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**Chariot Oil & Gas Limited (“Chariot” or the “Company”)**

27 February 2018

**Conditional Placing, Open Offer  
and  
Notice of General Meeting**

Chariot Oil & Gas Limited (AIM: CHAR), the Atlantic margins focused oil and gas exploration company, is pleased to announce that it has conditionally raised total gross proceeds of approximately US\$15 million (£10.7 million) by the conditional placing of 82,582,747 New Ordinary Shares (the “**Placing**”) at an issue price of 13 pence per New Ordinary Share (the “**Issue Price**”). Furthermore, it proposes to raise up to a further €5.0 million (£4.4 million) by the issue of up to a further 33,609,150 New Ordinary Shares pursuant to an Open Offer to Qualifying Shareholders at the Issue Price.

**Fundraising Highlights:**

- Placing to new and existing institutional and other investors to raise gross proceeds of approximately US\$15 million (£10.7 million);
- The Placing is being undertaken to allow the Group to deliver a second well within the near term comprising the drilling of Prospect S in Namibia, in addition to the carried drilling of the RD-1 well in Morocco by Eni;
- Open Offer to raise gross proceeds of up to a further €5.0 million (£4.4 million) from Qualifying Shareholders, to provide additional funding for ongoing work programmes and working capital for the Group;
- Open Offer on the basis of 1 New Ordinary Share for every 8 Existing Ordinary Shares held (if the value of sterling fluctuates before the issue of the Circular, the number of Open Offer Shares issued may change as described in the Key Statistics section below);
- The Fundraising is subject to approval at the General Meeting; and
- A Circular to Shareholders in respect of the Fundraising is expected to be posted on 6 March 2018 giving notice of the General Meeting to be held on 27 March 2018 at 10.00 a.m. at the offices of finnCap Ltd, 60 New Broad Street, London EC2M 1JJ. A copy of the Circular will be available on the Company's website [www.chariotoilandgas.com](http://www.chariotoilandgas.com).

**Reasons for the Fundraising and Use of Proceeds:**

- The delivery of a second well in 2018 targeting a giant potential prospect increases the Group’s ability to create transformational stakeholder value through the discovery of material accumulations of hydrocarbons;
- Success in either the fully carried RD-1 well in Morocco or Prospect S in Namibia has the potential to create transformational value for the Company;
- Drilling of Prospect S (Namibia) is targeted for the second half of 2018 and will be funded by net proceeds of the Placing, alongside the Company’s existing cash resources;
- Netherland Sewell & Associates (“NSAI”) estimate that Prospect S has a gross mean prospective resource at current equity levels of 300mmbbls net to Chariot, plus a potential upside of 1.4Bnbbls in other prospects within this licence; and

- Having captured the bottom of the seismic market with extensive surveys in Morocco and Namibia the Company now aims to drill its high impact portfolio of targets in the current environment of historically low rig rates ahead of the industry return to exploration.

**Larry Bottomley, CEO of Chariot Oil & Gas, said:**

*"This fundraise will represent another major step forward for Chariot, and one which allows the Company to participate in two giant-scale wells in this calendar year whilst capturing the bottom of the cost cycle for drilling. Success in either well would be transformational, and would also de-risk significant additional portfolio in the relevant licence. This comes after continued investment throughout the portfolio during the industry downturn which has allowed Chariot to build a drilling and prospect inventory of giant-scale opportunities. We will continue to progress operations in Namibia to drill Prospect S in H2 this year to benefit from synergies with third-party operations, and, in combination with our other partners, we continue to support Eni in their operations on the RD-1 well in Morocco which is scheduled to spud in March 2018.*

*This demonstrates that the equity markets support Chariot's investment thesis, which is in part a testament to our performance in risk management, delivered through our excellent in-house technical team, and our continued focus on capital discipline. We look forward to welcoming new investors and are grateful for the continuing support of existing shareholders who have the opportunity to participate through the Open Offer. We appreciate both groups for supporting Chariot in a very exciting near-term drilling programme as well as for the continued development of the Company's broader portfolio in Brazil and our other permits in Morocco."*

**Investor Conference Call:**

Management of Chariot will host a conference call for investors at 11.00 am (GMT) today (27 February 2018). Dial in details for the call are shown below and participants should request to join the 'Chariot Oil & Gas Investor Call'.

Dial in number: +44 (0)330 336 9411

Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as defined in the Circular, an extract of which is included below.

**Enquiries:**

For further information please visit [www.chariotoilandgas.com](http://www.chariotoilandgas.com) or contact:

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## **NOTES TO EDITORS**

### **ABOUT CHARIOT**

Chariot Oil & Gas Limited is an independent oil and gas exploration group. It holds licences covering two blocks in Namibia, three blocks in Morocco and four blocks in the Barreirinhas Basin offshore Brazil. All of these blocks are currently in the exploration phase.

The ordinary shares of Chariot Oil & Gas Limited are admitted to trading on the AIM, a market operated by the London Stock Exchange under the symbol 'CHAR'.

### **IMPORTANT NOTICES**

**This announcement should be read in its entirety. In particular, you should read and understand the information provided in this "Important Notices" section of this announcement and in the Appendix.**

The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement via regulatory news service this inside information is now considered to be in the public domain.

This announcement does not constitute a prospectus for the purposes of the Prospectus Rules of the Financial Conduct Authority, nor does it comprise an admission document prepared in accordance with the AIM Rules. Accordingly, this announcement has not been approved by or filed with the Financial Conduct Authority.

finnCap and Cenkos, which are authorised and regulated in the United Kingdom by the FCA, are acting as joint brokers (and, in the case of finnCap, acting as nominated advisor to the Company for the purposes of the AIM Rules) exclusively for the Company and no one else and will not be responsible to any other person for providing protections afforded to their customers nor for providing advice in relation to the contents of this announcement. No representation, warranty, express or implied, is made by the Brokers for the accuracy of any information or opinions contained in this announcement or the omission of any material information, nor have the Brokers authorised the contents of this announcement for any purpose and no liability whatsoever is accepted by them. The Brokers expressly disclaim all and any responsibility or liability whether arising in tort, contract or otherwise which they might otherwise have in respect of this announcement.

### **Forward-Looking Statements**

This announcement contains forward-looking statements. These statements relate to the Group's future prospects, developments and business strategies. Forward-looking statements are identified by their use of terms and phrases such as "potential", "estimate", "expect", "may", "will" or the negative of such terms and phrases, variations or comparable expressions, including references to assumptions. The forward-looking statements in this announcement are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements. These forward-looking statements speak only as at the date of this announcement. No statement in this announcement is intended to constitute a profit forecast or profit estimate for any period. Neither the Directors nor the Group undertake any obligation to update forward-looking statements other than as required by the AIM Rules or by the rules of any other securities regulatory authority, whether as a result of new information, future events or otherwise.

## KEY STATISTICS

Closing price of Existing Ordinary Shares on 23 February 2018	20.3 pence
Basis of Open Offer*	1 Open Offer Share for every 8 Existing Ordinary Shares
Issue Price	13 pence
Number of Existing Ordinary Shares in issue on the Record Date	268,873,197
Number of New Ordinary Shares to be issued the Company pursuant to the Placing	82,582,747
Number of New Ordinary Shares to be issued pursuant to the Open Offer*	33,609,150
Minimum dilution as a result of the Placing	23 per cent.
Enlarged Share Capital if no take-up under the Open Offer	351,455,944
Enlarged Share Capital if full take-up under the Open Offer*	385,065,094
Gross proceeds of the Fundraising*	£15.1 million
Net proceeds of the Fundraising*	£14.3 million
ISIN of the Ordinary Shares	GG00B2R9PM06
SEDOL of the Ordinary Shares	B2R9PM0
ISIN for Basic Entitlements	GG00BD6GZY15
ISIN for Excess Open Offer Entitlements	GG00BD6GZZ22

\*assuming full take-up under the Open Offer. For regulatory reasons, the amount offered under the Open Offer must be less than the sterling equivalent of €5 million at the time the offer to Qualifying Shareholders is made. Therefore if the value of sterling increases against the value of the euro before the issue of the Circular, the number of Ordinary Shares issued for every Existing Ordinary Share may need to be changed to satisfy regulatory requirements, and the number of Ordinary Shares issued and amount raised from the Open Offer would change accordingly. In such case, a further announcement will be released.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Placing	7.00 a.m. on 27 February 2018
Record Date for entitlements under the Open Offer	5.30 p.m. on 2 March 2018
Dispatch of the Circular, the Form of Proxy and, to Qualifying Non-CREST Shareholders only, the Application Form	6 March 2018
Ex-entitlement date for the Open Offer	7 March 2018
Basic Entitlements and Excess Entitlements credited to stock accounts of Qualifying CREST Shareholders	7 March 2018
Recommended latest time for requesting withdrawal of Basic Entitlements and Excess Entitlements from CREST	4.30 p.m. on 19 March 2018
Latest time and date for depositing Basic Entitlements and Excess Entitlements into CREST	3.00 p.m. on 20 March 2018
Latest time and date for splitting of Application Forms (to satisfy bona fide market claims only)	3.00 p.m. on 21 March 2018
Latest time for receipt of Forms of Proxy	10.00 a.m. on 23 March 2018
Latest time and date for receipt of completed Application Forms from Qualifying Non-CREST Shareholders and payment in full under the Open Offer or settlement of relevant CREST instructions (as appropriate)	10.00 a.m. on 23 March 2018
General Meeting	10.00 a.m. on 27 March 2018
Announcement of the results of the Open Offer	27 March 2018
Announcement of the results of the General Meeting	27 March 2018
Issue of Placing Shares and Open Offer Shares	28 March 2018
Admission and commencement of dealings in the Enlarged Share Capital expected to commence on AIM	8.00 a.m. on 28 March 2018
CREST accounts expected to be credited	28 March 2018
Definitive share certificates to be dispatched by	6 April 2018

*Each of the times and dates above is subject to change. Any such change will be notified by an announcement on a Regulatory Information Service.*

**The following text is extracted from the proposed Circular (on the basis of 1 Open Offer Share for every 8 Existing Ordinary Shares):**

## **1. Introduction**

Chariot Oil & Gas Limited has raised through a conditional placing from institutional investors approximately US\$15 million (£10.7 million) before expenses, by the issue of 82,582,747 New Ordinary Shares at 13 pence each. The Company also proposes to make an Open Offer to existing Shareholders to raise up to €5 million (£4.4 million), by the issue of up to a further 33,609,150 New Ordinary Shares at 13 pence each. The Issue Price of 13 pence per Ordinary Share represents the same price at which Ordinary Shares are to be issued to institutional investors and existing Shareholders.

The Fundraising has been undertaken to deliver a two-well programme within the near term comprising the drilling of Prospect S in Namibia, in addition to the carried drilling of the RD-1 well in Morocco by Eni, with success in either of these wells being potentially transformational for Chariot. Further details on the specific work planned by the Company and rationale for the Fundraising are set out in paragraph 2 of Part 1 of the Circular.

The Board is grateful for the continuing support received from all Shareholders, and accordingly wishes to offer Shareholders the opportunity to participate in the Fundraising by launching the Open Offer, whereby the Company proposes to issue up to 33,609,150 further New Ordinary Shares to Qualifying Shareholders at 13 pence each.

Qualifying Shareholders may subscribe for Open Offer Shares on the basis of 1 Open Offer Share for every 8 Existing Ordinary Shares held at 5.30 p.m. on the Record Date, being 2 March 2018. Shareholders subscribing for their full entitlement under the Open Offer may also request additional New Ordinary Shares as an Excess Entitlement at the discretion of the Directors, up to the total number of Open Offer Shares available to Qualifying Shareholders under the Open Offer.

Larry Bottomley is intending to participate in the Open Offer as set out in paragraph 7 of Part I of the Circular.

The Placing and the Open Offer are conditional, *inter alia*, upon the passing of the Resolutions by Shareholders at the General Meeting, notice of which is set out at Part 6 of the Circular.

Admission of the Placing Shares and the Open Offer Shares to trading on AIM is expected to occur no later than 8.00 a.m. on 4 April 2018 or such later time(s) and/or date(s) as finnCap, Cenkos and the Company may agree. Neither the Placing nor the Open Offer have been underwritten.

The purpose of this letter is to outline the reasons for, and to explain the terms of, the Fundraising, to explain why the Board considers the Fundraising to be in the best interests of the Company and Shareholders as a whole and to seek your approval to the Resolutions at the forthcoming General Meeting, to be held at the offices of finnCap, 60 New Broad Street, London, EC2M 1JJ on 27 March 2018 at 10.00 a.m..

## **2. Background to and Reasons for the Placing and Open Offer**

The Fundraising has been undertaken to deliver a two-well programme targeting giant potential prospects which would significantly increase Chariot's access to hydrocarbons within the near term, comprising the drilling of Prospect S in Namibia in addition to the carried drilling of the RD-1 well in

Morocco by Eni. Success in either of these two wells has the potential to create transformational value and de-risk the running room in each licence.

The RD-1 well (Rabat Deep permits, Morocco) is to be drilled by the Saipem 12000, a sixth generation ultra-deepwater drillship, and is expected to spud in March 2018. The Group has previously partnered with Woodside and Eni in these permits, recovering all back-costs and securing a capped carry through drilling. Netherland Sewell & Associates (“NSAI”) estimate for this prospect is 768mmbbls gross mean prospective resource, with Chariot Oil and Gas Investments (Morocco) Limited, a wholly owned subsidiary of the Company, holding 10% equity interest in these permits.

Prospect S (Central Blocks, Namibia) is targeted for the second half of 2018 and will be funded by net proceeds of the Fundraising. The NSAI estimate of gross mean prospective resources of this prospect at current equity levels is 300mmbbls net to Chariot, with a potential upside of 1.4Bnbbls net in other prospects within this licence.

The Company is looking to capitalise on the low cost window in the oil services sector and, having captured the bottom of the seismic market with extensive 2D and 3D surveys in Morocco, Namibia and Brazil, has made the decision to accelerate drilling plans to take full advantage of the historic low in the rig market to exploit these high-margin prospects as the industry returns to exploration. Pre-emptive funding and firm drilling commitment would allow the Company to enter partnering discussions from a position of financial strength and at a commercial advantage, which supports the aim of maximizing the retention of licence equity and ensures that these wells are drilled at the optimum point on the cost cycle.

Chariot continues to pursue partners for its exploration licences, and funding the drilling through the Placing strengthens the Company’s negotiating position and offers the potential to accelerate subsequent exploration drilling, if successful, while benefitting from the current cost cycle. In the Central Blocks in Namibia, with success in Prospect S and with partnering, Chariot will aim to drill the neighbouring Prospect W back-to-back and benefit from a cost reduction by potentially using the same rig. Similarly, partnering in any of the Group’s licences has the potential to liberate funds to progress the drilling programme, specifically at Kenitra-1 (Kenitra Permit, Morocco), targeted for the first half of 2019. Chariot estimates the gross mean prospective resource at the current equity level as 350mmbbls net, with a potential upside of 800mmbbls in other prospects in the Kenitra and Mohammedia permits. Through the Fundraising and partnering, Chariot could drill an additional two prospects increasing the total potential wells drilled from two wells in the next 18 months to four wells within the next 24 months.

### **3. Current Trading and Prospects**

Chariot holds a portfolio of drill-ready assets in emerging and frontier regions of the Atlantic margins. The Company has diversified its portfolio to encompass the giant-potential, underexplored deep-water regions offshore Morocco, Namibia and Brazil, which has provided a range of risk and maturity across its asset base with the potential for sustained drilling opportunities.

Across its licences, the Group has acquired substantial seismic datasets and a great deal of in-house technical work has been carried out to date. The Company has identified over three billion barrels of gross mean prospective resources within its acreage, both in giant prospects and multiple leads with significant follow-on potential, and the team continues to focus on maturing key targets for drilling.

The focus of the continued investment in each of the Group’s assets is driven by the Company’s ultimate goal of achieving a drilling campaign which creates transformational value for Shareholders. Whilst

seeking transformational upside prospects, the Group has a proven track record of prudent risk management strategy and capital discipline.

Risk management has been delivered through portfolio diversity, with assets in Namibia, Morocco and Brazil across a range of basins and of varied exploration maturity; application of technology through the acquisition of extensive 3D seismic data sets and quality sub-surface analysis; active portfolio management, which includes both relinquishment and new licence awards and levered partnering with Petrobras, BP, AziNam, Cairn, Woodside and Eni. The Group will continue to balance risk, cost and prize by looking to secure partners to gain third party validation and share the capital requirements of its forward exploration programme, while optimising transformational value through protecting equity if successful.

#### **4. Portfolio Update**

##### *Namibia*

The Group was one of the first oil and gas explorers to secure its licence areas in deepwater offshore Namibia. As a result Chariot holds, through its subsidiaries, a significant acreage position totaling approximately 16,800km<sup>2</sup> within the Luderitz Basin adjacent to third-party wells which have proven mature source rock and excellent quality reservoir. Enigma Oil & Gas Exploration (Proprietary) Limited, a wholly owned subsidiary of Chariot Oil & Gas Investments (Namibia) Limited which in turn is a wholly owned subsidiary of the Company, holds a 65% interest and operatorship in the Central Blocks in partnership with AziNam (20%), which entered into the licence through an earlier partnering process, while the state oil company NAMCOR and a local partner Ignitus Oil & Gas hold a 10% and 5% carried interest respectively.

The Group has in excess of 6,000km<sup>2</sup> of 3D seismic data acquired in two separate campaigns which has been used to describe seven prospects in the play proven by drilling in neighbouring acreage. Within the Central Blocks preparation for drilling Prospect S in H2 2018 is underway (gross mean prospective resources 459mmbbls, NSAI estimate). An additional partnering process is ongoing with a data room open with the strategy to undertake back-to-back drilling potentially with the same rig on Prospect W (gross mean prospective resource 284mmbbls), subject to success in Prospect S. Drilling preparations are underway with an Environmental Impact Assessment and associated studies in progress. Detailed well engineering and tendering on rig, services, logistics and long-lead items are underway. Discussions are ongoing to determine any potential synergies and cost-saving with third-party drilling planned for 2H, 2018.

##### *Morocco*

In Morocco, the Group holds acreage across three groups of permits: Rabat Deep, Kenitra and Mohammedia, which are situated up to 50km offshore in northern Morocco and cover a combined area of approximately 12,800km<sup>2</sup>.

In Rabat Deep, Chariot Oil & Gas Investments (Morocco) Limited (10%) is partnered with Eni (40%, operator), Woodside (25%) and the state oil company ONHYM (25%), with the commitment well to be funded by Eni as part of their farm-in to the permits. Spud of RD-1 (768mmbbls gross mean prospective resources) is expected in March 2018. As the Company announced on 7 September 2017, Eni, the operator of the Rabat Deep licence, secured the Saipem 12000, a sixth generation ultra-deep-water drillship, for a drilling programme to include a one-well drilling slot in Rabat Deep in Morocco. The Rabat Deep permits contains a further six Jurassic leads and success in the RD-1 well would materially de-risk these and offer significant follow-on exploration potential.



The Group used its regional depth of understanding of the petroleum systems to expand its portfolio in Morocco, securing first the Mohammedia permits in June 2016 and then, in early 2017, the Kenitra permit, in line with its new venture strategy. In Mohammedia and Kenitra, Chariot Oil & Gas Investments (Morocco) Limited holds 75% equity and operatorship, with the remaining 25% held by ONHYM. The Group has legacy 3D seismic data in these licences on which a number of prospects and leads have been identified. The Group has subsequently acquired additional 2D and 3D seismic in Q1 2017 by taking advantage of the collapse in costs in the seismic market. The LKP-1a prospect (Mohammedia permits) is drill-ready with the 1,027km<sup>2</sup> 3D campaign targeting additional prospectivity in this area. Preparation for drilling is underway and a dataroom across both licences is currently open. A partnering process on the already identified and independently audited LKP-1a prospect (350mmbbls gross mean prospective resources), and for the internally assessed Kenitra-A lead (464mmbbls gross mean prospective resources), is ongoing, with the aim of drilling Kenitra-1 subject to partnering. Depending on the outcome of the partnering process, there exists a possibility of drilling prospect LKP-1a back-to-back with the Kenitra-1 well subject to success in Kenitra-1.

The Group has commenced preparations for drilling in Morocco. This includes Environment Impact Assessment submission and detailed well engineering work on candidate prospects.

### *Brazil*

Following the highly successful drilling campaigns on the conjugate margin of Côte d'Ivoire and Ghana, the 11th licensing round in the Brazilian Barreirinhas basin, where the potential for hydrocarbon generation is anticipated to be similar, was highly competitive. Despite this competition, the Group secured 100% of licences BAR-M-292, 293, 313 and 314 as operator on a seismic option and with a low signature bonus whilst many of the neighbouring operators in the region took on significantly higher signature bonus payments and drilling commitments within the first exploration phase.

In March 2016, the Group completed the acquisition of a 775km<sup>2</sup> 3D seismic survey which encompassed a large roll-over structure and numerous leads that the team had identified on legacy 2D seismic. This data has been processed and the final data has been interpreted in-house. This technical evaluation focused on the description of reservoir distribution and the identification of both stratigraphic and structural traps. The Company has identified a large structural prospect with multiple targets which will be the subject of an independent audit of resource potential, with the proprietary 3D seismic data displaying clear turbidite reservoir geometries extending from the shallow-water of the Group's licences down dip towards the neighbouring block to the north. The description of the prospect inventory has been completed ahead of anticipated third party drilling in neighbouring acreage which will test the basin and directly de-risk the Group's acreage which is located within the same play fairway, but critically in an updip setting. Partnering on these licences is expected to commence following completion of the independent audit.

## **5. Use of Proceeds**

The Company is proposing to raise up to approximately US\$21.1 million (before expenses) (£15.1 million) pursuant to the Placing and the Open Offer at the Issue Price of 13 pence per New Ordinary Share.

*Gross proceeds of the conditional Placing will be used, alongside the Company's existing cash resources as follows:*

Drill Prospect S exploration well, Namibia	US\$15.0 million
<b>Total</b>	<b>US\$15.0 million</b>

*Gross proceeds of the Open Offer will be used, in summary, as follows:*

Ongoing work programmes and working capital	Up to US\$6.1 million
<b>Total</b>	<b>Up to US\$6.1 million</b>

As at 31 December 2017, the unaudited cash balance of the Company was US\$15.2 million.

### ***The Issue Price and the Placing***

The Issue Price of 13 pence per New Ordinary Share represents a discount of approximately 36 per cent. to the closing price of an Ordinary Share of 20.3 pence on 23 February 2018 (being the latest practicable date prior to any announcement of the Fundraising).

In setting the Issue Price, the Directors have considered the price at which the New Ordinary Shares need to be offered to investors to ensure the success of the Fundraising and have held discussions with a number of key institutional investors which have agreed to subscribe for the New Ordinary Shares at that price. In structuring the Fundraising, the Directors have had regard, among other things, to the current market conditions, 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 Placing and the Open Offer is the most suitable option available to the Company and its Shareholders. The Open Offer component of the Fundraising provides an opportunity for all Qualifying Shareholders to participate by subscribing for Open Offer Shares *pro rata* to their current holding of Ordinary Shares and to have the opportunity to request Ordinary Shares in excess of their *pro rata* holding as an Excess Entitlement, to be allocated at the discretion of the Directors.

Pursuant to the Placing, 82,582,747 New Ordinary Shares have been conditionally placed with certain institutional investors, subject to the passing of the Resolutions at the General Meeting.

The Placing is to be effected pursuant to the Placing Agreement, further details of which can be found in paragraph 5 of Part 5 of the Circular.

The Board is, as always, mindful that unexpected events, including operational outcomes or events outside the Board's control, may result in the proceeds of the Fundraising being deployed in a differing manner to that set out above or on a differing timescale to that currently envisaged.

### ***Principal Terms of the Open Offer***

The Board is offering Qualifying Shareholders the opportunity to subscribe for Open Offer Shares on a pre-emptive basis by launching the Open Offer to issue up to 33,609,150 New Ordinary Shares to Qualifying Shareholders at the Issue Price.

The Open Offer is conditional on the Placing becoming unconditional and the Placing Agreement becoming unconditional in all respects, including admission of the Open Offer Shares to trading on AIM

becoming effective by no later than 8.00 a.m. on 4 April 2018 or such later time and/or date (being no later than 8.00 a.m. on 11 April 2018) as finnCap and the Company may agree.

#### *Basic Entitlement*

On, and subject to the terms and conditions of the Open Offer, the Company invites Qualifying Shareholders to apply for their Basic Entitlement of Open Offer Shares at the Issue Price. Each Qualifying Shareholder's Basic Entitlement has been calculated on the following basis:

#### **1 Open Offer Share for every 8 Existing Ordinary Shares**

held at the Record Date, being 2 March 2018. Basic Entitlements will be rounded down to the nearest whole number of Ordinary Shares.

#### *Excess Entitlement*

Qualifying Shareholders are also invited to apply for additional Open Offer Shares (up to the total number of Open Offer Shares available to Qualifying Shareholders under the Open Offer) as an Excess Entitlement. The Excess Entitlement will be allocated at the full discretion of the Directors. Any Open Offer Shares not issued to a Qualifying Shareholder pursuant to their Basic Entitlement will be apportioned between those Qualifying Shareholders who have applied for an Excess Entitlement at the discretion of the Directors. If excess applications 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 in such manner as the Directors may determine in their absolute discretion. Therefore excess applications may not be satisfied in full. No Qualifying Shareholder shall be required to subscribe for more Open Offer Shares than he has specified on the Application Form or through CREST. Shareholders who hold fewer than 8 Ordinary Shares at the Record Date will be able to apply under the Excess Application Facility.

#### *Overseas Shareholders*

The Open Offer Shares have not been and are not intended to be registered or qualified for sale in any jurisdiction other than the United Kingdom. Accordingly, unless otherwise determined by the Company and effected by the Company in a lawful manner, the Application Form will not be sent to Existing Shareholders with registered addresses in any jurisdiction other than the United Kingdom since to do so would require compliance with the relevant securities laws of that jurisdiction. The Company reserves the right to treat as invalid any application or purported application for Open Offer Shares which appears to the Company or its agents or professional advisers to have been executed, effected or dispatched in a manner which may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents or professional advisers believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of share certificates for Open Offer Shares, or in the case of a credit of Open Offer Shares in CREST, to a CREST member whose registered address would be not be in the UK.

Notwithstanding the foregoing and any other provision of the Circular or the Application Form, the Company reserves the right to permit any Qualifying Shareholder to apply for Open Offer Shares 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.

Part 3 of the Circular, together with the accompanying Application Form in the case of Qualifying Non-CREST Shareholders, contains the terms and conditions of the Open Offer.

If a Qualifying Shareholder does not wish to apply for Open Offer Shares, he should not complete or return the Application Form or send a USE message through CREST.

### ***EIS/VCT Schemes***

The Directors do not expect either the Placing Shares or the Open Offer Shares to constitute a qualifying holding for venture capital trust schemes or to satisfy the requirements for tax relief under the enterprise investment scheme. Therefore the Company has not applied for confirmation from HMRC in this regard.

#### **6. Working Capital**

The Company is of the opinion that, taking into account the net proceeds of the Placing, the working capital available to the Group will be sufficient for the Group's present requirements, that is, for at least the next 12 months following the date of Admission.

#### **7. PDMR Participation**

Larry Bottomley, being a Director of the Company, has undertaken to make application to participate in the Open Offer and will make application to subscribe for at least 241,000 Open Offer Shares, as detailed in the table below:

	<i>As at the date of this announcement</i>		<i>As at Admission</i>	
	<i>Number of Ordinary Shares held</i>	<i>Number of Open Offer Shares to be subscribed for</i>	<i>Number of Ordinary Shares held*</i>	<i>Percentage of Enlarged Share Capital**</i>
<i>PDMR</i>				
L Bottomley	554,446****	241,000***	795,446	0.2%

*\* assuming Mr Bottomley's application for Open Offer Shares is satisfied in full*

*\*\* assuming no outstanding share awards are exercised between the date of this announcement and Admission and also assuming full subscription under the Open Offer, including by the Director as set out in this table*

*\*\*\* includes Ordinary Shares to be applied for under the Excess Entitlement facility (which may be subject to scale back by the Directors)*

*\*\*\*\* includes 20,104 Ordinary Shares held by P Bottomley, the spouse of L Bottomley (being a connected person)*

#### **8. Risk Factors and additional information**

The attention of Shareholders is drawn to the risk factors set out in the Circular, and those sections of the Circular which provide additional information on the Open Offer and the Company.

## **9. General Meeting**

The Board is seeking the approval of Shareholders at the General Meeting to allot the New Ordinary Shares.

The Notice of GM, which is to be held at the offices of finnCap, 60 New Broad Street, London, EC2M 1JJ at 10.00 a.m. on 27 March 2018, is set out at Part 6 of the Circular. At the General Meeting, the following Resolutions will be proposed:

1. Resolution 1, which is an ordinary resolution to authorise the Directors to allot relevant securities up to an aggregate nominal amount of £1,161,919 being equal to 116,191,897 New Ordinary Shares (i.e. the number of New Ordinary Shares available under the Placing and Open Offer); and
2. Resolution 2, which is conditional on the passing of Resolution 1 and is a special resolution to authorise the Directors to allot up to 116,191,897 New Ordinary Shares pursuant to the Placing and Open Offer on a non-pre-emptive basis.

The authorities to be granted pursuant to the Resolutions shall expire on the date falling 6 months from the date of the passing of the Resolutions (unless renewed, varied or revoked by the Company prior to or on that date by special resolution) and are in addition to the authorities granted at the Company's last annual general meeting.

## **10. Action to be Taken**

### ***General Meeting***

You will find enclosed with the Circular a Form of Proxy for use by Shareholders at the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon. To be valid, completed Forms of Proxy must be received by Link Asset Services at PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF as soon as possible and in any event not later than 10.00 a.m. on 23 March 2018, being 48 hours before the time appointed for holding the General Meeting. Completion of a Form of Proxy will not preclude you from attending the General Meeting and voting in person if you so choose.

### ***Open Offer***

Qualifying Non-CREST Shareholders wishing to apply for Open Offer Shares must complete the Application Form enclosed with the Circular in accordance with the instructions set out in paragraph 3 of Part 3 of the Circular and on the accompanying Application Form and return it with the appropriate payment to Link Asset Services at Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive no later than 10.00 a.m. on 23 March 2018.

If you do not wish to apply for any Open Offer Shares under the Open Offer, you should not complete or return the Application Form. Shareholders are nevertheless requested to complete and return the Form of Proxy.

If you are a Qualifying CREST Shareholder, no Application Form will be sent to you. Qualifying CREST Shareholders will have Open Offer Entitlements credited to their stock accounts in CREST. You should

refer to the procedure for application set out in paragraph 3 of Part 3 of the Circular. The relevant CREST instructions must have settled in accordance with the instructions in paragraph 5 of Part 3 of the Circular by no later than 3.00 p.m. on 20 March 2018.

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

#### **11. Irrevocable Undertakings**

Chariot has received irrevocable undertakings to vote in favour of the Resolutions from Directors who hold, in aggregate, 29,792,586 Ordinary Shares, representing 11.1 per cent. of the Existing Ordinary Shares.

**Accordingly, the Company is in receipt of irrevocable undertakings to vote in favour of the Resolutions in respect of 29,792,586 Ordinary Shares representing in aggregate 11.1 per cent. of the Existing Ordinary Shares.**

#### **12 Recommendation**

**The Directors believe that the Fundraising and the passing of the Resolutions are in the best interests of the Company and Shareholders, taken as a whole. Accordingly the Directors unanimously recommend Shareholders to vote in favour of the Resolutions, as they will do in respect of their Ordinary Shares in the Company, representing 11.1 per cent. of the Existing Ordinary Shares.**

**The Placing and Open Offer are conditional, inter alia, upon the passing of the Resolutions at the General Meeting. Shareholders should be aware that if the Resolutions are not approved at the General Meeting, the Placing and Open Offer will not proceed.**

## **APPENDIX - TERMS AND CONDITIONS OF THE PLACING**

TERMS AND CONDITIONS - IMPORTANT INFORMATION REGARDING THE PLACING AND ASSOCIATED OPEN OFFER.

THIS ANNOUNCEMENT, INCLUDING THIS APPENDIX (TOGETHER, THE "ANNOUNCEMENT") AND THE INFORMATION IN IT, IS RESTRICTED AND IS NOT FOR PUBLICATION, RELEASE OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART, IN OR INTO THE UNITED STATES, CANADA, AUSTRALIA, JAPAN, NEW ZEALAND OR THE REPUBLIC OF SOUTH AFRICA OR ANY OTHER JURISDICTION IN WHICH SUCH PUBLICATION, RELEASE OR DISTRIBUTION WOULD BE UNLAWFUL.

IMPORTANT INFORMATION ON THE PLACING FOR INVITED PLACEEES ONLY.

EACH PURCHASER SHOULD CONSULT WITH ITS OWN ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF AN INVESTMENT IN SHARES IN THE COMPANY.

MEMBERS OF THE PUBLIC ARE NOT ENTITLED TO TAKE PART IN THE PLACING AND THIS ANNOUNCEMENT IS COMMUNICATED TO THEM FOR THE PURPOSES OF INFORMATION ONLY AND IS DIRECTED ONLY TO: (A) PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA ("EEA") WHO ARE QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE EU PROSPECTUS DIRECTIVE (WHICH MEANS DIRECTIVE 2003/71/EC (AS AMENDED BY DIRECTIVE 2010/73/EC) AND INCLUDES ANY RELEVANT IMPLEMENTING DIRECTIVE MEASURE IN ANY MEMBER STATE) (THE "PROSPECTUS DIRECTIVE") ("QUALIFIED INVESTORS"); AND (B) IN THE UNITED KINGDOM, QUALIFIED INVESTORS WHO ARE PERSONS WHO (I) HAVE BEEN SELECTED BY THE JOINT BOOKRUNNERS AND WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND ARE "INVESTMENT PROFESSIONALS" WITHIN THE MEANING OF ARTICLE 19 (5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (AS AMENDED) (THE "ORDER"); (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) ("HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC") OF THE ORDER; OR (III) ARE PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS IN (A) AND (B) TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THIS ANNOUNCEMENT AND THE TERMS AND CONDITIONS HEREIN MUST NOT BE RELIED ON, ACTED ON OR RESPONDED TO BY PERSONS WHO ARE (I) NOT RELEVANT PERSONS; OR (II) NOT US PERMITTED PERSONS (AS SUCH TERM IS DEFINED BELOW). PERSONS DISTRIBUTING THIS ANNOUNCEMENT MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. THIS APPENDIX DOES NOT ITSELF CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY. IF YOU ARE IN ANY DOUBT AS TO WHETHER YOU ARE A RELEVANT PERSON YOU SHOULD CONSULT A PROFESSIONAL ADVISER FOR ADVICE.

No action has been taken by the Company, the Joint Bookrunners (as defined in paragraph 1.3 below) or any of their respective affiliates, agents, directors, officers or employees that would permit an offer of

the Placing Shares or possession or distribution of this Announcement or any other offering or publicity material relating to such Placing Shares in any jurisdiction where action for that purpose is required.

Persons who are invited to and who choose to participate in the Placing (as such term is defined in paragraph 1.1 below) by making an oral or written offer to subscribe for Placing Shares (as such term is defined in paragraph 1.1 below), including any individuals, funds or others on whose behalf a commitment to acquire Placing Shares is given, will be deemed to have read and understood this Announcement in its entirety and to be making such offer on the terms and conditions, and to be providing the representations, warranties, acknowledgements, undertakings and agreements contained in this Appendix. In particular, each such prospective Purchaser (as defined in paragraph 2.4(a)) represents, warrants and acknowledges that:

1. it is a Relevant Person and undertakes that it will acquire, hold, manage or dispose of any Placing Shares (as such term is defined below) that are allocated to it for the purposes of its business;
2. if it is a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, any Placing Shares acquired by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of securities to the public other than an offer or resale in a member state of the EEA which has implemented the Prospectus Directive to Qualified Investors, or in circumstances in which the prior consent of finnCap Limited ("finnCap") has been given to each such proposed offer or resale; and
3. (a) (i) it is not in the United States and (ii) it is not acting for the account or benefit of a person in the United States; (b) it is a dealer or other professional fiduciary in the United States acting on a discretionary basis for a non-US person (other than an estate or trust) in reliance on Regulation S; (c) it is otherwise acquiring the Placing Shares in an "offshore transaction" meeting the requirements of Regulation S under the U.S. Securities Act; or (d) it is a "qualified institutional buyer" (a "QIB") (as defined in Rule 144A under the U.S. Securities Act) and it has duly executed an investor letter in a form provided to it and delivered the same to one of the Joint Bookrunners or its affiliates (3(b), 3(c) and 3(d) together "US Permitted Persons").

The Company and the Joint Bookrunners will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and undertakings. the Joint Bookrunners do not make any representation to the Purchasers regarding an investment in the Placing Shares referred to in this Announcement.

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "MiFID II Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that the Placing Shares are: (i)



compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "Target Market Assessment"). Notwithstanding the Target Market Assessment, Distributors should note that: the price of Placing Shares may decline and investors could lose all or part of their investment; the Placing Shares offer no guaranteed income and no capital protection; and an investment in the Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offer. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Placing Shares.

Each Distributor is responsible for undertaking its own target market assessment in respect of the Placing Shares and determining appropriate distribution channels.

This Announcement does not constitute, and may not be used in connection with, an offer or invitation to underwrite, subscribe for or otherwise acquire or dispose of any securities or investment advice in any jurisdiction, including, without limitation, the United Kingdom, the United States, Australia, Canada, Japan, New Zealand or the Republic of South Africa. No public offer of securities of the Company is being made in the United Kingdom, United States or elsewhere. This Announcement and the information contained herein is not for publication or distribution, directly or indirectly, to persons in the United States, Australia, Canada, Japan, New Zealand or the Republic of South Africa or in any other jurisdiction in which such publication or distribution is unauthorised or unlawful. Any person (including, without limitation, custodians, nominees and trustees) into whose possession this Announcement may come, are required by the Company to inform themselves about and to observe any restrictions on transfer of this Announcement.

In particular, the Placing Shares referred to in this Announcement have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States, and the Company has not been registered as an investment company under the US Investment Company Act of 1940, as amended. None of the Circular, the Placing Shares, nor any document related to the Circular or the Placing Shares, have been approved or disapproved by the US Securities and Exchange Commission, any State securities commission or other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the Placing or the accuracy or adequacy of this Announcement. Any representation to the contrary is a criminal offence in the United States. No public offering of the Placing Shares or any other securities is

being made in the United States. No money, securities or other consideration from any person inside the United States is being solicited pursuant to this Announcement, the Placing, or the Book-build and, if sent in response to the information contained in the Announcement, will not be accepted. This Announcement is not an offer of securities for sale into the United States. The Placing Shares are being offered and sold outside the United States in accordance with Regulation S under the Securities Act.

The relevant clearances have not been, and nor will they be, obtained from the securities commission of any province or territory of Canada; no prospectus has been lodged with and/or registered by, the Australian Securities and Investments Commission, the Financial Markets Authority of New Zealand or the Japanese Ministry of Finance; the relevant clearances have not been, and will not be, obtained for the South Africa Reserve Bank or any other applicable body in the Republic of South Africa in relation to the Placing Shares, and the Placing Shares have not been, and nor will they be, registered under or offered in compliance with the securities laws of any state, province or territory of Australia, Canada, New Zealand, Japan or the Republic of South Africa. Accordingly, the Placing Shares may not (unless an exemption under the relevant securities laws is applicable) be offered, sold, resold or delivered or otherwise transferred, directly or indirectly, in or into the United States, Australia, Canada, New Zealand, Japan, the Republic of South Africa or any other jurisdiction outside the United Kingdom.

The price of securities and the income from them may go down as well as up and investors may not get back the full amount of their investment on disposal of the securities.

Any indication in this Announcement of the price at which ordinary shares of £0.01 each in the capital of the Company have been bought or sold in the past cannot be relied upon as a guide to future performance. No statement in this Announcement is intended to be a profit forecast and no statement in this Announcement should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.

The Placing Shares and the Open Offer Shares will not be admitted to trading on any stock exchange other than the AIM market of the London Stock Exchange.

Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this announcement.

Persons (including, without limitation, nominees and trustees) who have a contractual or other legal obligation to forward a copy of this Appendix or the Announcement of which it forms part should seek appropriate advice before taking any action.

## **1. PLACING AND OPEN OFFER**

1.1 Chariot Oil & Gas Limited (company number 47532) (the "Company"), intends to conduct a placing to raise gross proceeds of approximately US\$15 million (£10.7 million). The new ordinary shares of £0.01 nominal value each ("Placing Shares") will be issued to existing and new investors (the "Placing")

at an issue price ("Issue Price") as determined by the Joint Bookrunners and the Company subject to shareholder approval.

1.2 The Company also intends to conduct an open offer to raise gross proceeds of up to €5 million (£4.4 million). The new ordinary shares of £0.01 nominal value each (the "Open Offer Shares") will be issued to existing shareholders on the register of members of the Company at 5.30 p.m. on 2 March 2018 at the Issue Price (the "Open Offer").

1.3 The Company has appointed finnCap and Cenkos Securities Plc ("Cenkos") as joint placing agents and brokers in respect of the Placing and Open Offer (together, the "Joint Bookrunners", and each, a "Joint Bookrunner").

1.4 The terms and conditions set out in this Appendix apply to persons making an offer to subscribe for Placing Shares under the Placing. Each Purchaser shall be deemed to have read the Announcement, and this Appendix, in its entirety.

## **2. ALLOCATION AND CONDITIONS TO PLACING**

2.1 The Placing Shares under the Placing will be issued on the Closing Date (as defined below).

2.2 Participation in the Placing will only be available to persons who may lawfully be, and are, invited to participate by the Joint Bookrunners.

2.3 The number of Placing Shares to be issued and the Issue Price will be finally agreed between the Joint Bookrunners and the Company following completion of the book-build being conducted by the Joint Bookrunners to determine demand for participation in the Placing and the Issue Price (the "Book-build"). The number of Placing Shares which have been placed and the Issue Price will be announced following the completion of the Book-build.

2.4 Acceptances of the Placing and allocations of Placing Shares (including the subscription amount payable) will be as:

(a) confirmed (orally or in writing) with prospective purchasers who are in the United Kingdom (or as the Joint Bookrunners and Company may agree, in any other jurisdiction) by the respective Joint Bookrunner (or their broker dealers or their agents as agent of the Company). That confirmation constitutes an irrevocable legally binding commitment of that person (who will at that point become a purchaser ("Purchaser")) to subscribe for the number of Placing Shares allocated to it on the terms and conditions set out in this Appendix (a copy of this Appendix having been provided to the Purchaser prior to or at the same time as such confirmation) and in accordance with the Company's articles of association; or

(b) (unless paragraph 2.4(a) applies) by the completion and return of such letter of confirmation and registration or other forms as the Joint Bookrunners or their agents may in their absolute discretion

require and in that event the terms and conditions set out in such letter of confirmation and registration or other form shall apply to the exclusion of this Appendix.

2.5 The Book-build is expected to close no later than 4.30 pm on 26 February 2018 but may be closed earlier or later at the discretion of the Joint Bookrunners. The Joint Bookrunners may, in agreement with the Company, accept bids that are received after the Book-build has closed. The Company reserves the right to reduce or seek to increase the amount to be raised pursuant to the Placing, in its absolute discretion.

2.6 The Joint Bookrunners may choose to allocate Placing Shares at their discretion (in agreement with the Company) and may scale down any bids for Placing Shares made by prospective Purchasers for this purpose on such basis as they may determine. The Joint Bookrunners may also, notwithstanding paragraph 2.5 above, subject to the prior consent of the Company (a) allocate Placing Shares after the time of any initial allocation to any person submitting a bid after that time; and (b) allocate Placing Shares after the Book-build has closed to any person submitting a bid after that time.

2.7 For the avoidance of doubt, a bid in the Book-build will be made on the terms and subject to the conditions in the Announcement and this Appendix and will be legally binding on the prospective Purchaser on behalf of which it is made and, except with the consent of the respective Joint Bookrunner, will not be capable of variation or revocation after the time at which it is submitted. Any acceptance of the Placing constitutes a Purchaser's irrevocable legally binding agreement, subject to the Placing and Open Offer Agreement (as defined below) not having been terminated, to pay the aggregate settlement amount of the Placing Shares regardless of the total number of Placing Shares (if any) subscribed for by any other investor(s).

2.8 By participating in the Book-build, each Purchaser agrees that its rights and obligations in respect of the Placing will terminate only in the circumstances described in paragraph 4 below, and will not be capable of rescission or termination by the Purchaser.

2.9 In making an investment decision, Purchasers must rely on their own examination of the Company and its prospects and the terms of the Placing, including the merits and risks involved in investing in the Placing Shares.

2.10 Irrespective of the time at which a Purchaser's allocation pursuant to the Placing is confirmed, settlement for all Placing Shares to be acquired pursuant to the Placing will be required to be made at the same time, on the basis explained below under "Registration and Settlement."

2.11 Settlement will occur on a date to be advised but expected to be on or around 28 March 2018 ("Closing Date").

2.12 To the fullest extent permissible by law and applicable FCA rules, none of (a) the Joint Bookrunners, (b) any of their affiliates, agents, directors, officers, employees, (c) to the extent not contained within (a) or (b), any person connected with the Joint Bookrunners as defined in the FSMA ((b)

and (c) being together "affiliates" and individually an "affiliate" of the Joint Bookrunners), (d) any person acting on behalf of the Joint Bookrunners, shall have any liability (including to the extent permissible by law, any fiduciary duties) to any Purchaser or to any other person whether acting on behalf of a Purchaser or otherwise. In particular, neither of the Joint Bookrunners nor any of their respective affiliates shall have any liability (including, to the extent permissible by law, any fiduciary duties) in respect of their conduct of the Placing and Open Offer or of such alternative method of effecting the Placing and Open Offer as the Joint Bookrunners and the Company may agree.

### **3. SHARES AND QUOTATION**

3.1 The Placing Shares and the Open Offer Shares will be issued fully paid and will rank equally, from the date of issue, in all respects with the Company's existing issued ordinary shares, including the right to receive all dividends and other distributions declared, made or paid in respect of such ordinary shares after the date of issue of the Placing Shares and Open Offer Shares.

3.2 Application will be made to the London Stock Exchange plc for admission to trading of the Placing Shares and Open Offer Shares on AIM ("Admission"). It is anticipated that Admission will become effective on or around 28 March 2018 and that dealings in the Placing Shares and Open Offer Shares will commence at that time.

### **4. PLACING AND OPEN OFFER AGREEMENT**

4.1 On 27 February 2018, the Company and each of the Joint Bookrunners entered into a placing and open offer agreement in connection with the Placing and Open Offer (the "Placing and Open Offer Agreement"). Pursuant to the Placing and Open Offer Agreement, each of the Joint Bookrunners has agreed to use their respective reasonable endeavours to place the Placing Shares with prospective Purchasers.

4.2 The Joint Bookrunners' obligations under the Placing and Open Offer Agreement in respect of the Placing Shares and Open Offer Shares are conditional, *inter alia*, on:

- (a) the Company procuring that a circular containing details of the Placing and Open Offer, and the application form in respect of the Open Offer, are sent to shareholders by no later than 9 March 2018;
- (b) shareholder approval of the resolutions necessary to issue the Placing Shares and Open Offer Shares pursuant to the Placing ("Resolutions");
- (c) none of the warranties contained in the Placing and Open Offer Agreement being untrue, inaccurate or misleading as at the date of the Placing and Open Offer Agreement and at all times before and at the date of Admission;

(d) the publication of this Announcement through a Regulatory Information Service by no later than 8.00 a.m. on the date of the Placing and Open Offer Agreement or such other time and/or date as may be agreed in writing between the Company and the Joint Bookrunners;

(e) the Company allotting, subject only to Admission, the Placing Shares in accordance with the Placing and Open Offer Agreement;

(f) Admission taking place not later than 8.00 a.m. on 4 April 2018 or such later date as the Company and the Joint Bookrunners may otherwise agree but not being later than 8.00 a.m. on 11 April 2018; and

(g) there having been since the date of the Placing and Open Offer Agreement no development or event which will or is likely to have a material adverse effect on the Company (or of its subsidiaries).

4.3 If: (i) any of the conditions contained in the Placing and Open Offer Agreement in relation to the Placing Shares are not fulfilled or waived (if capable of being waived) by the Joint Bookrunners by the respective time or date where specified (or such later time or date as the Company and the Joint Bookrunners may agree); (ii) any of such conditions becomes incapable of being fulfilled; or (iii) the Placing and Open Offer Agreement is terminated in the circumstances specified below, the Placing in relation to the Placing Shares will lapse and the Purchaser's rights and obligations hereunder in relation to the Placing Shares shall cease and terminate at such time and each Purchaser agrees that no claim can be made by the Purchaser in respect thereof.

4.4 The Joint Bookrunners may, at their absolute discretion and upon such terms as they think fit, waive, or extend the period for, compliance by the Company with the whole or any part of any of the Company's obligations in relation to the conditions in the Placing and Open Offer Agreement save that the conditions relating to Admission, the issue of the circular and application form, the allotment and issue of the Placing Shares (subject only to Admission) and shareholder approval may not be waived. Any such extension or waiver will not affect Purchasers' rights and obligations under the terms and conditions set out in this Appendix.

4.5 Neither of the Joint Bookrunners nor the Company shall have any liability to any Purchaser (or to any other person whether acting on behalf of a Purchaser or otherwise) in respect of any decision they may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any condition to the Placing nor for any decision they may make as to the satisfaction of any condition or in respect of the Placing generally and by participating in the Placing each Purchaser agrees that any such decision is within the absolute discretion of the Joint Bookrunners.

4.6 Each of the Joint Bookrunners is entitled, at any time before Admission, to terminate the Placing and Open Offer Agreement by giving notice to the Company in certain circumstances, including, inter alia, a breach of the warranties given to the Joint Bookrunners in the Placing and Open Offer Agreement, the failure of the Company to comply with obligations under the Placing and Open Offer Agreement or an event has occurred which, in the opinion of the Joint Bookrunner (acting in good faith), constitutes or is

likely to cause a material adverse change. Following Admission, the Placing and Open Offer Agreement is not capable of rescission or termination.

4.7 The rights and obligations of the Purchasers shall terminate only in the circumstances described in these terms and conditions and will not be subject to termination by the Purchaser or any prospective Purchaser at any time or in any circumstances. By participating in the Placing, Purchasers agree that the exercise by a Joint Bookrunner of any right of termination or other discretion under the Placing and Open Offer Agreement shall be within the absolute discretion of that Joint Bookrunner, and that it need not make any reference to Purchasers and that it shall have no liability to Purchasers whatsoever in connection with any such exercise.

## **5. RELATIONSHIP OF THE JOINT BOOKRUNNERS**

5.1 The obligations of each Joint Bookrunner in connection with the Placing and Open Offer (including any payment obligation) are several, and not joint nor joint and several. A right of a Joint Bookrunner in connection with the Placing and Open Offer (including any rights under the Placing and Open Offer Agreement) is held by that Joint Bookrunner severally and each Joint Bookrunner may exercise its rights, powers and benefits in connection with the Placing and Open Offer separately and individually.

5.2 A Joint Bookrunner will not be responsible for the performance obligations of the other Joint Bookrunner and will not be liable for any claims, damages or liabilities arising out of the actions taken, omissions of or advice given by the other Joint Bookrunner. Any breach, non-performance or default by a Joint Bookrunner will not constitute a breach, non-performance or default of the other.

5.3 Nothing contained or implied hereby or by acceptance of the Placing or Open Offer constitutes a Joint Bookrunner acting as the partner, agent or representative of the other Joint Bookrunner for any purpose or creates any partnership, agency or trust between the Joint Bookrunners, and no Joint Bookrunner has any authority to bind another Joint Bookrunner in any way.

5.4 Neither of the Joint Bookrunners will be liable for any loss, damage or claim arising out of the actions taken or advice given by the other Joint Bookrunner. In addition, the rights of a Joint Bookrunner and the Beneficiaries (as defined below) in respect of that Joint Bookrunner under the representations, warranties, acknowledgements and undertakings set out below will in no way be affected by the actions taken or alleged to have been taken or advice given or alleged to have been given by the other Joint Bookrunner or its Beneficiaries.

## **6. OFFER PERSONAL**

The offering of Placing Shares and the agreement arising from acceptance of the Placing is personal to each Purchaser and does not constitute an offering to any other person or to the public. A Purchaser may not assign, transfer, or in any other manner, deal with its rights or obligations under the agreement

arising from the acceptance of the Placing, without the prior written agreement of the Joint Bookrunners in accordance with all relevant legal requirements.

## **7. NO PROSPECTUS**

7.1 No offer document or prospectus has been or will be delivered to the Financial Conduct Authority ("FCA") in relation to the Placing, and a Purchaser's commitments will be made solely on the basis of the information contained in the Announcement released by the Company today which this Appendix forms part of.

7.2 Each Purchaser, by making an offer to subscribe for Placing Shares, agrees that the content of this Announcement (including this Appendix) is exclusively the responsibility of the Company and confirms that it has neither received nor relied on any other information, representation, warranty, or statement made by or on behalf of the Company or the Joint Bookrunners or any other person and none of the Company or the Joint Bookrunners nor any other person will be liable for any Purchaser's decision to participate in the Placing based on any other information, representation, warranty or statement which Purchasers may have obtained or received, and if given or made, such information, representation, warranty or statement must not be relied upon as having been authorised by the Joint Bookrunners, the Company or their respective officers, directors, employees or agents. Each Purchaser acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing. Neither the Company nor the Joint Bookrunners make any undertaking or warranty to any Purchaser regarding the legality of any investment in the Placing Shares by such Purchaser under any legal, investment or similar laws or regulations. Each Purchaser should not consider any information in this Announcement to be legal, tax or business advice. Each Purchaser should consult its own solicitor, tax adviser and financial adviser for independent legal, tax and financial advice regarding an investment in the Placing Shares. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

## **8. REGISTRATION AND SETTLEMENT**

8.1 Settlement of transactions in the Placing Shares will, unless otherwise agreed, take place on a delivery versus payment basis within the CREST system administered by Euroclear UK and Ireland Limited ("CREST").

8.2 The Company will procure its Transfer Agent (as defined in paragraph 9(k) below) to deliver the Placing Shares to CREST accounts operated by the respective Joint Bookrunner for the Company and the Joint Bookrunners will enter their respective delivery (DEL) instructions into the CREST system. The input to CREST by each Purchaser of a matching or acceptance instruction will then allow delivery of the relevant Placing Shares to that Purchaser against payment.

8.3 Each Purchaser allocated Placing Shares in the Placing will be sent a conditional trade confirmation stating the number of Placing Shares and the subscription amount payable to be allocated



to it and will be required to provide the Joint Bookrunners with funds sufficient to purchase such securities prior to the Closing Date.

8.4 Each Purchaser is deemed to agree that, if it does not comply with these obligations, the Company may sell any or all of the Placing Shares allocated to that Purchaser on such Purchaser's behalf and retain from the proceeds, for the Company's account and benefit, an amount equal to the aggregate amount owed by the Purchaser plus any interest due. The relevant Purchaser will, however, remain liable for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties) which may arise upon the sale of such Placing Shares on such Purchaser's behalf.

8.5 Subject to the passing of the Resolutions, it is expected that settlement will take place on or about 28 March 2018 in CREST in accordance with the instructions set out in the conditional trade confirmation. Settlement will be either through Cenkos against CREST ID 601 KLCLT or through finnCap against CREST ID Crest 601 A/c: FKCLT.

8.6 The Company reserves the right to require settlement for and delivery of the Placing Shares (or a portion thereof) to any Purchaser in any form it requires if, in the Joint Bookrunners' or the Company's opinion, delivery or settlement is not possible or practicable within CREST or would not be consistent with the regulatory requirements of the Purchaser's jurisdiction.

8.7 Each Purchaser agrees that it will do all things necessary to ensure that delivery and payment is completed in accordance with the applicable registration and settlement procedures, including if applicable, CREST rules and regulations and settlement instructions that it has in place with the respective Joint Bookrunner.

8.8 If Placing Shares are to be delivered to a custodian or settlement agent, Purchasers should ensure that the conditional trade confirmation is copied and delivered immediately to the relevant person within that organisation. Each Purchaser shall ensure that, insofar as Placing Shares are registered in a Purchaser's name or that of its nominee or in the name of any person for whom a Purchaser is contracting as agent or nominee, such person shall not be a person who is or may be liable to any UK stamp duty or stamp duty reserve tax or securities transfer tax.

8.9 Interest is chargeable daily on payments to the extent that value is received after the due date at the rate per annum of 4 percentage points above the Barclays Bank plc base rate.

## **9. REPRESENTATIONS AND WARRANTIES**

9.1 Each Purchaser and prospective Purchaser (and each person acting on its behalf) represents, warrants, acknowledges and undertakes for the benefit of the Company, each of the Joint Bookrunners and the respective officers, employees and advisers of the Company and of each of the Joint Bookrunners, and any person acting on behalf of any of them (each a "Beneficiary" and together the "Beneficiaries") as follows:

(a) if it is a Purchaser in the United Kingdom it:

(i) is a Qualified Investor; and

(ii) is also a person falling within one or more of the categories of persons referred to in article 19 (investment professionals) or 49 (high net worth companies, etc) of the Order or is a person to whom the Placing may otherwise be made or to whom the Placing Shares may otherwise be directed without an approved prospectus having been made available to the public in the UK before the Placing Shares are offered and without making an unlawful financial promotion; and

(iii) understands, recognises and acknowledges that no prospectus has been or will be approved in connection with the Placing by the FCA in the United Kingdom under section 87A of Financial Services and Markets Act 2000 (the "FSMA"); or

(iv) if it is not in the United Kingdom but is acting for the account of a Purchaser in the United Kingdom, that each of subparagraphs (i), (ii) and (iii) applies in respect of each such Purchaser;

(b) if it is a Purchaser in or otherwise subject to the laws of a member state of the EEA (other than, for the avoidance of doubt, the UK), (i) it is a Qualified Investor acting as a principal for its own account to whom an invitation or Placing to subscribe for Placing Shares in the manner contemplated by this agreement and any communication or correspondence in connection therewith is permitted by the laws of that member state or (ii) if it is not in any such member state but are acting for the account of such person then (i) applies in respect of each such Purchaser;

(c) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) relating to the Placing Shares in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person. For the avoidance of doubt, the Purchaser has not made and will not make any offer to the public of the Placing Shares for the purposes of section 102B FSMA;

(d) if it is in a jurisdiction outside the United States, the United Kingdom, or other member states of the EEA, it is a person to whom the Placing or an invitation to subscribe for the Placing Shares in the manner contemplated by this Appendix and any communication or correspondence therewith is permitted by the laws of the jurisdiction in which it is situated or from where the Purchaser submitted its bid to subscribe for Placing Shares and it is a person to whom the Placing Shares can lawfully be offered and issued under all applicable laws, without the need for any approval, registration, filing or lodgement of any kind, including a prospectus or other disclosure document;

(e) it understands that the Placing and sale to it of the Placing Shares has not been and will not be registered under the U.S. Securities Act or the laws of any state of the United States. Therefore, it agrees that it will not offer, sell or pledge any Placing Shares in the United States unless and until the Placing Shares are registered under the U.S. Securities Act (which it acknowledges the Company has no

obligation to do) or unless the Placing Shares are offered, sold or pledged in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and the laws of any state of the United States;

(f) the Purchaser acknowledges that it has not acquired the Placing Shares as a result of any general solicitation or general advertising (as these terms are used in Regulation D under the U.S. Securities Act), including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media, or broadcast over radio, Internet or television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;

(g) unless otherwise specifically agreed in writing with the Joint Bookrunners, neither it nor the beneficial owner of such Placing Shares is or will be a resident of, or subject to the laws of, the United States, Australia, Canada, Japan, New Zealand or the Republic of South Africa;

(h) the Placing Shares have not been and will not be registered under the securities legislation of the United States, Canada, Australia, Japan, New Zealand and the Republic of South Africa and may not be offered, sold, taken up, renounced or delivered or transferred, directly or indirectly, within those jurisdictions except subject to certain exceptions;

(i) the Purchaser consents to the Company making a notation on its records or giving instructions to any registrar and transfer agent of the Placing Shares in order to implement the restrictions on transfer set forth and described above;

(j) if required by applicable securities laws or as otherwise reasonably requested by the Company, the Purchaser will execute, deliver and file and otherwise assist the Company in filing reports, questionnaires, undertakings and other documents with respect to the issue of the Placing Shares;

(k) the Purchaser has such knowledge and experience in financial, business and tax matters as to be capable of evaluating the merits and risks of its investment in the Placing Shares and it is able to bear the economic risks and complete loss of such investment in the Placing Shares;

(l) the Purchaser has not received or requested, nor does it have any need to receive, any offering memorandum or any other document describing the business and affairs of the Company in order to assist it in making an investment decision to subscribe for the Placing Shares;

(m) it is purchasing the Placing Shares for its account or for the account of one or more persons for investment purposes only and not with the purpose of, or with a view to, the resale, transfer or distribution or granting, issuing or transferring of interests in, or options over, the Placing Shares and, in particular, neither the Purchaser nor any other person for whose account it is purchasing the Placing Shares has any intention to distribute either directly or indirectly any of the Placing Shares in the United States;

(n) it has such knowledge and experience in financial and business matters and expertise in assessing credit and all other relevant risks that it is capable of evaluating independently, and has evaluated independently and conducted an in-depth detailed analysis on, the merits and risks of a purchase of the Placing Shares for itself and each other person, if any, for whose account it is acquiring any Placing Shares, and it has determined that the Placing Shares are a suitable investment for itself and each other person, if any, for whose account it is acquiring any Placing Shares, both in the nature and the number of the Placing Shares being acquired;

(o) if applicable, it is, or any beneficial Purchaser for whom it is contracting is, acquiring the Placing Shares pursuant to and in compliance with an exemption from the prospectus requirements of securities laws of the jurisdiction of residence and will provide the Company and the Joint Bookrunners, on request, whether before or after the Closing Date, with evidence of such compliance;

(p) it has had access to all information that it believes is necessary or appropriate in connection with, and for an adequate time prior to, its purchase of the Placing Shares. It acknowledges and agrees that it will not hold the Joint Bookrunners responsible for any misstatements in, or omissions from, any publicly available information concerning the Company;

(q) it has made and relied entirely upon its own assessment of the Company, and has conducted its own independent investigation with respect to the Placing Shares and the Company;

(r) it shall obtain its own advice regarding the tax consequences in any jurisdiction of purchasing, owning or disposing of any Placing Shares;

(s) it has not relied on any investigation that any Beneficiary may have conducted with respect to the Placing Shares or the Company. No Beneficiary has made any representation to it, express or implied, with respect to the Placing Shares or the Company;

(t) it acknowledges that the Placing does not constitute a securities recommendation or advice in relation to any securities, and that no securities recommendation or advice has been made or given to you by any Beneficiary in relation to the Placing;

(u) it acknowledges that an investment in the Placing Shares involves a degree of risk;

(v) except to the extent that liability cannot by law be excluded, it acknowledges that none of the Beneficiaries accept any responsibility in relation to the Placing or for the accuracy or completeness of any information given to it in connection with the Placing;

(w) it acknowledges and agrees that it will accept the decisions and actions of the Joint Bookrunners and/or the Company in respect of the Placing and the acceptance of any Placing of Placing Shares does not oblige the Joint Bookrunners and/or the Company to consult with it as to any matter or qualify the exercise or non-exercise of rights arising under or in relation to the Placing;

(x) it has been independently advised as to any resale restrictions under applicable securities laws in its own jurisdiction;

(y) it acknowledges and agrees that if a Joint Bookrunner takes title to the Placing Shares it does so only as agent for the Purchaser for the purposes of effecting settlement and it agrees to release such Joint Bookrunner from any liability incurred by it in acting in such capacity (whether arising out of any act or omission by the Company in relation to the Placing or to the Placing Shares or otherwise);

(z) if it is acquiring any Placing Shares for an account of one or more persons, it has full power to make the acknowledgements, representations, warranties and agreements hereunder on behalf of each such person and it will take reasonable steps to ensure that each such person will comply with its obligations hereunder;

(aa) it acknowledges that the Beneficiaries will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements in conducting and undertaking the Placing;

(bb) it has read this Announcement, including this Appendix, in its entirety and its subscription of the Placing Shares is subject to and based upon only the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained herein;

(cc) the exercise by the Joint Bookrunners of any right of termination or any right of waiver exercisable by them contained in the Placing and Open Offer Agreement, without limitation, the right to terminate the Placing and Open Offer Agreement, is within their absolute discretion and no Joint Bookrunner will have any liability to any Purchaser whatsoever in connection with any decision to exercise or not exercise any such rights;

(dd) if (i) any of the conditions in the Placing and Open Offer Agreement are not satisfied (or, where relevant, waived), or (ii) the Placing and Open Offer Agreement is terminated or does not otherwise become unconditional in all respects prior to the admission of the Placing Shares, the Placing will lapse and its rights shall cease and determine at such time and no claim shall be made by any Purchaser in respect thereof;

(ee) no offer document or prospectus has been, or will be, prepared in connection with the Placing and it represents and warrants that it has not received a prospectus or other offer document in connection therewith;

(ff) the ordinary shares of £0.01 each in the capital of the Company are (and the Placing Shares issued pursuant to the Placing will be) admitted to trading on AIM, and the Company is therefore required to publish certain business and financial information in accordance with the rules and practices of AIM and that it is able to obtain or access such information without undue difficulty, and is able to obtain access to such information or comparable information concerning any other AIM quoted company, without undue difficulty;

(gg) none of the Joint Bookrunners or the Company nor any of their affiliates nor any person acting on behalf of any of them has provided, and will not provide it, with any material regarding the Placing Shares or the Company or any other person other than this Announcement; nor has it requested any of the Joint Bookrunners or the Company nor any of their affiliates or any person acting on behalf of any of them to provide it with any such information;

(hh) the content of this Announcement is exclusively the responsibility of the Company and none of the Joint Bookrunners nor any person acting on their behalf has or shall have any liability for any information, representation or statement contained in this Announcement or any information previously published by or on behalf of the Company (except for any information or statements relating solely to the Joint Bookrunners and furnished by the Joint Bookrunners specifically for use in such documents) and will not be liable for any Purchaser's decision to participate in the Placing based on any information, representation or statement contained in this Announcement or otherwise. Each Purchaser further represents, warrants and agrees that the only information on which it is entitled to rely and on which such Purchaser has relied in committing itself to subscribe for the Placing Shares is contained in this Announcement and any information previously published by the Company, such information being all that it deems necessary to make an investment decision in respect of the Placing Shares and that it has neither received nor relied on any other information given or representations, warranties or statements made by either of the Joint Bookrunners or the Company and none of the Joint Bookrunners or the Company will be liable for any Purchaser's decision to accept an invitation to participate in the Placing based on any other information, representation, warranty or statement. Each Purchaser further acknowledges and agrees that it has relied solely on its own investigation of the business, financial or other position of the Company in deciding to participate in the Placing;

(ii) in subscribing for Placing Shares, it has consented to receive "inside information" for the purposes of the Market Abuse Regulation (EU) No.596/2014 ("MAR"), and it agrees not to deal in any securities of the Company until such time as the inside information of which it has been made aware has been made public for the purposes of MAR or it has been notified by the Joint Bookrunners or the Company that the proposed Placing will not proceed and any unpublished price sensitive information of which the Purchaser is aware has been publicly announced, and, other than in respect of its knowledge of the proposed Placing, it has neither received nor relied on any confidential price sensitive information concerning the Company or the Placing Shares;

(jj) if in the United Kingdom, it has complied with its obligations in connection with the Criminal Justice Act 1993, money laundering and terrorist financing under the Anti Terrorism Crime and Security Act 2001, the Proceeds of Crime Act 2002, the Terrorism Act 2003, MAR, the Terrorism Act 2006, the Money Laundering Regulations 2007, the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and Part VIII of the Financial Services and Markets Act 2000 (the "Regulations"), including identifying its clients in accordance with the Regulations, and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations. If within a reasonable time after a request for verification of identity the Joint Bookrunners have not received such satisfactory evidence, the Joint Bookrunners may, in their absolute discretion, reject an application for Placing Shares in which

event all funds delivered by such Purchaser to the Joint Bookrunners (if any) will be returned without interest to the account of the drawee bank from which they were originally debited;

(kk) if it is a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, any Placing Shares acquired by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of securities to the public other than an offer or resale in a member state of EEA which has implemented the Prospectus Directive to Qualified Investors, unless finnCap has given prior consent to such proposed offer or resale;

(ll) it has complied and will comply with all applicable laws with respect to anything done by it or on its behalf in relation to the Placing Shares (including all relevant provisions of the FSMA in respect of anything done in, from or otherwise involving the United Kingdom);

(mm) it will (or will procure that its nominee will), if applicable, make notification to the Company of the interest in the Company's ordinary shares in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules;

(nn) it and any person acting on its behalf is entitled to subscribe for and purchase the Placing Shares under the laws of all relevant jurisdictions which would apply to it, and that it and any person acting on its behalf is in compliance with applicable laws in the jurisdiction of its residence, the residence of the Company, or otherwise;

(oo) it (and any person acting on its behalf) will make or procure payment for the Placing Shares allocated to it in accordance with this Announcement on the due time and date set out herein, failing which the relevant Placing Shares may be placed with other subscribers or sold as the Joint Bookrunners and the Company may in their absolute discretion determine and without liability to such Purchaser, and it will remain liable for any shortfall below the net proceeds of such Placing Shares and may be required to bear the liability for any stamp duty or stamp duty reserve tax or security transfer tax (together with any interest or penalties due pursuant to or referred to in in these terms and conditions) which may arise upon the placing or sale of such Purchaser's Placing Shares on its behalf;

(pp) the person whom it specifies for registration as holder of the Placing Shares will be (i) itself or (ii) its nominee, as the case may be, and none of the Joint Bookrunners nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. Each Purchaser and any person acting on behalf of such Purchaser agrees to participate in the Placing and it agrees to indemnify the Company and the Joint Bookrunners in respect of the same on the basis that the Placing Shares will be allotted to the account of the Joint Bookrunners who will hold them as nominee on behalf of such Purchaser until settlement in accordance with its standing settlement instructions;

(qq) the Company and the Joint Bookrunners and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and

undertakings which are given to each of the Joint Bookrunners on their own behalf and on behalf of the Company and are irrevocable;

(rr) it will indemnify and hold the Company and the Joint Bookrunners and their respective affiliates, agents, directors, officers and employees harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in this Announcement or incurred by the Company, the Joint Bookrunners or their respective affiliates, agents, directors, officers and employees arising from the performance of the Purchaser's obligations as set out in this Announcement, and further agrees that the provisions of this Appendix shall survive after completion of the Placing;

(ss) its commitment to subscribe for Placing Shares on the terms set out herein will continue notwithstanding any amendment that may in future be made to the terms of the Placing and the Purchaser will have no right to be consulted or require that its consent be obtained with respect to the Company's conduct of the Placing. The foregoing representations, warranties and confirmations are given for the benefit of the Company and the Joint Bookrunners. The agreement to settle a Purchaser's subscription (and/or the subscription of a person for whom such Purchaser is contracting as agent) free of stamp duty and stamp duty reserve tax depends on the settlement relating only to the subscription by it and/or such person direct from the Company for the Placing Shares in question. Such agreement assumes, and is based on the warranty above from each Purchaser, that neither it, nor the person specified by it for registration as holder, of Placing Shares is, or is acting as nominee or agent for, and that the Placing Shares will not be allotted to, a person who is or may be liable to stamp duty or stamp duty reserve tax in excess of 0.5% under any of sections 67, 70, 93 and 96 of the Finance Act 1986 (depository receipts and clearance services). If there are any such arrangements, or the settlement relates to any other dealing in the Placing Shares, stamp duty or stamp duty reserve tax may be payable. In that event the Purchaser agrees that it shall be responsible for such stamp duty or stamp duty reserve tax, and neither the Company nor the Joint Bookrunners shall be responsible for such stamp duty or stamp duty reserve tax. If this is the case, each Purchaser should seek its own advice and notify the Joint Bookrunners accordingly;

(tt) no action has been or will be taken by any of the Company, the Joint Bookrunners or any person acting on behalf of the Company or the Joint Bookrunners that would, or is intended to, permit a public offering of the Placing Shares in any country or jurisdiction where any such action for that purpose is required;

(uu) it will be liable for any stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom by them or any other person on the subscription by them of any Placing Shares or the agreement by them to subscribe for any Placing Shares;

(vv) the Joint Bookrunners or any of their affiliates may, at their absolute discretion, agree to become a Purchaser in respect of some or all of the Placing Shares;



(ww) when a Purchaser or person acting on behalf of the Purchaser is dealing with the Joint Bookrunners, any money held in an account with any of the Joint Bookrunners on behalf of the Purchaser and/or any person acting on behalf of the Purchaser will not be treated as client money within the meaning of the rules and regulations of the FCA made under FSMA;

(xx) it acknowledges that the money will not be subject to the protections conferred by the client money rules and as a consequence, this money will not be segregated from the relevant Joint Bookrunners' money in accordance with the client money rules and will be used by the relevant Joint Bookrunner in the course of its own business; and the Purchaser will rank only as a general creditor of the Joint Bookrunner;

(yy) it acknowledges that all times and dates in this Announcement may be subject to amendment and the Joint Bookrunners shall notify the Purchasers and any person acting on behalf of the Purchasers of any changes;

(zz) that past performance is no guide to future performance and persons needing advice should consult an independent financial adviser;

(aaa) all obligations entered into by the Purchaser pursuant hereto with the Joint Bookrunners are entered into with them as agent for the Company and are therefore enforceable directly by the Company;

(bbb) if a company, it is a valid and subsisting company and has all the necessary corporate capacity and authority to execute its obligations in connection with the Placing participation;

(ccc) it is not presently acting in concert, as defined in the City Code on Takeovers and Mergers, with any existing shareholder or other Purchaser;

(ddd) it irrevocably appoints any director of either of the Joint Bookrunners as its agent for the purposes of executing and delivering to the Company's and/or its registrars any documents on its behalf necessary to enable it to be registered as the holder of any of the Placing Shares offered to it; and

(eee) time shall be of the essence as regards obligations pursuant to this Appendix.

The Purchaser agrees that the Company and the Joint Bookrunners will rely upon the truth and accuracy of the foregoing confirmations, representations, warranties, acknowledgments, undertakings and agreements which are given by each Purchaser (or persons acting on their behalf) and are irrevocable.

## 10. ENTIRE AGREEMENT

The terms set out in this Appendix and the allocation of Placing Shares (including the subscription amount payable) as confirmed to a Purchaser, constitute the entire agreement to the terms of the

Placing and a Purchaser's participation in the Placing to the exclusion of prior representations, understandings and agreements between them. Any variation of such terms must be in writing.

**11. GOVERNING LAW AND JURISDICTION**

The agreement arising out of acceptance of the Placing and any dispute or claim arising out of or in connection with the Placing or formation thereof (including non-contractual disputes or claims) shall be governed by and construed in accordance with the laws of England. Each Purchaser irrevocably agrees to submit to the exclusive jurisdiction of the courts of England to settle any claim or dispute that arises out of or in connection with the agreement arising out of acceptance of the Placing or its subject matter or formation (including non-contractual disputes or claims).

## Definitions

The following definitions apply throughout this announcement, unless the context requires otherwise.

“Admission”	admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules;
“AIM”	the market of that name operated by the London Stock Exchange;
“AIM Rules”	together, the AIM Rules for Companies and the AIM Rules for Nominated Advisers;
“Application Form”	the application form enclosed, in the case of Qualifying Non-CREST Shareholders, with the Circular for Qualifying Non-CREST Shareholders to apply for Open Offer Shares;
“Basic Entitlement”	the pro rata entitlement of Qualifying Shareholders to subscribe for 1 Open Offer Share for every 8 Existing Ordinary Shares registered in their name as at the Record Date, on and subject to the terms of the Open Offer;
“Board” or “Directors”	the directors of the Company whose names are set out in the Circular;
“Brokers”	finnCap and Cenkos;
“Business Day”	any day on which banks are usually open in England and Wales for the transaction of business, other than a Saturday, Sunday or public holiday;
“Cenkos”	Cenkos Securities plc;
“Circular”	the circular, posted to Shareholders on 6 March 2018;
“Company” or “Chariot”	Chariot Oil & Gas Limited, a company incorporated and registered in Guernsey with company number 47532;
“CREST”	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear UK & Ireland Limited;
“CREST Manual”	the compendium of documents entitled CREST Manual issued by Euroclear from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual and the CREST Glossary of Terms;
“CREST Member”	a person who has been admitted to Euroclear as a member (as defined in the CREST Order);
“CREST Participant”	a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations);
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended from time to time);

“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;
“Enlarged Share Capital”	the Company’s issued ordinary share capital immediately following Admission;
“Distributors”	together, finnCap and Cenkos;
“Euroclear”	Euroclear UK & Ireland Limited;
“Excess Application”	Open Offer Shares which may be applied for by Qualifying Shareholders under the Excess Application Facility;
“Excess Application Facility”	the arrangement, documented in the Application Form, pursuant to which Qualifying Shareholders may apply for additional Open Offer Shares in excess of their Open Offer Entitlement in accordance with the terms and conditions of the Open Offer;
“Excess CREST Open Offer Entitlement”	in respect of each Qualifying CREST Shareholder, their entitlement (in addition to his Basic Entitlement) to apply for Open Offer Shares pursuant to the Excess Application Facility, which is conditional on him taking up his Basic Entitlement in full and which may be subject to scaling back in accordance with the provisions of the Circular;
“Excess Entitlement”	in respect of a Qualifying Shareholder, their entitlement to apply for Open Offer Shares pursuant to the Excess Application Facility and which may be subject to scaling back in accordance with the provisions of the Circular;
“Excess Shares”	Open Offer Shares applied for by Qualifying Shareholders under the Excess Application Facility;
“Ex-entitlement Date”	the date on which the Existing Ordinary Shares are marked “ex” for entitlement under the Open Offer, being 7 March 2018;
“Existing Ordinary Shares”	the ordinary shares of 1 pence each in the capital of the Company as at the date of this announcement, being 268,873,197 Ordinary Shares;
“FCA”	the Financial Conduct Authority;
“finnCap”	finnCap Ltd whose registered office is at 60 New Broad Street, London EC2M 1JJ;
“Form of Proxy”	the form of proxy attached to the Circular for use by Shareholders in connection with the GM;
“Fundraising”	together, the Placing and the Open Offer;
“FSMA”	Financial Services and Markets Act 2000, as amended;
“GFSC Handbook”	The Guernsey Financial Services Commission Handbook for Legal Professionals, Accountants and Estate Agents on Countering Financial Crime and Terrorist Financing;

“GM” or “General Meeting”	the general meeting of the Company to be held at the offices of finnCap, 60 New Broad Street, London, EC2M 1JJ at 10.00 a.m. on 27 March 2018, notice of which is set out in Part 6 of the Circular;
“Group”	the Company and its subsidiaries at the date hereof and “ <b>Group Company</b> ” shall be construed accordingly;
“HMRC”	Her Majesty’s Revenue & Customs;
“Issue Price”	13 pence per New Ordinary Share;
“Listing Rules”	the listing rules of the FCA made in accordance with section 73A(2) of FSMA;
“London Stock Exchange”	London Stock Exchange plc;
“MAR”	means Regulation (EU) No. 596/2014 of the European Parliament and of the Council on Market Abuse and all related delegated and implementing acts, technical standards, advice and guidelines from time to time together with any related guidance contained in the Disclosure Guidance and Transparency Rules issued by the FCA;
“Money Laundering Regulations”	The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, the Criminal Justice Act 1993, the Proceeds of Crime Act 2002, the GFSC Handbook, POCL and the other relevant enactments as referred to in the GFSC Handbook;
“New Ordinary Shares”	the new Ordinary Shares in the capital of the Company to be issued in connection with the Placing and Open Offer;
“Notice of GM” or “Notice of General Meeting”	the notice of General Meeting which forms part of the Circular;
“Open Offer”	the invitation to Qualifying Shareholders to subscribe for the Open Offer Shares at the Issue Price on the terms and subject to the conditions set out in the Circular and, in the case of Qualifying Non-CREST Shareholders only, the Application Form;
“Open Offer Entitlement”	the entitlement of Qualifying Shareholders to subscribe for Open Offer Shares allocated to Qualifying Shareholders on the Record Date pursuant to the Open Offer;
“Open Offer Shares”	the 33,609,150 New Ordinary Shares being made available to Qualifying Shareholders pursuant to the Open Offer;
“Ordinary Shares”	the ordinary shares of 1 penny each in the capital of the Company;
“Overseas Shareholder”	a Shareholder with a registered address outside of the United Kingdom;
“Participant ID”	the identification code or membership number used in CREST to identify a particular CREST Member or other CREST Participant;
“PDMR”	has the meaning given under Article 3(25) of MAR;
“Placees”	the placees subscribing for Placing Shares pursuant to the Placing;

“Placing”	the proposed placing by finnCap and Cenkos, as joint brokers and agents for the Company, of the Placing Shares;
“Placing Agreement”	the conditional placing and open offer agreement dated 27 February 2018 between finnCap, Cenkos and the Company, details of which will be set out in the letter from the Chairman in the Circular;
“Placing Shares”	the 82,582,747 New Ordinary Shares to be allotted on the terms of the Placing Agreement;
“POCL”	the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999 as amended;
“Prospectus Directive”	directive 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading;
“Prospectus Rules”	the prospectus rules of the Financial Conduct Authority made under Part VI of the Financial Services and Markets Act 2000;
“Qualifying CREST Shareholders”	Qualifying Shareholders holding Ordinary Shares in uncertificated form in CREST at the Record Date;
“Qualifying Non-CREST Shareholders”	Qualifying Shareholders holding Ordinary Shares in certificated form at the Record Date;
“Qualifying Shareholders”	holders of Ordinary Shares on the register of members of the Company at the Record Date with the exclusion of Shareholders with a registered address in or who are resident in any Restricted Jurisdiction;
“Record Date”	5.30 p.m. on 2 March 2018;
“Receiving Agent”, “Link Market Services” or “Link Asset Services”	Link Asset Services whose registered office is at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU;
“Regulatory Information Service”	has the meaning given under the AIM Rules;
“Resolutions”	the resolutions to be proposed at the GM, as set out in the Notice of GM;
“Restricted Jurisdiction”	each and any of Australia, Canada, Japan, the Republic of South Africa, New Zealand and the United States and any other jurisdiction where the extension or the availability of the Open Offer would breach any applicable law;
“Securities Act”	US Securities Act of 1933 (as amended);
“Shareholders”	holders of Existing Ordinary Shares;
“subsidiary”	has the meaning given in section 1159 of the Companies Act 2006;
“UK” or “the United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“Uncertificated” or “Uncertificated form”	recorded on the relevant register or other record of the Ordinary Shares 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;

“United States”, “United States of America” or “US”

the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and all areas subject to its jurisdiction;

“USE”,

unmatched stock event;

“£”, “pounds sterling”, “pence” or “p”

the lawful currency of the United Kingdom;

“\$” or US\$”

the lawful currency of the United States; and

“€”

the lawful currency of the members states of the European Union that have adopted and retained a common single currency through the monetary union of the Eurozone.