conditions of application as nevertheless valid.

The Company may in its sole discretion, but shall not be obliged to, treat an Application Form as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with the terms and conditions of the Open Offer. The Company further reserves the right (but shall not be obliged) to accept either:

- (i) Application Forms received after 11.00 a.m. on 28 September 2012; or
- (ii) applications in respect of which remittances are received before 11.00 a.m. on 28 September 2012 from authorised persons (as defined in FSMA) specifying the Open Offer Shares applied for and undertaking to lodge the Application Form in due course but, in any event, within two Business Days.

Multiple applications will not be accepted. All documents and remittances sent by post by or to an Applicant (or as the Applicant may direct) will be sent at the Applicant's own risk.

If Open Offer Shares have already been allotted to a Qualifying non-CREST Shareholder and such Qualifying non-CREST Shareholder's cheque or banker's draft is not honoured upon first presentation or such Qualifying non-CREST Shareholder's application is subsequently otherwise deemed to be invalid, the Company shall arrange (in its absolute discretion as to manner, timing and terms) to make arrangements for the sale of such Qualifying non-CREST Shareholder's Open Offer Shares and for the proceeds of sale (which for these purposes shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. None of the Registrar, the Company or any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying non-CREST Shareholders.

**If you are a Qualifying non-CREST Shareholder and wish to apply for all or part of the Open Offer Shares to which you are entitled (including any application for any Excess Shares under the Excess Application Facility) you should complete and sign the Application Form in accordance with the instructions printed on it and return it, either by post or by hand (during normal business hours only) together with a pounds sterling cheque or banker's draft to the value of the Open Offer Shares applied for on the Application Form, to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA as soon as practicable and, in any event, so as to be received not later than 11.00 a.m. on 28 September 2012, after which time Application Forms will not be accepted. The cheque or banker's draft must be drawn on a United Kingdom branch of a qualifying bank or building society, as further described below. Your Application Form will not be valid unless you sign it. If you post your Application Form by first class post in the UK, or in the accompanying reply-paid envelope, you are advised to allow at least four Business Days for delivery.**

The Company reserves the right (but shall not be obliged) to accept applications in respect of which remittances are received prior to 11.00 a.m. on 28 September 2012 from an authorised person (as defined in the FSMA) specifying the Open Offer Shares concerned and undertaking to lodge the relevant Application Form in due course.

#### 4.1.3 *Payments*

Cheques must be drawn on the personal account to which you have sole or joint title to the funds. Your cheque or banker's draft should be made payable to "Equiniti re: President Petroleum Company PLC Open Offer A/C" and crossed "A/C Payee only". Payments must be made by cheque or banker's draft in pounds sterling drawn on an account at a branch (which must be in the United Kingdom, the Channel Islands or the Isle of Man) of a bank or building society which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through facilities provided by either of these companies and must bear the appropriate sorting code in the top right-hand corner. Third party cheques will not be accepted with the exception of building society cheques or banker's drafts where

the building society or bank has confirmed on the back of the building society cheque or banker's draft the name of the account holder (which must be the same name as printed on the Application Form) and their title to funds by stamping and endorsing the building society cheque/banker's draft to such effect. Any application or purported application may be rejected unless these requirements are fulfilled. Post dated cheques will not be accepted.

Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity (and withhold definitive share certificates (or crediting to the relevant member account, as applicable) pending clearance thereof). No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid applications in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

If cheques or banker's drafts are presented for payment before the conditions of the Open Offer are fulfilled, the application monies will be credited to a non-interest bearing account by the Receiving Agent. If the Open Offer does not become unconditional, no Open Offer Shares will be issued and all monies will be returned (at the Applicant's sole risk), without payment of interest, to Applicants as soon as practicable following the lapse of the Open Offer.

The Company shall as soon as practicable following 28 September 2012 refund any payment received with respect to an application for a number of Open Offer Shares in respect of an Open Offer Entitlement which has been rejected in whole or in part by the Company.

#### 4.1.4 *The Excess Application Facility*

The Excess Application Facility enables Qualifying Shareholders who have taken up their Open Offer Entitlement to apply for Open Offer Shares.

Qualifying non-CREST Shareholders who wish to apply for Open Offer Shares in excess of their Open Offer Entitlement must complete the Application Form in accordance with the instructions set out on the Application Form.

Should the Open Offer become unconditional and applications for Open Offer Shares exceed the 19,998,541 Open Offer Shares being made available to Qualifying Shareholders as a result of applications made in respect of the Excess Application Facility, resulting in a scaling back of applications, each Qualifying non-CREST Shareholder who has made a valid application for Open Offer Shares under the Excess Application Facility and from whom payment in full for such Open Offer Shares has been received in cleared funds will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for under the Excess Application Facility but not allocated to the relevant Qualifying non-CREST Shareholder multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable, without payment of interest and at the Applicant's sole risk.

Fractions of Open Offer Shares will not be issued under the Excess Application Facility and fractions of Open Offer Shares will be rounded down to the nearest whole number.



#### 4.1.5 *Effect of application*

By completing and delivering an Application Form you (as the Applicant(s)):

- (i) agree that your application, the acceptance of your application and the contract resulting therefrom under the Open Offer shall be governed by, and construed in accordance with, the laws of England and Wales;
- (ii) confirm that in making the application you are not relying on any information or representation other than those contained in this document and the Application Form and you, accordingly, agree that no person responsible solely or jointly for this document or any part of it shall have any liability for any information or representation not contained in this document and that having had the opportunity to read this document you will be deemed to have notice of all the information concerning the Group contained within this document;
- (iii) represent and warrant that you are not citizen(s) or resident(s) of an Excluded Territory or any other jurisdiction in which the application for Open Offer Shares is prevented by law and are not applying on behalf of, or with a view to the re-offer, re-sale or delivery of Open Offer Shares directly or indirectly in, into or within an Excluded Territory or to a resident of an Excluded Territory or to any person you believe is purchasing or subscribing for the purpose of such re-offer, re-sale or delivery;
- (iv) represent and warrant that you are not otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of such person(s) on a non-discretionary basis; and
- (v) will also be asked whether or not you can represent and warrant as follows: (i) you have not received the Application Form or any other document relating to the Open Offer in an Excluded Territory, nor have you mailed, transmitted or otherwise distributed or forwarded any such document in or into an Excluded Territory; (ii) you are not and were not located in an Excluded Territory at the time you accepted the Application Form or at the time you returned the Application Form; and (iii) if you are acting in a fiduciary, agency or other capacity as an intermediary, then either (A) you have full investment discretion with respect to the Open Offer Shares covered by the Application Form or (B) the person on whose behalf you are acting was located outside an Excluded Territory at the time he or she instructed you to submit the Application Form.

If you are unable to provide such representations and warranties you will be deemed not to have validly submitted an application for Open Offer Shares, save in the discretion of the Company and subject to certain conditions.

You should note that applications will be irrevocable. The Company reserves the right (but shall not be obliged) to treat any application not strictly complying in all respects with the terms and conditions of application as nevertheless valid. If you do not wish to apply for Open Offer Shares under the Open Offer you should not complete or return the Application Form.

If you have any questions relating to the procedure for acceptance, please telephone Equiniti between 8.30 a.m. and 5.30 p.m. Monday to Friday (except UK public holidays) on 0871 384 2050 from within the UK or +44 121 415 0259 if calling from outside the UK. Calls to the 0871 384 2050 number cost 8 pence per minute (excluding VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

All enquiries in connection with the Application Form should be addressed to Equiniti, Corporate Actions, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. If you

have any questions relating to this document, and the completion and return of the Application Form, please telephone Equiniti between 8.30 a.m. and 5.30 p.m. Monday to Friday (except UK public holidays) on 0871 384 2050 from within the UK or +44 121 415 0259 if calling from outside the UK. Calls to the 0871 384 2050 number cost 8 pence per minute (excluding VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

## **4.2 Action to be taken if you have Open Offer Entitlements and Excess Open Offer Entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer**

### *4.2.1 General*

Save as provided in paragraph 6 of this Part IV in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST of his Open Offer Entitlements equal to the maximum number of Open Offer Shares to which he is entitled under the Open Offer. Qualifying CREST Shareholders may also apply for Open Offer Shares in excess of their Open Offer Entitlement under the Excess Application Facility. Further details of Excess Offer Entitlements can be found in paragraph 4.2.10 of this Part IV.

The CREST stock account to be credited will be an account under the Participant ID and Member ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlements and Excess Open Offer Entitlements have been allocated.

If for any reason the Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by, 3.00 p.m. or such later time as the Company may decide, on 13 September 2012, an Application Form will be sent out to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements and Excess Open Offer Entitlements credited to his stock account in CREST. In these circumstances the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Qualifying non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive Application Forms.

**Qualifying CREST Shareholders who wish to apply for some or all of their entitlements to Open Offer Shares (including any applications for Excess CREST Open Offer Entitlements) should refer to the CREST Manual for further information on the CREST procedures referred to below. If you have any questions relating to the procedure for acceptance, please telephone Equiniti Limited between 8.30 a.m. and 5.30 p.m. Monday to Friday (except UK public holidays) on 0871 384 2050 from within the UK or +44 121 415 0259 if calling from outside the UK. Calls to the 0871 384 2050 number cost 8 pence per minute (excluding VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice. If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for Open Offer Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.**

### *4.2.2 Procedure for application and payment*

The Open Offer Entitlements and Excess Open Offer Entitlements will have a separate ISIN and constitute a separate security for the purposes of CREST. Although Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open

Offer Entitlements and Excess Open Offer Entitlements may only be made by the Qualifying CREST Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) and Excess Open Offer Entitlement(s) will thereafter be transferred accordingly.

#### 4.2.3 *USE instructions*

Qualifying CREST Shareholders who wish to apply for Open Offer Shares in respect of all or some of their Open Offer Entitlements and Excess Open Offer Entitlements in CREST must send (or if they are CREST sponsored members, procure that their CREST sponsor sends) an Unmatched Stock Event (“**USE**”) instruction to Euroclear which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of the Receiving Agent under the Participant ID and Member Account ID specified below, with the number of Open Offer Entitlements or Excess CREST Open Offer Entitlements corresponding to the number of Open Offer Shares applied for (subject to paragraph 4.2.10 of this Part IV); and
- (ii) the creation of a CREST payment in accordance with the CREST payment arrangements in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of Open Offer Shares or Excess Shares referred to in sub-paragraph (i) above.

#### 4.2.4 *Content of USE instructions in respect of Open Offer Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear’s specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares for which application is being made (and hence the number of Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (ii) the ISIN of the Open Offer Entitlements, which is GB00B8H8Y366;
- (iii) the Participant ID of the accepting CREST member;
- (iv) the Member Account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
- (v) the Participant ID of Equiniti, in its capacity as a CREST receiving agent, which is 6RA82;
- (vi) the Member Account ID of Equiniti in its capacity as a CREST receiving agent, which is RA109401 in respect of the Open Offer Entitlement;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction, which must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (viii) the intended settlement date, which must be on or before 11.00 a.m. on 28 September 2012; and
- (ix) the Corporate Action Number for the Open Offer, which will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 28 September 2012.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 28 September 2012 in order to be valid is 11.00 a.m. on that day.

#### 4.2.5 *Contents of USE instructions in respect of Excess CREST Open Offer Entitlements*

The USE Instruction must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares for which application is being made (and hence the number of Excess CREST Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (ii) the ISIN of the Excess CREST Open Offer Entitlement, which is GB00B7VFDF80;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Excess CREST Open Offer Entitlements are to be debited;
- (v) the Participant ID of Equiniti in its capacity as a CREST receiving agent, which is 5RA96;
- (vi) the Member Account ID of Equiniti in its capacity as a CREST receiving agent, which is RA109402;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (viii) the intended settlement date, which must be before 11.00 a.m. on 28 September 2012; and
- (ix) the Corporate Action Number for the Open Offer, which will be available by viewing the relevant corporate action details in CREST.

In order for an application in respect of an Excess CREST Open Offer Entitlement under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 28 September 2012.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) should add the following non-mandatory fields to their USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 28 September 2012 in order to be valid is 11.00 a.m. on that day. Please note that automated CREST generated claims and buyer protection will not be offered on the Excess CREST Open Offer Entitlement security.

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 1 October 2012 or such later time and date as the Company and RBC shall agree (being no later than 8.00 a.m. on 15 October 2012), the Open Offer will lapse, the Open Offer Entitlements and Excess Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, within 14 days. The Open Offer cannot be revoked once all conditions have been satisfied.

#### 4.2.6 *Deposit of Open Offer Entitlements into, and withdrawal from, CREST*

A Qualifying non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Open Offer Entitlements and Excess Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal as are set out in the Application Form.

The holder of an Application Form who is proposing so to deposit the Open Offer Entitlements set out in such form is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements and Excess Open Offer Entitlements following their deposit into CREST to take all necessary steps in connection with taking up such entitlements prior to 11.00 a.m. on 28 September 2012.

In particular, having regard to normal processing times in CREST and on the part of the Registrars, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements in CREST, is 3.00 p.m. on 25 September 2012, and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements and Excess Open Offer Entitlements from CREST is 4.30 p.m. on 24 September 2012, in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements and Excess Open Offer Entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements and Excess Open Offer Entitlements prior to 11.00 a.m. on 28 September 2012.

Delivery of an Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Qualifying non-CREST Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company and the Registrar by the relevant CREST member(s) that it/they is/are not in breach of the provisions of the notes under the paragraph headed "Instructions for depositing entitlements under the Open Offer into CREST" on page 2 of the Application Form, and a declaration to the Company and the Registrar from the relevant CREST member(s) that it/they is/are not citizen(s) or resident(s) of an Excluded Territory and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

#### 4.2.7 *Validity of application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 28 September 2012 will constitute a valid application under the Open Offer.

#### 4.2.8 *CREST procedures and timings*

**CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system**

timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 28 September 2012. In this connection CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

#### 4.2.9 *Incorrect or incomplete applications*

If a USE instruction includes a CREST payment for an incorrect sum, the Company through the Receiving Agent reserves the right:

- (i) to reject the application in full and refund the payment to the CREST member in question;
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question (without interest); and
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE instruction refunding any unutilised sum to the CREST member in question (without interest).

#### 4.2.10 *The Excess Application Facility*

Provided that a Qualifying CREST Shareholder chooses to take up their Open Offer Entitlement in full, the Excess Application Facility enables Qualifying CREST Shareholders to apply for Open Offer Shares in excess of their Open Offer Entitlements up to a maximum number of Excess Shares equal to 10 times the total number of Existing Ordinary Shares held in such Qualifying Shareholder's name as at the Record Date. If however Qualifying CREST Shareholders wish to apply for more than 10 times the total number of Existing Ordinary Shares held in such Qualifying Shareholder's name as at the Record Date, the Qualifying CREST Shareholder should contact Equiniti by telephone on the number stated in Note (1) on page 6 who will arrange for the additional Excess Shares to be credited to the relevant CREST account of the Qualifying CREST Shareholder. Any such applications will be granted at the absolute discretion of the Company.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility. An Excess CREST Open Offer Entitlement may not be sold or otherwise transferred. Subject as provided in paragraph 6 of this Part IV in relation to certain Overseas Shareholders, the CREST accounts of Qualifying CREST Shareholders will be credited with an Excess CREST Open Offer Entitlement in order for any applications for Excess Shares to be settled through CREST. The credit of such Excess CREST Open Offer Entitlement does not in any way give Qualifying CREST Shareholders a right to the Open Offer Shares attributable to the Excess CREST Open Offer Entitlement as an Excess CREST Open Offer Entitlement is subject to scaling back in accordance with the terms of this document.

To apply for Excess Shares pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions above and must not return a paper form and cheque. Should a transaction be identified by the CREST Claims Processing Unit as "cum" the Open Offer Entitlement and the relevant Open Offer Entitlement(s) be transferred, the Excess CREST Open Offer Entitlements will not transfer with the Open Offer Entitlement(s) claim, but will be transferred as a separate claim. Should a Qualifying CREST Shareholder cease to hold all of his Existing Ordinary Shares as a result of one or more *bona fide* market claims, the Excess CREST Open Offer Entitlement credited to CREST, and allocated to the

relevant Qualifying Shareholder, will be transferred to the purchaser. Please note that an additional USE instruction must be sent in respect of any application under the Excess CREST Open Offer Entitlement.

Should the Open Offer become unconditional and applications for Open Offer Shares by Qualifying Shareholders under the Open Offer exceed the number of Open Offer Shares being made available, resulting in a scale back of applications under the Excess Application Facility, each Qualifying CREST Shareholder who has made a valid application for Excess Shares under the Excess Application Facility, and from whom payment in full for the Excess Shares has been received, will receive a pounds sterling amount equal to the number of Open Offer Shares validly applied and paid for but which are not allocated to the relevant Qualifying CREST Shareholder multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable, without payment of interest, and at the Applicant's sole risk.

Fractions of Open Offer Shares will not be issued under the Excess Application Facility and fractions of Open Offer Shares will be rounded down to the nearest whole number, aggregated and sold by RBC and/or Jefferies and the proceeds in respect thereof held for the benefit of the Company.

#### 4.2.11 *Effect of valid application*

A CREST member who makes or is treated as making a valid application in accordance with the above procedures will thereby:

- (i) pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);
- (ii) request that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this document and subject to the Articles;
- (iii) agree that all applications and contracts resulting therefrom under the Open Offer shall be governed by, and construed in accordance with, the laws of England and Wales;
- (iv) represent and warrant that he is not applying on behalf of any Shareholder, who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of an Excluded Territory and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of this application to, or for the benefit of, a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of an Excluded Territory nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;
- (v) represent and warrant that he is not, nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986;
- (vi) confirm that in making such application he is not relying on any information or representation other than those contained in this document and agrees that no person responsible solely or jointly for this document or any part thereof or involved in the preparation thereof, shall have any liability for any information or representation not contained in this document and further agree that having had the opportunity to read this document he will be deemed to have had notice of all the information concerning the Group contained therein; and

- (vii) represent and warrant that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he has received such Open Offer Entitlements and Excess Open Offer Entitlements by virtue of a *bona fide* market claim.

#### 4.2.12 *Company's discretion as to rejection and validity of applications*

The Company may in its sole discretion:

- (i) treat as valid (and binding on the CREST member concerned) an application which does not strictly comply in all respects with the requirements as to validity set out or referred to in this paragraph 4 of this Part IV;
- (ii) accept an alternative properly authenticated, dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
- (iii) treat a properly authenticated dematerialised instruction (in this sub-paragraph the "first instruction") as not constituting a valid application if, at the time at which the Registrar receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Receiving Agent have received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (iv) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Registrar in connection with CREST.

If you have any doubt as to the procedure for acceptance and payment you should contact Equiniti between 8.30 a.m. and 5.30 p.m. Monday to Friday (except UK public holidays) on telephone number 0871 384 2050 from within the UK or +44 121 415 0259 if calling from outside the UK. Calls to the 0871 384 2050 number cost 8 pence per minute (excluding VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. This helpline will not provide any financial or tax advice or advice concerning the merits of the Open Offer or whether or not you should make an application under the Open Offer.

#### 4.2.13 *Issue of Open Offer Shares in CREST*

Open Offer Entitlements and Excess Open Offer Entitlements held in CREST are expected to be disabled in all respects after the close of business on 28 September 2012. If the conditions to the Open Offer described above are satisfied, Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company on the day on which such conditions are satisfied. On this day, the Receiving Agent will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' Open Offer Entitlements with effect from the next business day. The stock accounts to be credited will be accounts under the same Participant IDs and Member Account IDs in respect of which the USE instruction was given.



## 5. Money Laundering Regulations

### 5.1 Holders of Application Forms

It is a term of the Open Offer that, in order to ensure compliance with the Money Laundering Regulations (the "Regulations"), the Registrar may require verification of the identity of the person by whom or on whose behalf an Application Form is lodged with payment (which requirements are referred to below as the "verification of identity").

The verification of identity requirements pursuant to the Regulations will apply to applications with a value of €15,000 (or its Pound Sterling equivalent) or greater, or to one of a series of linked applications whose aggregate value exceeds that amount, and in the case of such applications verification of the identity of Applicant(s) for Open Offer Shares may be required.

If within a reasonable period of time following a request, for verification of identity, but in any event by 11.00 a.m. on 28 September 2012, the Receiving Agent has not received evidence satisfactory to it, the Company may, in its absolute discretion, elect not to treat as valid the relevant application, in which event the money payable or paid in respect of the application will be returned (without interest and at the Applicant's risk) to the account of the drawee bank or building society from which sums were originally debited (but in each case without prejudice to any rights the Company may have to take proceedings in respect of loss or damage suffered or incurred by it as a result of the failure to produce satisfactory evidence as aforesaid).

In order to avoid this, payment should be made by means of a cheque drawn by and in the name of the Applicant named on the accompanying Application Form or (where an Application Form has been transferred and/or split to satisfy *bona fide* market claims in relation to transfers of Existing Ordinary Shares through the market prior to 3.00 p.m. on 26 September 2012), by the person named in Box 11 on the Application Form. If this is not practicable and the Applicant uses a cheque drawn on a building society or a banker's draft, the Applicant should:

- (i) ask the building society or bank to endorse on the cheque or draft the name and account number of the person whose building society or bank account is being debited which must be the same name as that printed on the Application Form, such endorsement being validated by a stamp and authorised signature by the building society or bank on the reverse of the cheque or banker's draft;
- (ii) if the Applicant is making the application as agent for one or more persons, indicate on the Application Form whether it is a United Kingdom or European Union regulated person or institution (e.g. a bank or broker), and specify its status. If you have any questions relating to the procedure for acceptance, please telephone Equiniti between 8.30 a.m. and 5.30 p.m. Monday to Friday (except UK public holidays) on 0871 384 2050 from within the UK or +44 121 415 0259 if calling from outside the UK. Calls to the 0871 384 2050 number cost 8 pence per minute (excluding VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice;
- (iii) if the Applicant delivers the Application Form by hand, bring with them the appropriate photographic evidence of identity, such as a passport or driving licence; and
- (iv) third party cheques may not be accepted unless covered by (i) above.

In any event, if it appears to the Receiving Agent that an Applicant is acting on behalf of some other person, further verification of the identity of any person on whose behalf the Applicant appears to be acting will be required.

Neither the Receiving Agent, nor the Company will be liable to any person for any loss suffered or incurred as a result of the exercise of any discretion to require verification. By lodging an Application Form, each Qualifying Shareholder undertakes to provide evidence of his identity at the time of lodging the Application Form, or, at the absolute discretion of the Company and RBC, at such specified time thereafter as may be required to ensure compliance with the Regulations.

## 5.2 *Open Offer Entitlements and Excess Open Offer Entitlements in CREST*

If you hold your Open Offer Entitlements or Excess Open Offer Entitlements in CREST and apply for Open Offer Shares in respect of all or some of your Open Offer Entitlements (and Excess Open Offer Entitlements) as agent for one or more persons and you are not a United Kingdom or European Union regulated person or institution (e.g. a United Kingdom financial institution), then, irrespective of the value of the application, the Receiving Agent is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact the Receiving Agent before sending any USE or other instruction so that appropriate measures may be taken.

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the Applicant to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purposes of the Regulations. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of any failure to provide satisfactory evidence.

## 6. **Overseas Shareholders**

### 6.1 *General*

**The distribution of this document and the Application Form and the making or acceptance of the Open Offer to persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the United Kingdom or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the United Kingdom may be affected by the laws or regulatory requirements of the relevant jurisdictions. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for Open Offer Shares under the Open Offer. The comments set out in this paragraph 6 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.**

No action has been or will be taken by the Company or any other person, to permit a public offering or distribution of this document (or any other offering or publicity materials or Application Form(s) in any jurisdiction where action for that purpose may be required, other than in the United Kingdom.

Application Forms will not be sent to and Open Offer Entitlements and Excess Open Offer Entitlements will not be credited to a stock account in CREST of persons with registered addresses in an Excluded Territory or their agent or intermediary, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements and/or a credit of Excess Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him or her nor

should he or she in any event use any such Application Form and/or credit of Open Offer Entitlements and/or a credit of Excess Open Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her and such Application Form and/or credit of Open Offer Entitlements and/or a credit of Excess Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the United Kingdom wishing to apply for Open Offer Shares under the Open Offer to satisfy himself or herself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory. Neither the Company nor any of its respective representatives, is making any representation to any offeree or purchaser of the Open Offer Shares regarding the legality of an investment in the Open Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements and/or a credit of Excess Open Offer Entitlements to a stock account in CREST in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer Open Offer Entitlements or Excess Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements and/or a credit of Excess Open Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by his or her custodian, agent, nominee or trustee, he or she must not seek to apply for Open Offer Shares in respect of the Open Offer unless the Company determines that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this document and/or an Application Form and/or transfers Open Offer Entitlements and/or a credit of Excess Open Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part IV and specifically the contents of this paragraph 6.

The Company reserves the right, but shall not be obliged, to treat as invalid any application or purported application for Open Offer Shares that appears to the Company or its agents to have been executed, effected or dispatched from an Excluded Territory or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates of Open Offer Shares or, in the case of a credit of an Open Offer Entitlement (and/or a credit of Excess Open Offer Entitlements) to a stock account in CREST, to a member whose registered address would be in an Excluded Territory or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit.

The attention of Overseas Shareholders is drawn to paragraphs 6.2 to 6.5 below.

Notwithstanding any other provision of this document or the Application Form, the Company reserves the right to permit any person to apply for Open Offer Shares in respect of the Open Offer if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Overseas Shareholders who wish, and are permitted, to apply for Open Offer Shares should note that payment must be made in sterling denominated cheques or banker's drafts. The Open Offer Shares have not been and will not be registered under the relevant laws of any Excluded Territory or any state,

province or territory thereof and may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, in or into any Excluded Territory or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Excluded Territory except pursuant to an applicable exemption.

No public offer of Open Offer Shares is being made by virtue of this document or the Application Forms into any Excluded Territory. Receipt of this document and/or an Application Form and/ or a credit of an Open Offer Entitlement and/or a credit of Excess Open Offer Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

## 6.2 *United States*

None of the New Ordinary Shares, the Open Offer Entitlements or the Excess Open Offer Entitlements have been or will be registered under the US Securities Act or the laws of any state or other jurisdiction of the United States and, therefore, the New Ordinary Shares and the Open Offer Entitlements and the Excess Open Offer Entitlements may not be directly, or indirectly, offered for subscription or purchase, taken up, sold, delivered, renounced or transferred in or into the United States except pursuant to an applicable exemption from the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Accordingly, the Company is not extending the Open Offer into the United States and, subject to certain exceptions, none of this document, the Application Forms or the crediting of Open Offer Entitlements (or Excess Open Offer Entitlements) to a stock account in CREST constitutes or will constitute an offer or an invitation to apply for an offer or an invitation to subscribe for any New Ordinary Shares in the United States. Neither this document nor an Application Form will (unless an address within the United Kingdom for services of notices has been notified to the Company) be sent to, and no Open Offer Entitlements (or Excess Open Offer Entitlements) will be credited to, a stock account in CREST of any Qualifying Shareholder with a registered address in the United States. Subject to certain exceptions, Application Forms sent from, or post-marked in, the United States will be deemed to be invalid and all persons subscribing for New Ordinary Shares and wishing to hold such New Ordinary Shares in registered form must provide an address for registration of the New Ordinary Shares outside the United States.

## 6.3 *Other Excluded Territories*

Due to restrictions under the securities laws of the Excluded Territories and subject to certain exemptions, Qualifying Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Excluded Territories will not qualify to participate in the Open Offer and will not be sent an Application Form, nor will their stock accounts in CREST be credited with Open Offer Entitlements or Excess Open Offer Entitlements.

The Open Offer Shares have not been and will not be registered under the relevant laws of any Excluded Territory or any state, province or territory thereof and may not be offered, sold, re-sold, delivered or distributed, directly or indirectly, in or into any Excluded Territory or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Excluded Territory except pursuant to an applicable exemption.

No offer of Open Offer Shares is being made by virtue of this document or the Application Forms into any Excluded Territory.

#### 6.4 *Other overseas territories*

Application Forms will be sent to Qualifying non-CREST Shareholders and an Open Offer Entitlement will be credited to the stock account in CREST of Qualifying CREST Shareholders in other overseas territories. Qualifying Shareholders in jurisdictions other than any Excluded Territory may, subject to the laws of their relevant jurisdiction, take up Open Offer Shares under the Open Offer in accordance with the instructions set out in this document and, if relevant, the Application Form.

Qualifying Shareholders who have registered addresses in or who are located or resident in, or who are citizens of, countries other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to apply for Open Offer Shares in respect of the Open Offer.

#### 6.5 *Representations and warranties relating to Overseas Shareholders*

##### 6.5.1 *Qualifying non-CREST Shareholders*

Any person completing and returning an Application Form or requesting registration of the Open Offer Shares comprised therein represents and warrants to the Company and/or the Receiving Agent that, except where proof has been provided to the Company's satisfaction that such person's use of the Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction: (i) such person is not requesting registration of the relevant Open Offer Shares from within an Excluded Territory; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to subscribe for Open Offer Shares in respect of the Open Offer or to use the Application Form in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis on behalf of, a person located within an Excluded Territory or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) such person is not subscribing for Open Offer Shares with a view to the offer, sale, re-sale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into an Excluded Territory or any territory referred to in (ii) above. The Company and/or the Receiving Agent may treat as invalid any acceptance or purported acceptance of the allotment of Open Offer Shares comprised in an Application Form if it: (i) appears to the Company or its agents to have been executed, effected or despatched from an Excluded Territory or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; (ii) provides an address in any Excluded Territory for delivery of the share certificates of Open Offer Shares (or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates); or (iii) purports to exclude the warranty required by this paragraph (a).

##### 6.5.2 *Qualifying CREST Shareholders*

A CREST member who makes a valid application either on its own behalf or on behalf of one of its clients in accordance with the procedures set out in this Part IV represents and warrants to the Company that, except where proof has been provided to the Company's satisfaction that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) neither it nor its client is within an Excluded Territory; (ii) neither it nor its client is in any territory in which it is unlawful to make or accept an offer to subscribe for Open Offer Shares; (iii) it is not accepting on a non-discretionary basis on behalf of, or for the account or benefit of, a person located within an Excluded Territory or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) neither it nor its client is subscribing for any Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into an Excluded Territory, or any territory referred to in (ii) above. The Company reserves the right to reject any USE instruction from an Excluded Territory or any territory referred to in (ii) above or by a CREST participant who is acting on a non-discretionary basis on behalf of a person located within an Excluded Territory or any territory referred to in (ii) above.

## **7. Governing law and jurisdiction**

The terms and conditions of the Open Offer as set out in this document shall be governed by, and construed in accordance with, the laws of England and Wales. The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with the Open Offer. By taking up Open Offer Shares under the Open Offer in accordance with the instructions set out in this document, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

## **8. Further information**

The attention of Shareholders is drawn to the further information set out in this document including the additional information set out in Part V, and the Risk Factors set out in Part II of this document and to the terms and conditions set out on the Application Form.

## Part V – Additional Information

### 1. Responsibility

The Directors (whose names are set out in paragraph 3.1 below) accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

### 2. Share Capital

The issued share capital of the Company (i) as at the date of this document and (ii) as it is expected to be after Third Admission (assuming maximum take-up under the Open Offer) is set out below:

	<i>Existing Issued and fully paid</i>		<i>Immediately following Third Admission Issued and fully paid</i>	
	<i>Amount (£)</i>	<i>Number</i>	<i>Amount (£)</i>	<i>Number</i>
Ordinary Shares of 1 penny each	1,285,620.55	128,562,055	2,831,605.96	283,160,596
Deferred Shares of 29 pence each	4,667,113.26	16,093,494	4,667,113.26	16,093,494
	5,952,733.81	144,655,549	7,498,719.22	299,254,090

### 3. Directors' interests

3.1 The Directors and their respective functions are set out below:

Peter Michael Levine (Executive Chairman)  
 John Andrew Hamilton (Executive Director)  
 Benjamin David Wilkinson (Group Finance Director)  
 Dr Michael David Cochran (Non-Executive Director)  
 Dr David Anthony Lawson Jenkins (Non-Executive Deputy Chairman)  
 David Christopher Wake-Walker (Non-Executive Director)

3.2 The interests (all of which are beneficial unless stated otherwise) of the Directors and of persons connected with them (within the meaning of Section 252 of the Act) in the issued ordinary share capital of the Company and the existence of which is known to, or could with reasonable due diligence be ascertained by, any Director (i) as at the date of this document and (ii) as they are expected to be on Third Admission are as follows:

	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of existing issued share capital</i>	<i>Number of Ordinary Shares (following Third Admission)*</i>	<i>Percentage of Enlarged Share Capital (following Third Admission)*</i>
Peter Michael Levine	37,273,525	28.99	68,523,525	24.20
John Andrew Hamilton	300,000	0.23	300,000	0.11
Benjamin David Wilkinson	40,000	0.03	40,000	0.01
David Anthony Lawson Jenkins	25,000	0.02	75,000	0.03
Michael David Cochran	100,000	0.08	100,000	0.04
David Christopher Wake-Walker	128,804	0.1	253,804	0.09

\* Assuming full take-up of entitlements under the Open Offer.

3.3 On 11 September 2012, being the last practicable date prior to the publication of this document, the Directors and (so far as is known to the Directors, having made appropriate enquiries) persons connected with them (within the meaning of Section 252 of the Act) will have the following options over Ordinary Shares:

Name	Date of grant	Type of Option	Number of Ordinary Shares under option	Exercise price per share (pence)	Exercise period
Benjamin David Wilkinson	29 September 2011	Global Incentive Plan	600,000	33.9p	30 July 2013 to 30 July 2021

3.4 Save as disclosed above, no Director nor their immediate families nor any person connected with a Director within the meaning of Section 252 of the Act has any interests (beneficial or non-beneficial) in the share capital of the Company or any of its subsidiaries.

#### 4. Material Contracts

##### 4.1 Placing and Open Offer Agreement

Under the terms of a Placing and Open Offer Agreement dated 12 September 2012 made between (1) the Company (2) RBC and (3) Jefferies, RBC and Jefferies were each appointed as agents of the Company to use their respective reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price. Pursuant to the Placing and Open Offer Agreement, the Company has given certain warranties to RBC and Jefferies regarding, *inter alia*, the accuracy of information in this document and an indemnity in favour of RBC and Jefferies in respect of, *inter alia*, losses arising directly or indirectly out of the Placing and Open Offer. The Placing and Open Offer Agreement is conditional, *inter alia*, on (a) First Admission taking place in respect of the Firm Placing Shares by no later than 8.00 a.m. on 17 September 2012 or such later date as may be agreed by the Company and RBC and Jefferies; (b) Second Admission taking place in respect of the Conditional Placing Shares and Open Offer Shares by no later than 8.00 a.m. on 1 October 2012 or such later date as may be agreed by the Company, RBC and Jefferies (being not later than 8.00 a.m. on 15 October 2012); and (c) the Company complying with all of its obligations under the Placing and Open Offer Agreement. Under the Placing and Open Offer Agreement, the Company agreed to pay a placing commission to RBC and Jefferies, together with all costs and expenses and VAT thereon, where appropriate. Each of RBC and Jefferies are entitled, in certain limited circumstances, to terminate the Placing and Open Offer Agreement prior to Second Admission and to the payment of outstanding expenses on such termination.

##### 4.2 Purity Farm-In Agreement

The Purity Farm-In Agreement dated 12 September 2012 entered into by President with Purity Hydrocarburos (the "Purity Farmor") and PetroVictory provides for the acquisition by President of a participating interest of up to 59 per cent. in the Purity Concession relating to the Purity Block in Paraguay.

President agrees to provide the Purity Farmor shortly after signing the agreement a copy of the published press announcement indicating that the Company has raised proceeds of at least US\$32 million for use in the work programmes for the Paraguayan concessions; provided, however, that up to \$12 million of those proceeds may alternatively be used for other payment and work obligations that the Company may have established with the Demattei Farmor (defined below).

President's obligation to make the First Initial Payment (defined below) is conditional on the execution of the Demattei Farm-In Agreement.



President's obligation to make the Second Initial Payment (defined below) is conditional on the satisfaction or waiver of, *inter alia*, the following conditions:

- (a) Government approval of the assignment of up to 59 per cent. participating interest in the Pirity Concession in successive instalments, through the issue of a Decree of the Executive Branch of the Government of Paraguay;
- (b) one or more Decrees of the Executive Branch of the Government of Paraguay to re-confirm and re-state the terms of the Pirity Concession and certain other matters in relation to the Pirity Concession; and
- (d) certain other matters of an administrative nature required in relation to the working interest to be acquired by the Company in the Pirity Concession.

The Company's interest is to be acquired incrementally in five instalments of 11.8 per cent.: the first on payment of the Second Initial Payment; the second on completion of an agreed seismic programme and the commencement of drilling the first exploration well (provided that if President completes the agreed seismic programme but does not commence drilling of the first exploration well, it is entitled to a further interest of 5.9 per cent. rather than 11.8 per cent.); the third on completion of the first exploration well; the fourth on completion of the second exploration well; and the fifth on completion of the third exploration well. President commits to undertaking these works but if it does not do so it forfeits the right to any as yet unearned instalments and retains any interest already earned. However, if the total sums paid by the Company to the Pirity Farmor and in undertaking the works amount to US\$50 million, then President becomes immediately entitled to the full 59 per cent. interest.

President agrees to pay US\$3 million no later than 7 business days after signing the agreement ("**First Initial Payment**") and a further US\$7 million ("**Second Initial Payment**") on before 2 October 2012 (subject to the conditions precedent). In addition, President agrees to pay US\$10 million into a joint project account to fund the seismic programme and a further US\$10 million to fund each of the wells (a total of US\$40 million to fund the works). If costs exceed these amounts, the Company is responsible for the full amount of the excess until a total of US\$50 million has been spent (inclusive of the initial payments to the Pirity Farmor of US\$3 million and US\$7 million), following which the parties thereto shall co-operate and make commercially reasonable efforts to obtain alternative funding or financing.

Upon satisfaction of President's obligations under the work programme as set out in the Pirity Farm-In Agreement, President will have earned up to 59 per cent. interest in the Pirity Concession, following which the Pirity Farmor will assign a participating interest in the Pirity Concession of 5 per cent. in favour of LCH S.A., a Paraguayan company.

The agreement is governed by Paraguayan law.

#### 4.3 Demattei Farm-In Agreement

The Demattei Farm-In Agreement dated 12 September 2012 entered into by President with Crescent Global Oil Paraguay (the "**Demattei Farmor**") and Crescent Oil provides for the acquisition by President of a participating interest of up to 60 per cent. in the Demattei Concession relating to the Demattei Block in Paraguay.

President agrees to provide the Demattei Farmor shortly after signing the agreement a copy of the published press announcement indicating that the Company has raised proceeds of at least US\$32 million for use in the work programmes for the Paraguayan concessions; provided, however, that up to \$20 million of those proceeds may alternatively be used for other payment and work obligations that the Company may have established with the Pirity Farmor.

President's obligation to make the First Initial Payment (defined below) is conditional on the satisfaction or waiver of, *inter alia*, the condition relating to the confirmation that all relevant court decisions, notices,

documents and other filings required in respect of the final settlement of the litigation proceedings affecting the Demattei Concession have been completed.

President's obligation to make the Second Initial Payment (defined below) is conditional on the satisfaction or waiver of, *inter alia*, the following conditions:

- (a) Government approval of the assignment of up to 60 per cent. participating interest in the Demattei Concession in successive instalments, through the issue of a Decree of the Executive Branch of the Government of Paraguay;
- (b) one or more Decrees of the Executive Branch of the Government of Paraguay to re-confirm and re-state the terms of the Demattei Concession and certain other matters in relation to the Demattei Concession;
- (c) the renewal and/or restatement of the environmental licences required from the Paraguayan Environmental Agency, before work can commence in respect of the relevant work programmes on the Demattei Concession; and
- (d) certain other matters of an administrative nature required in relation to the working interest to be acquired by the Company in the Demattei Concession.

The Company's interest is to be acquired incrementally in five instalments: the first interest of 3 per cent. is to be acquired on payment of the Second Initial Payment; the second interest of 14.25 per cent. is to be acquired on completion of an agreed seismic programme and the commencement of drilling the first exploration well (provided that if President completes the agreed seismic programme but does not commence drilling of the first exploration well, it is entitled to a further interest of 7.125 per cent. rather than 14.25 per cent.); the third interest of 14.25 per cent. is to be acquired on completion of the first exploration well; the fourth interest of 14.25 per cent. is to be acquired on completion of the second exploration well; and the fifth interest of 14.25 per cent. is to be acquired on completion of the third exploration well. President commits to undertaking these works but if it does not do so it forfeits the right to any as yet unearned instalments and retains any interest already earned. However, if the total sums paid by the Company to the Demattei Farmor and in undertaking the works amount to US\$42 million, then President becomes immediately entitled to the full 60 per cent. interest.

President agrees to pay US\$1.00 no later than 7 business days after signing the agreement ("**First Initial Payment**") and a further US\$2 million ("**Second Initial Payment**") on or before 2 October 2012 (subject to the conditions precedent). In addition, President agrees to pay US\$10 million into a joint project account to fund the seismic programme and a further US\$10 million to fund each of the wells (a total of US\$40 million to fund the works). If costs exceed these amounts, the Company is responsible for the full amount of the excess until a total of US\$42 million has been spent (inclusive of the initial payments to the Demattei Farmor of US\$1.00 and US\$2 million), following which the parties thereto shall co-operate and make commercially reasonable efforts to obtain alternative funding or financing.

Upon satisfaction of President's obligations under the work programme as set out in the Demattei Farm-In Agreement, President will have earned up to 60 per cent. interest in the Demattei Concession, following which the Demattei Farmor will assign a participating interest in the Demattei Concession of 5 per cent. in favour of LCH S.A., a Paraguayan company.

The agreement is governed by Paraguayan law.

#### 4.4 New LCM Loan Facility Agreement

The New LCM Loan Facility Agreement dated 11 September 2012 entered into by the Company and IYA Global Limited (a subsidiary of LCM) ("**IYA**"), pursuant to which terms a US\$15 million revolving loan term facility was made available to the Company by LCM (or an associated party of LCM and/or Peter Levine) to the Company. Under the New LCM Loan Facility Agreement, the Company is obliged to pay a fully

earned, non-refundable arrangement fee of US\$750,000 to LCM (or an associated party of LCM and/or Peter Levine) upon signature of the New LCM Loan Facility Agreement and shall pay interest on each loan made under the New LCM Loan Facility (or the principal amount outstanding for the time being of that loan) at a rate of 10 per cent. per annum on drawn balances and/or 5 per cent. per annum on any undrawn balances. All outstanding indebtedness under the New LCM Loan Facility is to be immediately repaid in the event that Peter Levine is removed from his position as Chairman of the Company, or Peter Levine and/or LCM are no longer registered as the largest shareholder in the Company.

#### **5. Consent**

RBC and Jefferies has each given and not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which it is included.

#### **6. Availability of document**

This document will be available for a period of twelve months from the date of this document on the Company's website [www.presidentpc.com](http://www.presidentpc.com) free of charge in accordance with the requirements of Rule 26 of the AIM Rules.

Dated: 12 September 2012

## NOTICE OF GENERAL MEETING

# President Petroleum Company PLC

*Incorporated and Registered in England and Wales under the Companies Act 1985 with company number: 5104249*

NOTICE is hereby given that a General Meeting of President Petroleum Company PLC (the "**Company**") will be held at the offices of Pelham Bell Pottinger, 6th Floor, Holborn Gate, 330 High Holborn WC1V 7QD on 28 September 2012 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions 1 and 4 shall be proposed as ordinary resolutions and resolutions 2, 3 and 5 shall be proposed as special resolutions:

1. THAT, subject to and conditional on the passing of Resolution 2 below, the Directors be and they are hereby authorised pursuant to and for the purposes of Section 551 of the Companies Act 2006 (the "**Act**") to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("**Rights**") up to an aggregate nominal amount of £1,545,985.41, provided that this authority shall be limited to the allotment of shares pursuant to the Capital Raising (as defined in the circular dated 12 September 2012, of which this notice forms part ("**Circular**")).
2. THAT the Directors be and they are hereby generally empowered pursuant to Section 570 of the Act to allot equity securities (as defined in Section 560 of the Act) pursuant to the authority conferred by paragraph (1) above as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £1,545,985.41 pursuant to the Capital Raising.
3. THAT the name of the Company be changed from President Petroleum Company PLC to President Energy PLC.
4. THAT the Directors be and they are hereby authorised generally and unconditionally pursuant to and for the purposes of Section 551 of the Act to allot shares in the Company or grant Rights up to an aggregate nominal amount of £849,481.79 (such amount equating to 30 per cent. of the aggregate nominal value of the Enlarged Share Capital (as defined in the Circular)), provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2013 and save that the Company may make an offer or agreement before the expiry of this authority which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant Rights pursuant thereto as if the authority conferred hereby had not expired, such authority to be in substitution for any existing authorities conferred on the Directors.
5. THAT the Directors be and they are hereby generally empowered pursuant to Section 570 of the Act to allot equity securities (as defined in Section 560 of the Act) pursuant to the authority conferred by paragraph (4) above as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:
  - (a) allotments made in connection with offers of equity securities to the holders of ordinary shares in proportion (as nearly as may be) to the respective numbers of ordinary shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of any overseas territory or the requirements of any recognised regulatory body or any stock exchange in any territory; and

- (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of further equity securities up to an aggregate nominal amount of £566,321.19 (such amount equating to 20 per cent. of the aggregate nominal value of the Enlarged Share Capital (as defined in the Circular)), provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2013 and save that the Company may make an offer or agreement before the expiry of this power which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant thereto as if the power conferred hereby had not expired.

By order of the Board  
**David Christopher Wake-Walker**  
Secretary  
12 September 2012

Registered Office:  
13 Regent Street  
London SW1Y 4LR

**Notes:**

1. Any member entitled to attend, vote and speak at the meeting convened by the above notice is entitled to appoint one or more proxies to attend, speak and vote at the meeting instead of him. A proxy need not be a member of the Company. More than one proxy may be appointed to exercise the rights attaching to different shares held by the member, but a member may not appoint more than one proxy to exercise rights attached to any one share.
2. 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) in the boxes indicated on the white form of proxy. Please also indicate if the proxy instruction is one of multiple instructions being given. To appoint more than one proxy please see the instructions on the enclosed white form of proxy. All forms must be signed and should be returned together in the same envelope.
3. To be valid, the enclosed white form of proxy for the meeting convened by the above notice and any authority under which it is executed (or a notarially certified copy of such authority) must be deposited at the Company's registrars' office (Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA) not less than 48 hours before the time for holding the meeting. Completion and return of the white form of proxy will not preclude members from attending and voting in person at the meeting.
4. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the time by which a person must be entered on the register of members in order to have the right to attend and vote at the General Meeting is 6.00 p.m. on 26 September 2012 (being not more than 48 hours prior to the time fixed for the meeting) or, if the meeting is adjourned, such time being not more than 48 hours prior to the time fixed for the adjourned meeting. Changes to entries on the register of members after that time will be disregarded in determining the right of any person to attend or vote at the meeting.
5. In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
6. In the case of a corporation, the form of proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation.