

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

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

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

Egdon Resources plc

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 06409716)

Proposed Acquisition of Onshore Shale Gas Business and Assets from Alkane Energy Placing of 32,000,000 New Ordinary Shares at 20 pence per share Open Offer of up to 3,033,663 New Ordinary Shares at 20 pence per share and Notice of General Meeting

Nominated Adviser and Joint Broker
Cantor Fitzgerald Europe

Joint Broker
VSA Capital Limited

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

The Existing Ordinary Shares are admitted to trading on AIM, a market operated by the London Stock Exchange. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. An application will be made to the London Stock Exchange for the New Ordinary Shares to be issued pursuant to the Capital Raising to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the New Ordinary Shares to be issued pursuant to the Placing and Open Offer will commence at 8.00 a.m. on 6 June 2014.

Notice of a General Meeting of Egdon Resources plc, to be held at 11.00 a.m. on 5 June 2014 at the offices of Norton Rose Fulbright LLP, 3 More London Riverside, London SE1 2AQ, is set out at the end of this Circular. The Form of Proxy for use at the meeting accompanies this Circular and, to be valid, should be completed and returned to the Company's registrars, Capita Asset Services, The Registry, 34 Beckenham Road, Kent BR3 4TU, as soon as possible and, in any event, so as to arrive by no later than 11 a.m. on 3 June 2014. Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting, should they so wish.

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

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

Cantor Fitzgerald Europe and VSA Capital Limited who are authorised and regulated in the United Kingdom by the Financial Conduct Authority, are acting exclusively for the Company and no-one else in connection with the Placing and will not regard any other person (whether or not a recipient of this Circular) as a client in relation to the Placing and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Placing or any other matter referred to herein. No representation or warranty, express or implied, is made by Cantor Fitzgerald Europe or VSA Capital Limited as to any of the contents of this Circular.

The latest time and date for acceptance and payment in full under the Open Offer is 11.00 a.m. on 30 May 2014. The procedure for acceptance and payment is set out in Part IV of this Circular and, where relevant, in the Application Form.

Qualifying non-CREST Shareholders will find an Application Form accompanying this Circular. Qualifying CREST Shareholders (none of whom will receive an Application Form) will receive a credit to their stock accounts in CREST in respect of the Open Offer Entitlements which will be enabled for settlement on 14 May 2014. Applications under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim arising out of a sale or transfer of Existing Ordinary Shares prior to the date on which the Existing Ordinary Shares were marked "ex-entitlement" by the London Stock Exchange. If the Open Offer Entitlements are for any reason not enabled by 3.00 p.m. on 14 May 2014 or such later time as the Company may decide, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements credited to its stock account in CREST. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this Circular and the Open Offer. Applications for Excess Shares pursuant to the Excess Application Facility may be made by the Qualifying Shareholder provided that their Open Offer Entitlement has been taken up in full and subject to being scaled back in accordance with the provisions of this Circular.

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

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DIRECTORS AND ADVISERS

Directors

Mark Abbott (*Managing Director*)
Philip Stephens (*Chairman*)
Jeremy Field (*Exploration Director*)
Andrew Lodge (*Non-Executive Director*)
Kenneth Ratcliff (*Non-Executive Director*)
Walter Roberts (*Non-Executive Director*)

All of
The Wheat House
98 High Street
Odiham
Hampshire
RG29 1LP

Company Secretary

Walter Roberts

Nominated Adviser and Joint Broker

Cantor Fitzgerald Europe
One Churchill Place
Canary Wharf
London
E14 5RB

Joint Broker

VSA Capital Limited
New Liverpool House
15-17 Eldon Street
London
EC2M 7LD

Legal Advisers to the Company

Norton Rose Fulbright LLP
3 More London Riverside
London
SE1 2AQ

Legal Advisers to Cantor Fitzgerald Europe and VSA Capital Limited

Hamblins LLP
Roxburgh House
273-287 Regent Street
London
W1B 2AD

Registrars and Receiving Agent for the Open Offer

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
BR3 4TU

CAPITAL RAISING STATISTICS

Issue Price for each New Ordinary Share	20 pence
Basis of Open Offer	1 New Ordinary Share for every 48 Existing Ordinary Shares
Number of Existing Ordinary Shares in issue as at the date of this Circular	145,615,814
Number of New Ordinary Shares to be issued pursuant to the Placing	32,000,000
Number of New Ordinary Shares to be issued pursuant to the Open Offer*	up to 3,033,663
Number of Consideration Shares to be issued pursuant to the Acquisition	40,000,000
Enlarged Share Capital immediately following completion of the Placing, Open Offer* and Acquisition	220,649,477
New Ordinary Shares as a percentage of the Enlarged Share Capital*	34 per cent.
Gross proceeds of the Capital Raising*	£7,006,733

*Assuming full take-up under the Open Offer

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2014

Record Date for entitlement under the Open Offer	Close of business on 9 May
Announcement of the Placing, Open Offer and Acquisition	13 May
Posting of this Circular, Forms of Proxy and, to Qualifying non-CREST Shareholders only, the Application Forms	13 May
Ex-Entitlement Date for Open Offer	13 May
Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts in CREST of Qualifying CREST Shareholders	14 May
Latest recommended time and date for requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST	4.30 p.m. on 23 May
Latest time for depositing Open Offer Entitlements and Excess CREST Open Offer Entitlements into CREST	3.00 p.m. on 27 May
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims)	3.00 p.m. on 28 May
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction (as appropriate)	11.00 a.m. on 30 May
Latest time and date for receipt of Forms of Proxy	11.00 a.m. on 3 June
Expected time and date of announcement of results of the Placing and Open Offer	7.00 a.m. on 4 June
General Meeting	11.00 a.m. on 5 June
Expected time of announcement of results of the General Meeting	By 4.30 p.m. on 5 June
Admission effective and dealings in the New Ordinary Shares expected to commence on AIM	8.00 a.m. on 6 June
Expected date for crediting of Placing and Open Offer Shares in uncertificated form to CREST stock accounts	6 June
Expected date of despatch of share certificates in respect of Placing and Open Offer Shares in certificated form	Week commencing 9 June

Notes:

1. If you have any questions on the procedure for acceptance and payment, please contact Capita Asset Services on 0871 664 0321 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.
2. The dates set out in the Expected Timetable of Principal Events above and mentioned throughout this Circular may be adjusted by Egdon Resources plc in which event details of the new dates will be notified to AIM and, where appropriate, to Shareholders.
3. All references to time in this Circular are to time in London.

DEFINITIONS

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

Act	means the Companies Act 2006 (as amended)
Acquisition	means the Company's proposed acquisition of the onshore shale gas business and assets of Alkane Energy plc comprising certain United Kingdom Petroleum Exploration and Development licence interests held by Alkane Energy UK Limited and Regent Park Energy Limited in consideration for the issue of the Consideration Shares
Acquisition Agreement	means the agreement for the acquisition of the Licence Interests entered into on or around the date hereof between Alkane Energy PLC, Alkane Energy UK Limited, Regent Park Energy Limited, Egdon Resources plc and Egdon Resources UK Limited
Admission	means the admission to trading on AIM of the New Ordinary Shares to be issued pursuant to the Capital Raising and the Consideration Shares to be issued pursuant to the Acquisition taking place in accordance with the AIM Rules for Companies
AIM	means the market of that name operated by the London Stock Exchange
AIM Rules for Companies	means the AIM Rules for Companies, as published and amended from time to time by the London Stock Exchange
AIM Rules for Nominated Advisers	means the rules for nominated advisers to AIM companies, as published and amended from time to time by the London Stock Exchange
Alkane	means all or any of Alkane Energy, Alkane Energy UK and Regent Park Energy
Alkane Energy	means Alkane Energy plc with company number 02966946 whose registered office is at Edwinstowe House, High Street, Edwinstowe, Nottinghamshire, NG21 9PR
Alkane Energy UK	means Alkane Energy UK Limited with company number 03128509 whose registered office is at Edwinstowe House, High Street, Edwinstowe, Nottinghamshire, NG21 9PR
Applicant	means a Qualifying Shareholder or a person entitled by virtue of a <i>bona fide</i> market claim who lodges an Application Form under the Open Offer
Application Form	means the application form which accompanies this Circular for Qualifying non-CREST Shareholders for use in connection with the Open Offer
Articles	means the existing articles of association of the Company as at the date of this Circular
Board	means the board of directors of the Company from time to time
Business Day	means any day (excluding Saturdays and Sundays) on which banks are open in London for normal banking business and the London Stock Exchange is open for trading

Cantor Fitzgerald Europe	means Cantor Fitzgerald Europe of One Churchill Place, Canary Wharf, London E14 5RB
Capital Raising	means together, the Placing and Open Offer, details of which are set out in this Circular
CCSS	means the CREST courier and sorting service, established by Euroclear UK & Ireland to facilitate, <i>inter alia</i> , the deposit and withdrawal of certified securities
certificated or certificated form	means not in uncertificated form
Company	means Egdon Resources plc
Consideration Shares	means the 40,000,000 Ordinary Shares to be issued by the Company to Alkane pursuant to the Acquisition Agreement in consideration for the acquisition of the Licence Interests
CREST	means the relevant system for the paperless settlement of trades and the holding of uncertificated securities operated by Euroclear UK & Ireland in accordance with the CREST Regulations
CREST member	means a person who has been admitted by Euroclear UK & Ireland as a system-member (as defined in the CREST Regulations)
CREST participant	means a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations)
CREST payment	shall have the meaning given in the CREST Manual issued by Euroclear UK & Ireland
CREST Regulations	means the Uncertified Securities Regulations 2001, as amended CREST sponsor means a CREST participant admitted to CREST as a CREST sponsor
CREST sponsored member	means a CREST member admitted to CREST as a sponsored member (which includes all CREST Personal Members)
Directors	means the directors of the Company at the date of this Circular whose names are set out on page 10 of this Circular
Enlarged Share Capital	means the issued ordinary share capital of the Company immediately following Admission
enabled for settlement	means in relation to Open Offer Entitlements or Excess Open Offer Entitlements, enabled for the limited purpose of settlement of claim transactions and unmatched stock event transactions (each as described in the CREST Manual issued by Euroclear UK & Ireland)
Euroclear UK & Ireland or Euroclear	means Euroclear UK & Ireland Limited, the operator of CREST
Excess Application Facility	means the arrangement pursuant to which Qualifying Shareholders may apply for Open Offer Shares in excess of their Open Offer Entitlement
Excess CREST Open Offer Entitlement	means, in respect of each Qualifying CREST Shareholder, the entitlement to apply for Open Offer Shares in addition to his Open Offer Entitlement credited to his stock account in CREST, pursuant to the Excess Application Facility, which is conditional on him taking

up his Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of this Circular

Excess Open Offer Entitlement	means an entitlement for each Qualifying Shareholder to apply to subscribe for Open Offer Shares in addition to his Open Offer Entitlement pursuant to the Excess Application Facility which is conditional on him taking up his Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of this Circular
Excess Shares	means New Ordinary Shares in addition to the Open Offer Entitlement for which Qualifying Shareholders may apply under the Excess Application Facility
Excluded Territories	means the United States, Australia, Canada, Japan, the Republic of South Africa, the Republic of Ireland and any other jurisdiction where the extension or availability of the Open Offer would breach any applicable law or regulations
Existing Ordinary Shares	means the existing issued Ordinary Shares as at the date of this Circular
Form of Proxy	means the form of proxy relating to the General Meeting being sent to Shareholders with this Circular
FCA	means the Financial Conduct Authority of the United Kingdom
FSMA	means the Financial Services and Markets Act 2000 (as amended)
General Meeting	means the general meeting of the Company convened at 11.00 a.m. on 5 June 2014 (or any adjournment of it), notice of which is set out at the end of this Circular
Group	means the Company and its subsidiary undertakings
ISIN	means International Securities Identification Number
Issue Price	means 20 pence per New Ordinary Share
Licence Interests	means certain interests in the United Kingdom Petroleum Exploration and Development licences PEDL001, PEDL011, PEDL037, PEDL039, PEDL043, PEDL169 (net 20 per cent.), PEDL191, PEDL161-162, PEDL202 and EXL253 and shall include any of the licences issued in substitution or partial substitution therefor
London Stock Exchange	means London Stock Exchange plc
Member Account ID	means the identification code or number attached to any member account in CREST
New Ordinary Shares	means up to 75,033,663 ordinary shares of 1p each in the capital of the Company to be issued pursuant to the Capital Raising and the Acquisition
Official List	means the Official List of the UK Listing Authority
Open Offer	means the invitation to Qualifying Shareholders to subscribe for Open Offer Shares at the Issue Price on the terms of and subject to the conditions set out or referred to in Part IV of this Circular and, where relevant, in the Application Form

Open Offer Entitlement	means the pro rata basic entitlement for Qualifying Shareholders to apply to subscribe for 1 Open Offer Share for every 48 Existing Ordinary Shares held by them on the Record Date pursuant to the Open Offer
Open Offer Shares	means the 3,033,663 New Ordinary Shares for which Qualifying Shareholders are being invited to apply under the terms of the Open Offer
Ordinary Shares	means the ordinary shares of 1p each in the capital of the Company
Overseas Shareholders	means Shareholders who are resident in, or who are citizens of, or who have registered addresses in, territories other than the United Kingdom
Participant ID	means the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant
Placees	means the persons who conditionally agree to subscribe for the Placing Shares
Placing	means the conditional firm placing by Cantor Fitzgerald Europe and VSA Capital Limited of the Placing Shares at the Issue Price pursuant to the Placing, as described in Part I of this Circular
Placing Agreement	means the agreement dated 13 May 2014 between the Company, Cantor Fitzgerald and VSA Capital relating to the Placing, details of which are set out in paragraph 3 of Part V of this Circular
Placing Shares	means 32,000,000 New Ordinary Shares which have been placed conditionally with investors by Cantor Fitzgerald and VSA Capital pursuant to the Placing
Proposals	means the Placing, Open Offer and Acquisition
Prospectus Rules	means the rules made by the FCA under Part VI of FSMA in relation to offers of transferable securities to the public and admission of transferable securities to trading on a regulated market
Qualifying CREST Shareholders	means Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company at the close of business on the Record Date are held in uncertificated form
Qualifying non-CREST Shareholders	means Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company at the close of business on the Record Date are held in certificated form
Qualifying Shareholders	means holders of Existing Ordinary Shares on the Company's register of members at the Record Date (other than certain Overseas Shareholders)
Record Date	means close of business on 9 May 2014
Regent Park Energy	means Regent Park Energy Limited with company number 04557422 whose registered office is at Edwinstowe House, High Street, Edwinstowe, Nottinghamshire, NG21 9PR
Registrar, Receiving Agent or Capita Asset Services	means Capita Registrars Limited of The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU

Resolutions	means the resolutions set out in the notice of the General Meeting at the end of this Circular
Shareholders	means holders of Existing Ordinary Shares
stock account	means an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited
Subsidiary	means a subsidiary undertaking as that term is defined in the Act
uncertificated or uncertificated form	means recorded on the relevant register or other record of the share or other security concerned as being held in uncertificated form in CREST, and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
UK Listing Authority	means the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
United Kingdom or UK	means the United Kingdom of Great Britain and Northern Ireland
£ or pounds	means UK pounds sterling, being the lawful currency of the United Kingdom
US Securities Act	means the United States Securities Act of 1933, (as amended)
VSA Capital Limited	means VSA Capital Limited of New Liverpool House, 15-17 Eldon Street, London EC2M 7LD

PART I

LETTER FROM THE CHAIRMAN

EGDON RESOURCES plc

(Incorporated and registered in England under the Companies Act 1985 with registered number 06409716)

Directors:

Philip Stephens *(Non-Executive Chairman)*
Mark Abbott *(Managing Director)*
Jeremy Field *(Exploration Director)*
Andrew Lodge *(Non-Executive Director)*
Kenneth Ratcliff *(Non-Executive Director)*
Walter Roberts *(Non-Executive Director)*

Registered Office:

The Wheat House
98 High Street
Odiham
Hampshire
RG29 1LP

13 May 2014

Dear Shareholder

Proposed Acquisition of Onshore Shale Gas Business and Assets from Alkane Energy
Placing of 32,000,000 New Ordinary Shares at 20 pence per share
Open Offer of up to 3,033,663 New Ordinary Shares at 20 pence per share
Notice of General Meeting

1. Introduction

Egdon has announced today that it has entered into a conditional sale and purchase agreement to acquire the onshore shale gas business and assets of Alkane, comprising interests in certain UK petroleum exploration and development licences. Under the terms of the sale and purchase agreement, in exchange for the acquisition of the Licence Interests, the Company will issue 40,000,000 new Ordinary Shares of 1p each to Alkane. The licences which are the subject of the Acquisition will be split horizontally between Alkane and Egdon, with Egdon acquiring all rights and interests relating to the deeper section which contains shale-gas and conventional oil and gas potential.

The Board has also announced a conditional Placing of 32,000,000 New Ordinary Shares at 20 pence each to raise £6.4 million before expenses by means of a placing by Cantor Fitzgerald Europe and VSA Capital Limited.

In addition, in order to provide Shareholders who have not taken part in the Placing with an opportunity to participate in the proposed issue of New Ordinary Shares, the Company is providing all Qualifying Shareholders with the opportunity to subscribe for an aggregate of up to 3,033,663 New Ordinary Shares, to raise up to £606,733, on the basis of 1 New Ordinary Share for every 48 Existing Ordinary Shares held on the Record Date, at 20 pence each. Shareholders subscribing for their full entitlement under the Open Offer may also request additional Open Offer Shares through the Excess Application Facility.

The Open Offer provides Qualifying Shareholders with an opportunity to participate in the proposed issue of the Open Offer Shares on a pre-emptive basis whilst providing the Company with additional capital to invest in the business of the Group.

The Issue Price of 20 pence per New Ordinary Share represents a 7 per cent. discount to the closing middle market price of 21.5 pence per Existing Ordinary Share on 12 May 2014, the last business day before the announcement of the Capital Raising, and a 2.4 per cent. discount to the closing middle market price of 20.5 pence per Existing Ordinary Share on 9 May 2014, the last business day before press speculation in relation to the transaction.

Each of the Acquisition, the Placing and the Open Offer are conditional, *inter alia*, on the passing of Resolution 1 by the Shareholders at the General Meeting, notice of which is set out at the end of this Circular. If Resolution 1 is passed, the Placing and Open Offer Shares and the Consideration Shares will be allotted

immediately after the General Meeting and Admission is expected to occur at 8.00 a.m. on 6 June 2014. Should Shareholder approval not be obtained at the General Meeting, the Acquisition, the Placing and the Open Offer will not proceed. The Placing and Open Offer are not underwritten.

The purpose of this document is to explain the background to the Acquisition and the Capital Raising, to set out the reasons why your Board believes that the Acquisition and Capital Raising are each in the best interests of the Company and its Shareholders and to seek your approval to the Resolutions at the forthcoming General Meeting, which will be held at the offices of Norton Rose Fulbright LLP, 3 More London Riverside, London SE1 2AQ on 5 June 2014 at 11.00 a.m.

2. Information on Egdon Resources plc

Egdon Resources plc is a UK AIM listed oil and gas company with producing oil and gas fields onshore and offshore UK, exploration licences onshore and offshore UK and onshore France. The Egdon Group currently has interests in 27 licences.

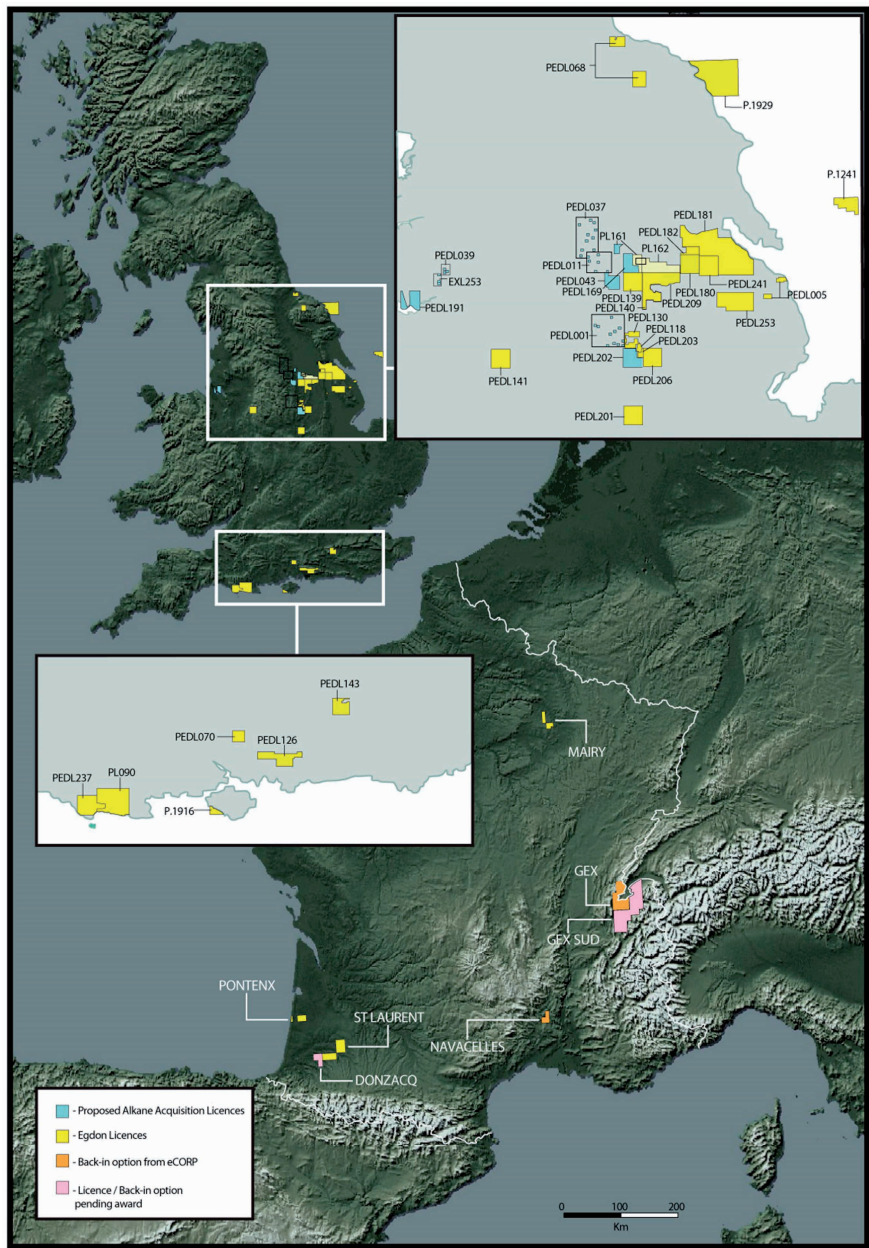


Figure 1 – Egdon’s existing UK and France licences and proposed acquired licences from Alkane.

Egdon's stated aim is to create shareholder value by building a material asset base through carried shale-gas exploration and significant near term conventional exploration onshore UK and conventional exploration in France.

During 2011-12 Egdon identified shale-gas opportunities in and around its existing acreage (PEDL139 and 140) in the East Midlands and augmented this through two key deals in 2013 with Blackland Park/Stelinmatvic for PEDL209 and Scottish Power for parts of PL161 and PL162. In January 2014, Egdon was involved in two shale-gas exploration farm-in deals/option deals with Total SA, the first oil major to enter the UK shale-gas business. The proposed Acquisition is a continuation of this strategy of developing the Company's acreage holdings in UK shale-gas plays.

Egdon proposes to acquire ten Licence Interests from Alkane Energy PLC in consideration of the issue of 40 million new Egdon shares to Alkane. These Licences, totalling 66,867 net acres, are seen as prospective for shale-gas and are located mainly in the East Midlands. The Acquisition Agreement will split the licence interests on a horizontal axis with the Company acquiring a 100 per cent. interest in the lower interest with Alkane Energy UK Limited, or Regent Park Energy Limited, as the case may be, retaining a 100 per cent. interest in the upper interest.

The Acquisition will increase Egdon's assessed acreage in UK shale-gas by 91 per cent., to 140,176 acres.

The enlarged Egdon business will require increased capital to undertake further technical, planning/permitting and commercial workstreams on the new Licence Interests. The gross proceeds of the Capital Raising of up to £7,006,733 will be used principally to fund these increased capital commitments.

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

In addition to its shale-gas exploration programme the Company is planning a partially carried, UK conventional exploration and appraisal campaign during 2014-2015 together potentially with the drilling of further development wells/sidetracks in existing producing fields onshore UK.

Further information on Egdon's existing strategy, current assets, reserves and resources and financial reports, *inter alia*, can be found on the Company's website, www.Egdon-resources.com.

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

Existing UK shale-gas licences and deals

Egdon has carried out a detailed proprietary geochemical, structural and petrophysical studies of the East Midlands region and identified substantial shale-gas opportunities in and around its existing acreage. In 2012 Egdon began to explore business development opportunities based on these detailed studies.

During May 2013, Egdon agreed a farm-in to PEDL209 to earn a 60 per cent. interest in the licence and in December 2013 announced the signature of an Exploration Option and Farm-in Agreement with Scottish Power Generation for PL161/162 where Egdon will earn a 50 per cent. interest in return for the drilling of a well with an option exercise date of December 2014. The Hatfield Moors and Hatfield West gas storage areas are excluded from the option. Parts of each of these licences provide Egdon with access to the interpreted "sweet-spot" of the Bowland-Hodder shale-gas play in the Gainsborough Trough as shown in the report published by the British Geological Survey in July 2013.

In January 2014 Egdon announced two deals with Total, the first international major to take a position in UK shale-gas. Total agreed a carried work programme of up to \$46.5 million (c. £29 million), with a minimum commitment of \$19.5 million (c. £12 million) to earn a 40 per cent. interest in PEDL139/140. As part of the deal, Egdon increased its interest in the licences to 14.5 per cent. and received \$0.6 million (c. £0.37 million) in cash under inter-party agreements. Total also entered into a Farm-in Option Agreement in respect of PEDL209, whereby it has an option, exercisable until 31 December 2015, to earn a 50 per cent. interest in the licence by paying for an exploration programme of £13.6 million (c. \$22 million), which would include seismic acquisition and the drilling of a well. Egdon received a cash payment of £0.92 million and retained the conventional exploration rights at Laughton-1 and two other prospects which are excluded from the option.

These transactions will deliver a work programme designed to de-risk the Gainsborough Trough Bowland-Hodder play. Since completion Egdon has completed 3D seismic acquisition over parts of PEDL139/140 and the operator is embarking on a period of community engagement ahead of planning and permitting work for a planned early 2015 well.

Proposed Alkane Transaction

Egdon proposes to acquire an onshore shale gas business comprising certain Licence Interests in exchange for the issue of the Consideration Shares, adding further prospective UK shale-gas acreage to the Egdon portfolio. The key points of the deal are:

- The onshore shale gas business and assets being acquired comprise ten licences totalling 66,867 net acres seen as prospective for shale-gas largely in the East Midlands Basin. The Licence Interests will be split on a horizontal axis with the Company acquiring a 100 per cent. interest in the lower interest with Alkane Energy UK Limited, or Regent Park Energy Limited, as the case may be, retaining a 100 per cent. interest in the upper interest.
- Three licences are viewed as having the most shale-gas potential: PEDL043 and PEDL169 in the Gainsborough Trough in the East Midlands Basin and PEDL191 in the Bowland Basin.
- PEDL043 (14,085 net acres, 100 per cent. Alkane) and PEDL169 (3,064 net acres 20 per cent. Alkane) in the Gainsborough Trough lie adjacent to Egdon's PEDL139/140 acreage and PL161/162.
- PEDL191 (16,309 net acres, 100 per cent. Alkane) lies in the Blacon/Craven Basin in Widnes/Liverpool Airport area in Lancashire close to many heavy industrial gas users and IGAS' recent shale-gas exploration wells at Ince Marshes and Barton Moss.
- Other licences included in the deal are: in the East Midlands Basin PEDL001 (2,718 net acres, 100 per cent. Alkane), PEDL037 (2,471 net acres, 100 per cent. Alkane), PEDL202 (20,806 net acres, 100 per cent. Alkane), PEDL011 (741 net acres, 100 per cent. Alkane), PL161 (1,483 net acres, 100 per cent. Alkane) and in the Blacon/Craven Basin, EXL253 (741 net acres, 100 per cent. Alkane), PEDL039 (741 net acres, 100 per cent. Alkane).
- The consideration for the Acquisition is the issue of 40,000,000 Egdon Shares to Alkane (equivalent to 21.55 per cent. of the issued share capital of Egdon as enlarged by the issue of the Consideration Shares prior to the Capital Raising).
- Alkane has entered into a lock-in and orderly market agreement with Egdon and Cantor Fitzgerald in respect of the Consideration Shares. Under the terms of this agreement, Alkane will not be able to sell any of the Consideration Shares, subject to certain limited exemptions, for a period of 12 months from the date of the lock-in agreement, and is subject to orderly marketing provisions for a further period of 12 months.
- Alkane and Egdon have entered into a relationship agreement pursuant to which (i) Alkane has the right to nominate a director to the Egdon board subject to Alkane maintaining a minimum shareholding of 10 per cent; and (ii) the parties agree to regulate their relationship such that Egdon and its subsidiaries can operate independently of Alkane. It is currently anticipated that the initial Alkane appointee will be Neil O'Brien.
- Alkane and Egdon have also signed a Memorandum of Understanding ("**MOU**") such that:
 - Alkane may provide facilities, power generation and grid connection services and solutions to Egdon;
 - Alkane may be a potential off-taker of produced gas particularly where any production is in proximity to Alkane's existing operations;
 - Egdon may provide subsurface expertise to Alkane.
- The Acquisition is subject to certain conditions precedent, including shareholder and DECC approval.
- The Acquisition will result in an almost doubling of Egdon's assessed prospective shale-gas acreage to 140,176 acres (91 per cent. increase) and a combined mean undiscovered gas initially in place ("GIIP") independently estimated at 28 TCF (9TCF from the Acquisition).
- Egdon will have a significant acreage position in the core of the Gainsborough Trough shale gas play (see Figure 2).

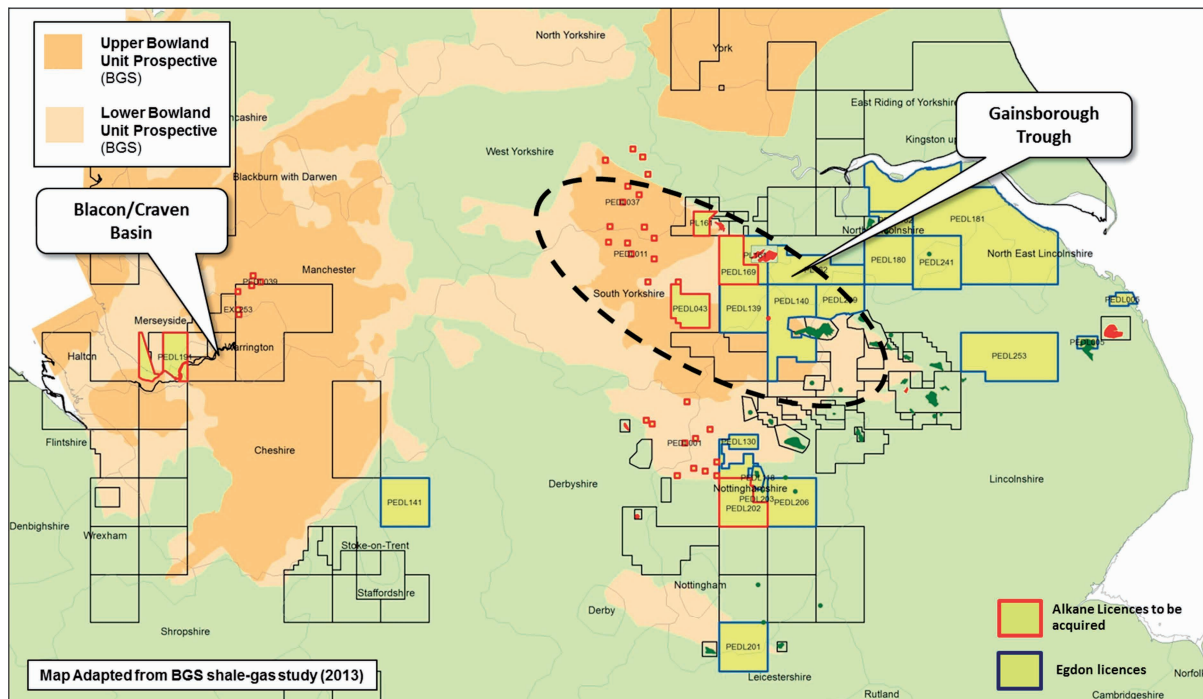


Figure 2 – Egdon’s existing licences and the Alkane licences to be acquired in Northern England showing areas with identified shale-gas potential as defined by the British Geological Survey (2013).

The proposed Acquisition will almost double Egdon’s prospective shale-gas acreage in Northern England and strengthen Egdon’s already established position in the Gainsborough Trough. The Acquisition is a further step in delivering on Egdon’s business plan and strategy for UK shale-gas and has the potential to deliver significant shareholder value.

4. Current Trading and Prospects

The Company has three key near-term strategic objectives to drive shareholder value;

- UK Shale-Gas – growing the Company’s exposure to shale-gas exploration opportunities in Northern England.
- Conventional Exploration and Appraisal – adding additional reserves/revenues through an active conventional drilling programme whilst managing risk and financial exposure through farm-out
- Production – a continued focus on maximising production rates and revenues from existing producing assets through targeted investment

UK Shale-Gas

Egdon has built a portfolio of licence interests in Northern England which are evaluated as containing shale-gas potential as summarised in paragraph 2 above.

The Acquisition will result in a 91 per cent. increase in the net prospective shale-gas acreage under licence by the Company and the transactions with Total have the potential to deliver up to three shale-gas wells designed to de-risk the play within the Gainsborough Trough, subject of course to obtaining the necessary consents.

ERC Equipose Ltd (“ERCE”) has completed a review of GIIP in these licences. ERCE has reported combined estimated mean undiscovered GIIP of approximately 28 trillion cubic feet of gas (“TCF”) with a range of approximately 11 to 48 TCF and a mid-case of 22 TCF for these Licences.

ERCE's estimates of undiscovered GIIP are subject to exploration risk, which may be considerable. ERCE has not assessed this risk as no Prospective Resources have yet been attributed to these properties by Egdon, and further geoscientific data needs to be acquired to be able to quantify these resources. ERCE notes that mining of the overlying coal measures has occurred in a number of the licences, which may affect site access and drilling operations.

In the case that Prospective Resources are identified within these licences, there is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

Conventional Exploration and Appraisal UK

There is significant potential for growth via an active exploration and appraisal drilling programme from Egdon's exploration portfolio, where the best estimate of Egdon's unrisks non shale-gas contingent and prospective resources in the UK and France is c. 290 mmboe.

The introduction of new environmental permitting regulations during 2013 resulted in a delay to Egdon's UK drilling plans. Planned operated conventional exploration drilling activity will be focused in Northern England during 2014-15 with exploration wells at Wressle-1 and Burton on the Wolds-1 forming the first phase of Egdon's planned drilling programme. These exploration wells will target Net Egdon Best Estimate Prospective Resources of 1.77 million barrels of oil (**mmbls**) and are expected to commence in June 2014. Further drilling at Laughton, Biscathorpe and North Kelsey would be part of a second phase of drilling, partly contingent upon planning and also limited farm-out deals. These wells will target a further 10.6 mmbls of Net Egdon Best Estimate Prospective Resources. A further non-operated well is planned at Kiln Lane (EDR 25 per cent.) in 2014.

In April 2013 Egdon was awarded offshore licence P.1929 (EDR 100 per cent.) covering blocks 41/18 and 41/19 located adjacent to the North Yorkshire coast. The licence contains one of the earliest undeveloped hydrocarbon discoveries in the North Sea made by Total in 1966. The 41/18-1 (A339/1-2) well tested gas at rates of up to 2.5 million cubic feet of gas per day from the fractured Upper Permian "Hauptdolomit" carbonates. Egdon has provisionally named this the "A" Prospect and the initial evaluation indicates the potential for Best Estimate Prospective Resources of 150 billion cubic feet of gas (**bcf**). Egdon's plan is to seek consent to drill an exploration/appraisal well from an onshore location to appraise the discovery. Egdon plan to farm-out this well during 2014 with a view to drilling in early 2015.

Egdon also has a number of other conventional prospects that are expected to be targeted in a third phase of UK drilling in late 2015 subject to the results of the first two exploration phases, farm-out, capital allocation and planning permission. Most significantly this may include drilling on one of Egdon's Wessex Basin licences in Dorset targeting high potential oil prospects following interpretation of recently processed 3D seismic. Other oil prospects include Broughton (EDR 33.33 per cent.), Louth (EDR 75 per cent.) contiguous with Egdon's Keddington producing field and gas prospects at North Somercotes (EDR 75 per cent.) close to Wingas' significant Saltfleetby gas field. In the Cleveland Basin the Ralph Cross/Westerdale appraisal well (EDR 40 per cent.) would evaluate the same reservoir from which gas was tested at commercial rates in 1966. In the Weald Basin the Holmwood prospect (gas, EDR 38.4 per cent.) may be drilled subject to a favourable judgment at court of appeal and a successful outcome to a renewed planning appeal.

Egdon holds interests in three French licences, is awaiting the award of a fourth (Donzacq), and has back-in options on two further permits plus a pending application (Gex Sud). Although the regulatory regime in France is currently challenging, and Egdon has no plans to grow its position in the country, Egdon sees potential to add shareholder value, particularly from its conventional oil and gas prospects within the Aquitaine Basin.

Production

Production during the six months period to 31 January 2014 was 194 boepd from the Ceres (10 per cent. interest), Keddington (75 per cent. interest), Avington (26.67 per cent. interest) and Waddock Cross (55 per cent. interest) fields.

Expected production for the full 2013-14 financial year is 200 boepd. Additional production wells are under consideration at Waddock Cross, Keddington and Kirkleatham, and could lead to an increase in overall rates in the 2014-15 financial year.

Outlook

Egdon expects its UK shale-gas assets to be an increasing near-term value driver for the business. Egdon expects to participate in the 14th UK Onshore Licensing Round which is anticipated during 2014. The carried drilling on Egdon's Gainsborough Trough licences is now anticipated to commence with a well in PEDL139/140 in 2015, subject to receipt of the necessary consents. Success in de-risking the play through this programme could lead to a revaluation of Egdon's expanded shale-gas assets.

Conventional oil drilling is due to commence at Wressle and Burton on the Wolds during June 2014 and a programme of up to four further wells, partly subject to planning and farm-out is anticipated to commence later in 2014 and into 2015 which includes the 150 bcf potential "A" Prospect offshore North Yorkshire.

Egdon is on target for production for the full year to be around 200 boepd. Infill drilling opportunities could lead to an upgrade to this forecast for the 2014-15 financial year and Egdon looks forward to the results from Egdon's exploration drilling programme, success in which could also lead to further production and revenues in coming years.

5. Use of proceeds

The proposed Acquisition nearly doubles Egdon's acreage in UK Shale-gas and this will require increased capital to undertake further technical, planning/permitting and commercial workstreams on the new Licence Interests with a view to farming-out the acreage at attractive terms. The gross proceeds of the Placing and Open Offer of up to £7 million will be used principally to fund these increased capital commitments. In addition it is anticipated that the 14th Onshore Licensing Round will be announced around mid-2014. Egdon's participation in the round will require financial commitments.

<i>Item</i>	<i>Estimated Cost* (£ million)</i>
Licence Fees	0.60
Technical work to upgrade existing licences	0.60
Cost to generate up to 6 drilling consents over 3 year period	1.30
14 Round Financial Support	2.70
Additional G&A costs for enlarged business	1.80
Total	7.00

6. Details of the Placing and Open Offer

6.1 Structure

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

The Issue Price of 20 pence per New Ordinary Share represents a 7 per cent. discount to the closing middle market price of 21.5 pence per Existing Ordinary Share on 12 May 2014, the last business day before the announcement of the Capital Raising, and a 2.4 per cent. discount to the closing middle market price of 20.5 pence per Existing Ordinary Share on 9 May 2014, the last business day before press speculation in relation to the transaction.

6.2 Principal terms of the Placing

The Company has conditionally raised £6.4 million by means of the placing of 32,000,000 New Ordinary Shares at the Issue Price to the Placees, who have committed to subscribe for the Placing Shares. The intended use of the monies raised is set out in paragraph 5 of this Part I. A General Meeting is being called to seek Shareholders' approval to grant new authorities to enable the Directors, *inter alia*, to complete the Placing. The Placing is conditional on (amongst other things) Admission and the passing of Resolution 1 and has not been underwritten.

All of the Placing Shares have been placed with institutions and other investors and do not form part of the Open Offer. The Placing Shares will, upon issue, rank *pari passu* with each other, the Existing Ordinary Shares and the Open Offer Shares in issue following the Capital Raising.

The Company has appointed Cantor Fitzgerald and VSA Capital as its joint agents to use its reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price. Further terms of the Placing are set out in Part IV of this Circular.

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence at 8.00 a.m. on 6 June 2014.

6.3 **Principal terms of the Open Offer**

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

1 Open Offer Share for every 48 Existing Ordinary Shares

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

The Open Offer is conditional on the Placing Agreement becoming or being declared unconditional in all respects and not being terminated before Admission. The principal conditions to the Open Offer are the same as those that apply to the Placing.

Assuming full take-up under the Open Offer, the issue of the Open Offer Shares will raise further gross proceeds of approximately £606,733 million for the Company. Any shares not taken up under the Open Offer may, subject to demand, be placed with institutions by Cantor Fitzgerald and VSA Capital.

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

Fractions of Open Offer Shares will not be allotted to Qualifying Shareholders in the Open Offer and entitlements under the Open Offer will be rounded down to the nearest whole number of Open Offer Shares. The fractional entitlements will be aggregated and made available to Qualifying Shareholders under the Excess Application Facility.

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

6.4 **Excess Application Facility**

The Excess Application Facility will enable Qualifying Shareholders, provided that they take up their Open Offer Entitlement in full, to apply for Excess Open Offer Entitlements. Qualifying non-CREST Shareholders who wish to apply to acquire more than their Open Offer Entitlement should complete the relevant sections on the Application Form. Qualifying CREST Shareholders will have Excess CREST Open Offer Entitlements credited to their stock account in CREST and should refer to paragraph 4.2.(j) of Part IV of this Circular for information on how to apply for Excess Shares pursuant to the Excess Application Facility. Applications for Excess Open Offer Entitlements will be satisfied only and to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their Open Offer Entitlements. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of Open Offer Entitlements, such applications will be scaled back to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility.

Application will be made for the Open Offer Entitlements and Excess Open Offer Entitlements in respect of Qualifying CREST Shareholders to be admitted to CREST. It is expected that such Open Offer

Entitlements and Excess Open Offer Entitlements will be admitted to CREST at on 14 May 2014. Such Open Offer Entitlements and Excess Open Offer Entitlements will also be enabled for settlement in CREST on 14 May 2014. Applications through the means of the CREST system may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim.

Qualifying non-CREST Shareholders will have received an Application Form with this Circular which sets out their entitlement to Open Offer Shares as shown by the number of Open Offer Entitlements allocated to them. Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlements on 14 May 2014.

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

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

For Qualifying non-CREST Shareholders, completed Application Forms, accompanied by full payment, should be returned by post or by hand (during normal business hours only) to Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to arrive as soon as possible and in any event so as to be received no later than 11.00 a.m. on 30 May 2014. For Qualifying CREST Shareholders the relevant CREST instructions must have been settled as explained in this Circular by no later than 11.00 a.m. on 30 May 2014.

6.5 Other information relating to the Capital Raising

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

- (a) the passing of Resolution 1;
- (b) the Acquisition Agreement becoming unconditional in all material respects save in respect of the Consideration Shares being admitted to trading on AIM;
- (c) the Placing becoming unconditional in all respects (other than Admission) and not having been terminated in accordance with its terms; and
- (d) admission of the New Ordinary Shares becoming effective by not later than 6 June 2014 (or such later time and/or date as Cantor Fitzgerald and VSA Capital Limited may agree, not being later than 8.00 a.m. on 30 June 2014).

Accordingly, if any of such conditions are not satisfied, or, if applicable, waived, the Placing and Open Offer will not proceed.

A summary of the principal terms of the Placing Agreement is set out in paragraph 3 of Part V of this Circular.

The Placing and Open Offer will result in the issue of in total 35,033,663 New Ordinary Shares assuming full take up under the Open Offer (representing, in aggregate, approximately 15.88 per cent. of the Enlarged Share Capital). The New Ordinary Shares, when issued and fully paid, will rank *pari passu* in all respects with the Existing Ordinary Shares and therefore rank equally for all dividends or other distributions declared, made or paid after the date of issue of the New Ordinary Shares. No temporary documents of title will be issued.

Following the issue of the New Ordinary Shares pursuant to the Capital Raising (assuming full take-up under the Open Offer), Qualifying Shareholders who take up their full entitlements, excluding any New Ordinary

Shares acquired through the Excess Application Facility, in respect of the Open Offer will undergo a dilution of up to 32.6 per cent. to their interests in the Company because of the Placing and the issue of the Consideration Shares. Qualifying Shareholders who do not take up any of their entitlements in respect of the Open Offer will experience a more substantial dilution of approximately 34 per cent. to their interests in the Company because of the Capital Raising and the issue of the Consideration Shares.

Application will be made to the London Stock Exchange for the Placing Shares and the Open Offer Shares to be admitted to trading on AIM. It is expected that Admission will become effective on 6 June 2014 and that dealings for normal settlement in the New Ordinary Shares will commence at 8.00 a.m. on 6 June 2014.

7. General Meeting

A notice convening a General Meeting of the Company, to be held at the offices of Norton Rose Fulbright LLP, 3 More London Riverside, London SE1 2AQ on 5 June 2014 at 11.00 a.m. is set out at the end of this Circular. At the General Meeting, the following resolutions will be proposed:

1. A special resolution to:
 - (i) grant authority to the Directors pursuant to and for the purposes of Section 551 of the Act, to allot shares or grant rights to subscribe for or to convert any security into shares in the Company with an aggregate nominal amount of up to £350,336.63 in connection with the Placing and Open Offer;
 - (ii) grant authority to the Directors pursuant to and for the purposes of Section 551 of the Act, to allot shares or grant rights to subscribe for or to convert any security into shares in the Company with an aggregate nominal amount of £400,000 in connection with the Acquisition;
 - (iii) to empower the Directors pursuant to Section 570 of the Act to allot equity securities (as defined in Section 560 of the Act) pursuant to the authority conferred by paragraph (i) above as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate amount of £350,336.63 pursuant to the Placing and Open Offer;
2. An ordinary resolution to grant to the Directors pursuant to and for the purposes of Section 551 of the Act, to allot shares or grant rights to subscribe for or to convert any security into shares in the Company with an aggregate nominal amount of up to £735,498.26. This authority will represent approximately 33 per cent. of the Enlarged Share Capital and is in line with the existing share authorities granted at the Company's last AGM which was held in 2013; and
3. A special resolution to empower the Directors pursuant to Section 570 of the Act to allot equity securities (as defined in Section 560 of the Act) pursuant to the authority conferred by Resolution 2 above as if Section 561 (1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £398,362.90, representing approximately 18 per cent. of the Enlarged Share Capital and is equal to the corresponding authority granted at the Company's last AGM which was held in 2013.

The Directors have irrevocably undertaken to vote or procure the voting in favour of the Resolutions in respect of 8,912,074 Existing Ordinary Shares, in aggregate, representing approximately 6.12 per cent. of the existing issued ordinary share capital of the Company.

8. Action to be taken

8.1 General Meeting

Shareholders will find accompanying this Circular a Form of Proxy for use at the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete, sign and return the Form of Proxy in accordance with the instructions printed on it to Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and, in any event, so as to arrive no later than 11.00 a.m on 3 June 2014. Completion and return of the Form of Proxy will not affect your right to attend and vote in person at the General Meeting if you so wish.

8.2 **Open Offer**

Qualifying non-CREST Shareholders

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

Qualifying CREST Shareholders

If you are a Qualifying CREST Shareholder and do not hold any Ordinary Shares in certificated form, no Application Form accompanies this Circular and you will receive a credit to your appropriate stock account in CREST in respect of the Open Offer Entitlements representing your maximum entitlement under the Open Offer except (subject to certain exceptions) if you are an Overseas Shareholder who has a registered address in, or is a resident in or a citizen of an Excluded Territory. Applications by Qualifying CREST Shareholders for Excess Open Offer Entitlements in excess of their Open Offer Entitlements should be made in accordance with the procedures set out in paragraph 4.2 of Part IV of this Circular, unless you are an Overseas Shareholder in which event, applications should be made in accordance with the procedures set out in paragraph 6 of Part IV of this Circular.

The latest time for applications under the Open Offer to be received is 11.00 a.m. on 30 May 2014. The procedure for application and payment depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your entitlement under the Open Offer or have Open Offer Entitlements credited to your stock account in CREST in respect of such entitlement. The procedures for application and payment are set out in Part IV of this Circular.

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

9. **Overseas Shareholders**

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

10. **Additional Information**

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

The technical information contained in this Circular has been reviewed and signed off by the Managing Director of Egdon Resources plc Mark Abbott, a Geoscientist with over 26 years' experience.

Evaluation of undiscovered gas initially in place and potential recoverable hydrocarbons has been assessed in accordance with 2007 Petroleum Resources Management System prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE) and reviewed and jointly sponsored by the World Petroleum Council (WPC), the American Association of Petroleum Geologists (AAPG) and the Society of Petroleum Evaluation Engineers (SPEE).

11. **Directors' recommendation**

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

Accordingly the Directors unanimously recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting. The Directors have irrevocably undertaken to vote on or procure to vote in favour of the Resolutions in respect of 8,912,074 Existing Ordinary Shares, in aggregate, representing approximately 6.12 per cent. of the existing issued ordinary share capital of the Company.

Yours sincerely

Philip Stephens
Chairman

PART II

RISK FACTORS

Investing in the Group involves a degree of risk. You should carefully consider the risks and the other information contained in this Circular before you decide to invest in the Group. You should note that the risks described below are not the only risks faced by the Group. There may be additional risks that the Directors currently consider not to be material or of which they are not presently aware.

The business and financial condition of the Company could be adversely affected if any of the following risks were to occur and as a result the trading price of the Ordinary Shares could decline and investors could lose part or all of their investment.

The Directors consider the following risks to be material for potential investors, but the risks listed below do not necessarily comprise all those associated with an investment in the Company and are not set out in order of priority. Additional risks and uncertainties currently unknown to the Company (such as changes in legal, regulatory or tax requirements), or which the Company currently believes are immaterial, may also have a materially adverse effect on the Group's financial condition or prospects or the trading price of Ordinary Shares.

1. General risks

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

An investment in the Group is only suitable for investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which may result. A prospective investor should consider with care whether an investment in the Group is suitable for him in the light of his personal circumstances and the financial resources available to him.

Investment in the Group should not be regarded as short-term in nature. There can be no guarantee that any appreciation in the value of the Group's investments will occur or that the investment objectives of the Group will be achieved. Investors may not get back the full amount initially invested, especially as the market in New Ordinary Shares on AIM may have limited liquidity.

The prices of shares and the income derived from them can go down as well as up. Past performance is not necessarily a guide to the future.

Changes in economic conditions including, for example, interest rates, rates of inflation, industry conditions, competition, political and diplomatic events and trends, tax laws and other factors can substantially and adversely affect equity investments and the Group's prospects.

2. Risks relating to the Group and its business

Changes to the fiscal or tax regime

Future changes to the fiscal or tax regime in the jurisdictions within which the Group operates may adversely impact the commercial viability of the Group's current, future or potential producing assets.

Regulatory changes

The Group is subject to extensive environmental regulations. While the Group believes that its current provision for compliance with the environmental laws and regulations of the countries in which it operates is reasonable, any future changes and developments in environmental regulation may adversely affect the timing and financial viability of its existing and future operations. The Group's licences and operations are governed by UK and French regulations. The Group believes that it is compliant with all relevant regulation and legislation but any future changes to regulation could impact the retention and viability of its existing and future operations.

Failure of producing assets

Projections of future production are based on historic production levels and reserve estimates. Generally accepted, industry standard reserves reporting techniques have been used to calculate reserves and resources. All estimates of reserves and resources involve some degree of uncertainty.

The Group will be reliant for processing and transportation of its production on pipelines and facilities operated by others over which it has no control. Oil and gas production levels may be adversely affected by events which are completely unrelated to the performance of the Group's fields. Future production and the quantity of recoverable reserves may vary significantly from that expected, and could affect the estimated remaining quantity of Egdon's reserves and, therefore, the commercial viability of the Group's current, future or potential producing assets.

Significant and sustained reduction in commodity prices

The profitability of the Group's operations will be dependent, *inter alia*, up on the market prices of oil and gas. Oil and gas prices are affected by numerous factors beyond the control of the Group, including international economic and political conditions, levels of supply and demand, the policies of the Organization of Petroleum Exporting Countries (OPEC) and currency exchange rates. Movements in market prices over a sustained period could render uneconomic any of the exploration and production activities undertaken or to be undertaken.

Project delays and cost overruns

Delays in the construction and commissioning of drilling projects or other technical difficulties may result in the Group's current or future projected target dates for production being delayed or further capital expenditure being required.

Cost estimates for future capital projects are based on current prices for similar projects. Fluctuations in raw material, equipment or labour costs, regulatory requirements or unanticipated costs arising through the planning process as well as development delays may significantly increase project costs beyond those originally forecast and may impact the commercial viability of the project.

Oil and gas exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Group and may delay exploration and development activities.

Delays to Licensing Rounds/Awards

The Group's access to new licences for exploration is through periodic competitive licensing rounds in the UK. Delays in licensing rounds have occurred in the past and may in the future impacting on the Group's potential opportunities for securing new licences. In addition delays may occur in the award of licences following a round due to the need for additional environmental and/or other approvals thereby impacting on the Group.

Licence relinquishments

The Group could be required to fully or partially relinquish existing acreage or acreage acquired subsequently. Where licences are held jointly with other parties, the Group may be obliged to relinquish areas of potential interest which could impact on the Group's future development plans.

Inadequate funding or access to capital

The Group has limited financial resources. Continued exploration and development of all the Group's properties and/or the acquisition of new properties may be dependent upon the Group's ability to obtain suitable financing. There can be no assurance that such funding required by the Group will be made available to it and, if such funding is available, that it will be offered on reasonable terms.

Mispriced Asset Acquisitions

The Group has obtained external resource estimates in order to assign a value to the assets to be acquired. However, all estimates of reserves and resources involve some degree of uncertainty. This and other factors

affecting the licences to be acquired may impact the value of the assets. Whilst the Group seeks to assign a conservative value to all such acquisitions, there can be no assurance that the proposed acquisition is correctly priced.

Loss of key management

The Group is dependent on its current executive management team. Whilst it has entered into contractual arrangements with the aim of securing the services of the existing executive management team, the retention of their services cannot be guaranteed. Accordingly, the loss of any key management of the Group may have an adverse effect of the future of the Group's business.

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

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

Political opposition to oil and gas activities resulting in cancellation of licence/permit or significant detrimental changes to regulation

The Group seeks to maintain appropriate lines of communication with government ministries and industry bodies. The Group's activities are dependent upon the grant and maintenance of appropriate licences, concessions, permits and regulatory consents (**Authorisations**) which may or may not be granted or may be withdrawn or made subject to limitation. Although the Group believes that the Authorisations will be renewed following expiry or granted (as the case may be), there can be no assurance that such Authorisations will be renewed or granted or as to the terms of such grants or renewals.

Whilst planning authorities currently appear supportive of the type of projects being pursued by the Group, when considering the grant of planning permission for such projects there can be no guarantee that, as Local Development Plans are revised, this policy is not changed, modified or reversed.

Sustained exploration failure

The business of oil and gas exploration involves a high degree of risk which a combination of experience, knowledge and careful evaluation may not be able to prevent. Few properties that are explored are ultimately developed into producing oil or gas fields. There is no assurance that oil or gas will be discovered or, even if it is, that economically viable and commercial quantities of oil or gas can be recovered from the Group's existing or future licence areas. No assurance can be given that when commercial reserves are discovered the Group will be able to realise such reserves as intended.

Civil unrest/Protestor action disrupts drilling/testing

The planning permission process involves local consultation and it is feasible that projects could be opposed, either individually or on a general basis, at the planning level by national or local pressure groups; opposition to projects could lead to the Group being involved in appeals or public enquiries where costs could be potentially large and the outcome uncertain.

Opposition to drilling or testing activities once planning consent has been awarded could lead to on-site disruption causing delay to the process and a significant increase to the cost of operations.

Estimation of reserves, resources and production profiles

The estimation of oil and gas reserves and their anticipated production profiles involves subjective judgements and determinations based on available geological, contractual, technical and economic information. They are not exact determinations. In addition, these judgements may change based on new information from production or drilling activities or changes in economic factors, as well as from

developments such as acquisitions and disposals, new discoveries and extensions of existing fields application of improved recovery techniques. Published reserve estimates are also subject to correction for errors in the application of published rules and guidance.

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

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

3. Risks relating to the Ordinary Shares

Investment risk and AIM

There is no guarantee that the Group will maintain its quotation on AIM. The Group cannot assure investors that the Group will always retain a quotation on AIM. If it fails to retain such a quotation, certain investors may decide to sell their shares, which could have an adverse impact on the price of the Ordinary Shares. Additionally, if in the future the Group decides to obtain a quotation on another exchange in addition to AIM, the level of liquidity of the Ordinary Shares traded on AIM could decline.

Suitability of Ordinary Shares as an investment

The Ordinary Shares may not be a suitable investment for all people receiving this Circular. Before making any investment, potential investors should consult an appropriately qualified investment adviser, authorised in the UK by the FCA, who specialises in advising on the acquisition of listed securities. The value of the Ordinary Shares and the income received from them can go down as well as up and investors may get back less than their original investment.

Risks relating to investment in the Group's Ordinary Shares

Share prices may fluctuate from time to time for various reasons. As well as being affected by the Group's actual or forecast operating results, the market price of the Ordinary Shares may fluctuate significantly as a result of factors beyond the Group's control, including among others:

- changes in research analysts' recommendations or any failure by the Group to meet the expectations of research analysts;
- changes in the performance of the petroleum sector as a whole and of any of the Group's competitors;
- fluctuations in share prices and volumes, and general market volatility; and involvement of the Group in any litigation.

Liquidity in market for the Ordinary Shares

The Group cannot predict the extent to which an active market for the Ordinary Shares will develop or be sustained after Admission, or how the development of such a market might affect the market price of the Ordinary Shares. An illiquid market for the Ordinary Shares may result in lower trading prices and increased volatility, which may adversely affect the value of an investment in the Ordinary Shares. The market price of the Ordinary Shares may fluctuate significantly in response to a number of factors, many of which may be out of the Group's control. The share price of publicly traded companies can be highly volatile. The price at which the Ordinary Shares may be quoted and the price which Shareholders may realise for their Ordinary Shares will be influenced by a large number of factors, some specific to the Group and its operations and some which may affect the industry as a whole or quoted companies generally. These factors include those referred to in this Part II, as well as the Group's financial performance, the impact of Shareholders being released from lock-in restrictions, stock market fluctuations and general economic conditions. Share price volatility arising from such factors may adversely affect the value of an investment in the Ordinary Shares.

Risks relating to the Placing and Open Offer

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

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

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

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

In the case of an increase in the share capital of the Company for cash, the Shareholders are generally entitled to pre-emption rights pursuant to the Act unless such rights are waived by a special resolution of the Shareholders at a general meeting (as proposed in respect of the Capital Raising), or in certain circumstances stated in the Articles, and such an issue could dilute the interests of the Shareholders. To the extent that pre-emptive rights are applicable, US and certain other non-UK holders of Ordinary Shares may not be able to exercise pre-emptive rights for their shares unless the Company decides to comply with applicable local laws and regulations and, in the case of US holders, unless a registration statement under the US Securities Act is effective with respect to those rights or an exemption from the registration requirements thereunder is available. The New Ordinary Shares to be issued will not be registered under the US Securities Act. Qualifying Shareholders who have a registered address, or who are resident in, or who are citizens of, countries other than the United Kingdom should consult their professional advisers about whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their Open Offer Entitlements or acquire Open Offer Shares.

Forward-looking statements

Certain statements contained in this Circular may constitute forward-looking statements. Forward-looking statements include statements concerning the plans, objectives, goals, strategies and future operations and performance of the Group and the assumptions underlying these forward-looking statements. The Group uses the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "may", "will", "should", and any similar expressions to identify forward-looking statements. Any such forward-looking statement involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Group or industry results, to be materially different from any future results, performance or achievements expressed or implied by any such forward looking statements. Such forward-looking statements are based on numerous assumptions regarding present and future business strategies and the environment in which the Group will operate in the future. These forward- looking statements speak only as of the date of this Circular. The Group expressly disclaims any obligation or undertakings to release publicly any updates or revisions to any forward looking statement contained herein, save as required to comply with any legal or regulatory obligations, to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. All subsequent written or oral forward-looking statements attributable to the Group, or persons acting on behalf of the Group, are expressly qualified in their entirety by the cautionary statements contained throughout this Circular. As a result of these risks, uncertainties and assumptions, a prospective investor should not place undue reliance on these forward looking statements.

PART III

SOME QUESTIONS AND ANSWERS ABOUT THE PLACING AND OPEN OFFER

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

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

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

1. What is an open offer?

An open offer is a way for companies to raise money. Companies may do this by giving their existing shareholders a right to acquire further shares at a fixed price in proportion to their existing shareholdings. The fixed price is normally at a discount to the market price of the existing ordinary shares prior to the announcement of the placing and open offer.

This Open Offer is an invitation by the Company to Qualifying Shareholders to apply to acquire an aggregate of up to 3,033,663 Open Offer Shares at a price of 20 pence per New Ordinary Share. If you hold Existing Ordinary Shares (provided that you hold 48 or more such shares) on the Record Date or have a *bona fide* market claim, other than, subject to certain exceptions, where you are a Shareholder with a registered address or located in the United States or another Excluded Territory, you will be entitled to apply for Open Offer Shares under the Open Offer.

The Open Offer is being made on the basis of 1 Open Offer Share for every 48 Existing Ordinary Shares held by Qualifying Shareholders on the Record Date. If your entitlement to Open Offer Shares is not a whole number, you will not be entitled to apply for an Open Offer Share in respect of any fraction of an Existing Ordinary Share and your entitlement will be rounded down to the nearest whole number. The resulting fractions of New Ordinary Shares will be aggregated and made available to Qualifying Shareholders under the Excess Application Facility.

Open Offer Shares are being offered to Qualifying Shareholders in the Open Offer at a discount to the closing price on the last dealing day before the details of the Capital Raising were announced on 13 May 2014. The Issue Price of 20 pence per Open Offer Share represents a 7 per cent. discount to the closing middle market price of 21.5 pence per Existing Ordinary Share on 12 May 2014, the last business day before the announcement of the Placing and Open Offer. Considering this discount, and while the market value of an Existing Ordinary Share exceeds the Issue Price, the right to subscribe for Open Offer Shares is potentially valuable.

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

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

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

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

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

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

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

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

If you receive an Application Form and, subject to certain exceptions, are not a holder with a registered address in or located in the United States or another Excluded Territory, then you should be eligible to acquire Open Offer Shares under the Open Offer, as long as you have not sold all of your Existing Ordinary Shares before close of business on 9 May 2014 (the time when the Existing Ordinary Shares are expected to be marked "ex-entitlement" by the London Stock Exchange).

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

If you hold your Existing Ordinary Shares in certificated form and, subject to certain exceptions, do not have a registered address and are not located in the United States or another Excluded Territory, you have been sent an Application Form that shows:

- how many Existing Ordinary Shares you held at close of business on 9 May 2014 (the Record Date for the Open Offer);
- how many Open Offer Shares are comprised in your Open Offer Entitlement; and
- how much you need to pay if you want to take up your right to buy all your entitlement to the Open Offer Shares.

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

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

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

5.1 If you want to take up all of your Open Offer Entitlement

If you want to take up all of the Open Offer Shares to which you are entitled, all you need to do is sign and send the Application Form, together with your cheque or banker's draft for the amount (as indicated in Box C of your Application Form), payable to "Capita Registrars Limited re: Egdon Resources plc – Open Offer A/C" and crossed "A/C payee only", in the reply-paid envelope provided, by post or by hand (during normal business hours only) to Capita Asset Services to arrive by no later than 11.00 a.m. on 30 May 2014. Within the United Kingdom only, you can use the accompanying reply-paid envelope. You should allow at least four Business Days for delivery if using first-class post within the United Kingdom. If posting from outside the United Kingdom, postage will be payable when using the reply-paid envelope.

Full instructions are set out in the Application Form. A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you during the week commencing 9 June 2014.

5.2 If you want to take up some but not all of your Open Offer Entitlement

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

To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example '50') by 20 pence, which is the price in pence of each Open Offer Share (giving you an amount of £10 in this example). You should write this amount in Box G, rounding down to the nearest whole penny and this should be the amount your cheque or banker's draft is made out for. You should then sign and return your Application Form together with your cheque or banker's draft for that amount, payable to "Capita Registrars Limited re: Egdon Resources plc – Open Offer A/C" and crossed "A/C payee only", in the reply-paid envelope provided, by post to Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, or by hand (during normal business hours only) to the same address, to arrive by no later than 11.00 a.m. on 30 May 2014, after which time the Application Form will not be valid. Within the United Kingdom only, you can use the accompanying reply-paid envelope. You should allow at least four Business Days for delivery if using first-class post or the reply-paid envelope within the United Kingdom. If posting from outside the United Kingdom, postage will be payable when using the reply-paid envelope. Full instructions are set out in Part IV of this Circular and will be set out in the Application Form.

A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you during the week commencing 9 June 2014.

5.3 If you want to apply for more than your Open Offer Entitlement

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

To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares shown in Box F by 20 pence, which is the price of each Open Offer Share. You should write this amount in Box G, rounding down to the nearest whole penny. You should then return your Application Form together with your cheque or banker's draft for that amount, payable to "Capita Registrars Limited re: Egdon Resources plc – Open Offer A/C " and crossed "A/C payee only", in the reply-paid envelope provided, by post to Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, or by hand (during normal business hours only) to the same address, to

arrive by no later than 11.00 a.m. on 30 May 2014, after which time the Application Form will not be valid. Within the United Kingdom only, you can use the accompanying reply-paid envelope. You should allow at least four Business Days for delivery if using first-class post or the reply-paid envelope within the United Kingdom. If posting from outside the United Kingdom, postage will be payable when using the reply-paid envelope. Full instructions are set out in the Application Form.

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

A definitive share certificate will be sent to you for the Open Offer Shares that you take up and otherwise successfully apply for using the Excess Application Facility. Your definitive share certificate for Open Offer Shares is expected to be despatched to you during the week commencing on 9 June 2014.

5.4 If you do not want to take up your Open Offer Entitlement

If you do not want to take up the Open Offer Shares to which you are entitled, you do not need to do anything. In these circumstances, you will not receive any Open Offer Shares. You will also not receive any money when the Open Offer Shares you could have taken up are placed, as would happen under a rights issue.

If you do not take up your Open Offer Entitlement then following the issue of Open Offer Shares pursuant to the Open Offer, your interest in the Company will be diluted, although you should note that even if a Qualifying Shareholder subscribes for his full entitlement to the Open Offer Shares, his proportionate interest in the Company will be diluted by the issue of New Ordinary shares pursuant to the Placing.

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

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

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

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

- Qualifying CREST Shareholders who held their Existing Ordinary Shares in uncertificated form on 13 May 2014 and who have converted them to certificated form prior to 4.30 p.m. on 23 May 2014;
- Shareholders who bought Existing Ordinary Shares before or on 9 May 2014 and who hold such ordinary shares in certificated form but were not registered as the holders of those shares at the close of business on 9 May 2014; and
- certain Overseas Shareholders.

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

If you bought Existing Ordinary Shares after the Record Date you are unlikely to be able to participate in the Open Offer, as the Existing Ordinary Shares are expected to start trading ex-entitlement on the London Stock Exchange at 8.00 a.m. on 13 May 2014.

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

If you buy Existing Ordinary Shares at or after 8.00 a.m. on 13 May 2014, you will not be eligible to participate in the Open Offer in respect of those Existing Ordinary Shares.

9. What if I change my mind?

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

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

Your entitlement to Open Offer Shares will be calculated at the Record Date. If the result is not a whole number, you will not receive an Open Offer Share in respect of the fraction of each Existing Ordinary Share and your entitlement will be rounded down to the nearest whole number. The resulting fractions of New Ordinary Shares will be aggregated and made available to Qualifying Shareholders under the Open Offer.

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

If you want to spend more than the amount set out in Box C you should divide the amount you want to spend by 20 pence (being the price in pounds of each Open Offer Share under the Open Offer). This will give you the number of Open Offer Shares for which you should apply. You can only apply for a whole number of Open Offer Shares. For example, if you want to spend £200 you should divide £200 by 20 pence, which comes to 1,000. You should round that down to 1,000 to give you the number of Open Offer Shares for which, in this example, you can apply without exceeding your chosen amount. Write the total number of Open Offer Shares (in this example 1,000) in Box F. To get an accurate amount to put on your cheque or banker's draft, you should multiply the whole number of Open Offer Shares you want to apply for (1,000) by 20 pence and then fill in that amount rounded down to the nearest whole penny (in this example being £200), in Box G and on your cheque or banker's draft accordingly.

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

If you want to spend less than the amount set out in Box C, you should divide the amount you want to spend by 20 pence (being the price, in pence, of each Open Offer Share under the Open Offer). This will give you the number of Open Offer Shares you should apply for. You can only apply for a whole number of Open Offer Shares. For example, if you want to spend £100 you should divide £100 by 20 pence. You should round that down to the nearest whole number (in this example, 500), to give you the number of shares you want to take up. Write that number (in this example, 500) in Box F. Then to get an accurate amount to put on your cheque or banker's draft, you should multiply the whole number of Open Offer Shares

you want to apply for (in this example, 500) by 20 pence and then fill in that amount rounded down to the nearest whole penny (in this example being £100) in Box G and on your cheque or banker's draft accordingly.

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

If you hold shares in the Company directly and you sell some or all of your Existing Ordinary Shares before close of business on 9 May 2014, you should contact the buyer or the person/company through whom you sell your shares. The buyer may be entitled to apply for Open Offer Shares under the Open Offer. If you sell any of your Existing Ordinary Shares after close of business on 13 May 2014, you may still take up and apply for the Open Offer Shares as set out on your Application Form.

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

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

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

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

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

You should send your completed Application Form and monies in the accompanying reply-paid envelope (from within the United Kingdom) by post or by hand to: Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. You should allow at least four Business Days for delivery if using first class post within the United Kingdom.

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

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

The Receiving Agent must receive your completed Application Form and cheque or banker's draft by 11.00 a.m. on 30 May 2014. You should allow at least four Business Days for delivery if using first-class post or the reply-paid envelope included with the Application Form, within the United Kingdom.

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

It is expected that the Registrar will post all new share certificates during the week commencing 9 June 2014.

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

If you bought or sold Existing Ordinary Shares shortly before the Record Date, your transaction may not have been entered on the register of members before the Record Date for the Open Offer. If you bought Existing Ordinary Shares before close of business on 12 May 2014 but were not registered as the holder of those shares on the Record Date for the Open Offer (13 May 2014), you may still be eligible to participate

in the Open Offer. If you are in any doubt, please contact your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure that you claim your entitlement. You will not be entitled to Open Offer Entitlements in respect of any Existing Ordinary Shares acquired on or after 13 May 2014.

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

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

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

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

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

If you are a Qualifying non-CREST Shareholder, but are a CREST member and want your Open Offer Shares to be in uncertificated form, you would complete the CREST deposit form (Box O on page 4 of the Application Form), and ensure they are delivered to CCSS to be received by 3.00 p.m. on 27 May 2014 at the latest. CREST sponsored members should arrange for their CREST sponsors to do this.

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

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

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

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

23. Further assistance

Should you require further assistance please contact Capita Asset Services on 0871 664 0321 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

PART IV

TERMS AND CONDITIONS OF THE OPEN OFFER

Open Offer of up to 3,033,663 New Ordinary Shares at a price of 20 pence per Share

1. Introduction

As explained in Part I of this Circular, the Company is proposing to issue up to 3,033,663 New Ordinary Shares pursuant to the Open Offer to raise up to £606,733, net of expenses and assuming a full take up under the Open Offer. Upon completion of the Open Offer, assuming a full take up under the Open Offer, the Open Offer Shares will represent approximately 1.37 per cent. of the Enlarged Share Capital (assuming a full take up under the Open Offer). Qualifying Shareholders are being offered the opportunity under the Open Offer to acquire New Ordinary Shares at the Issue Price, being the same price per share as they are being offered to Placees under the Placing. The Placing Shares have been placed with institutional and other investors at the Issue Price and are not being offered to Shareholders and do not form part of the Open Offer. A summary of the Placing Agreement is set out in paragraph 3 of Part V of this Circular.

The Issue Price of the New Ordinary Shares represents a discount of 7 per cent. to the closing middle market price of 21.5 pence per Existing Ordinary Share on 12 May 2014 (being the latest practicable date prior to publication of this Circular).

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

2. The Open Offer

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

- (a) 1 Open Offer Share for every 48 Existing Ordinary Shares held by them and registered in their names at the close of business on the Record Date and so in proportion for any other number of Existing Ordinary Shares then held; and
- (b) further Open Offer Shares in excess of their Open Offer Entitlement through the Excess Application Facility (although such Open Offer Shares will only be allotted to the extent that not all Qualifying Shareholders apply for their Open Offer Entitlement in full).

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

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

Qualifying Shareholders may apply for any whole number of New Ordinary Shares up to their Open Offer Entitlement, which, in the case of Qualifying non-CREST Shareholders, is equal to the number of Open Offer Entitlements as shown on their Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Open Offer Entitlements standing to the credit of their stock account in CREST and, if they so wish, may apply for Open Offer Shares in excess of their Open Offer Entitlement. Accordingly, applications in excess of the Open Offer Entitlements will only be satisfied to the extent that applications made by other Qualifying Shareholders are for less than their full Open Offer Entitlement and may therefore be scaled down *pro rata* to the number of Excess Shares applied for under the Open Offer, or otherwise at the absolute discretion of the Company. Any monies paid for applications in excess of their Open Offer Entitlements which are not so satisfied will be returned to the Applicant without interest within 14 days by way of cheque or CREST payment, as appropriate. The action to be taken in relation to the Open Offer depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your

entitlement under the Open Offer or have Open Offer Entitlements credited to your stock account in CREST in respect of such entitlement.

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

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

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

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

Application will be made to the London Stock Exchange for the Open Offer Shares and the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective on 6 June 2014 and that dealings for normal settlement in the New Ordinary Shares will commence at 8.00 a.m. on 6 June 2014. It is expected that the results of the Placing and Open Offer will be announced by 7.00 a.m. on 4 June 2014.

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

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

Before making any decision to acquire Open Offer Shares, you are asked to read and carefully consider all of the information in this Circular, including in particular the important information set out in the letter from the Chairman of the Company in Part I of this Circular, as well as this paragraph 2 of this Part IV and the Risk Factors set out in Part II of this Circular. Shareholders who do not participate in the Open Offer will be subject to a more substantial dilution of their existing Egdon Resources plc shareholdings. The material terms of the Open Offer are contained in paragraph 6.3 of Part I of this Circular.

3. Conditions of the Open Offer

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

- (a) the passing of Resolution 1;
- (b) the Acquisition Agreement becoming unconditional in all respects save in respect of the Consideration Shares being admitted to trading on AIM;
- (c) the Placing Agreement becoming unconditional in all respects (other than Admission) and having not been terminated in accordance with its terms; and
- (d) Admission of the New Ordinary Shares becoming effective by not later than 8.00 a.m. on 6 June 2014 (or such later time and/or date as Cantor Fitzgerald Europe and VSA Capital Limited may agree, being not later than 8 a.m. on 30 June 2014).

Further details of the Placing Agreement are set out in paragraph 3 of Part V of this Circular. Further terms of the Open Offer are set out in this Part IV and in the Application Form.

If the Placing Agreement does not become unconditional in all respects by 8.00 a.m. on 6 June 2014 or if it is terminated in accordance with its terms, the Open Offer will be revoked and will not proceed. Revocation cannot occur after dealings in the New Ordinary Shares have begun.

4. Procedure for application and payment

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

Qualifying Shareholders who hold part of their Existing Ordinary Shares in uncertificated form on the Record Date will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to Open Offer Shares arises as a result of holding Existing Ordinary Shares in uncertificated form. Further information on deposit into CREST is set out in paragraph 4.2(f) of this Part IV.

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

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

(a) General

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

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

Fractions (if any) of Open Offer Shares will be aggregated and made available to Qualifying Shareholders under the Excess Application Facility. The instructions and other terms which are set out in the Application Form constitute part of the terms of the Open Offer.

(b) Procedure for application

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

Qualifying non-CREST Shareholders may also apply for Excess Shares in excess of their *pro rata* entitlement to Open Offer Shares by completing Boxes E and F of the Application Form for the total number of Open Offer Shares for which they wish to make application (including their *pro rata* entitlement) and submitting the amount payable on such application. Further details on the Excess Application Facility are set out in paragraph 4.1(d) of this Part IV.

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

The Application Form represents a right personal to the Qualifying non-CREST Shareholder to apply to subscribe for Open Offer Shares (including under the Excess Application Facility); it is not a document of title and it cannot be traded. It is assignable or transferable only to satisfy *bona fide* market claims in relation to purchases in the market pursuant to the rules and regulations of the London Stock Exchange. Application Forms may be split up to 3.00 p.m. on 28 May 2014 but only to satisfy such *bona fide* market claims. Qualifying non-CREST Shareholders who have before the 'ex' date sold or transferred all or part of their shareholdings are advised to consult their stockbroker, bank or agent through whom the sale or transfer was effected or another professional adviser authorised under the FSMA as soon as possible, since the invitation to apply for Open Offer Shares (including under the Excess Application Facility) may represent a benefit which can be claimed from them by the purchaser(s) or transferee(s) under the rules of the London Stock Exchange.

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

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

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

- (i) Application Forms received after 11.00 a.m. on 30 May 2014; or
- (ii) applications in respect of which remittances are received before 11.00 a.m. on 30 May 2014 from authorised persons (as defined in FSMA) specifying the Open Offer Shares applied for and undertaking to lodge the Application Form in due course but, in any event, within two Business Days.

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

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

If you are a Qualifying non-CREST Shareholder and wish to apply for all or part of the Open Offer Shares to which you are entitled (including any application for any Excess Shares under the Excess Application Facility) you should complete and sign the Application Form in accordance with the instructions printed on it and return it, either by post to Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, or by hand (during normal business hours only) to the same address, together with a pounds sterling cheque or banker's draft to the value of the Open Offer Shares applied for on the Application Form, as soon as practicable and,

in any event, so as to be received not later than 11.00 a.m. on 30 May 2014, after which time Application Forms will not be accepted. The cheque or banker's draft must be drawn on a United Kingdom branch of a qualifying bank or building society, as further described below. Your Application Form will not be valid unless you sign it. If you post your Application Form by first class post in the UK, or in the accompanying reply-paid envelope, you are advised to allow at least four Business Days for delivery.

The Company reserves the right (but shall not be obliged) to accept applications in respect of which remittances are received prior to 11.00 a.m. on 30 May 2014 from an authorised person (as defined in the FSMA) specifying the Open Offer Shares concerned and undertaking to lodge the relevant Application Form in due course.

(c) *Payments*

Cheques must be drawn on the personal account to which you have sole or joint title to the funds. Your cheque or banker's draft should be made payable to "Capita Registrars Limited re: Egdon Resources plc – Open Offer A/C" and crossed "A/C Payee only". Payments must be made by cheque or banker's draft in pounds sterling drawn on an account at a branch (which must be in the United Kingdom, the Channel Islands or the Isle of Man) of a bank or building society which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through facilities provided by either of these companies and must bear the appropriate sorting code in the top right-hand corner. Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed on the back of the building society cheque or banker's draft the name of the account holder (which must be the same name as printed on the Application Form) and their title to funds by stamping and endorsing the building society cheque/banker's draft to such effect. Any application or purported application may be rejected unless these requirements are fulfilled. Post-dated cheques will not be accepted.

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

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

The Company shall as soon as practicable following 30 May 2014 refund any payment received with respect to an application for a number of Open Offer Shares in respect of an Open Offer Entitlement which has been rejected in whole or in part by the Company.

(d) *The Excess Application Facility*

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

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

Should the Open Offer become unconditional and applications for Open Offer Shares exceed the 3,033,663 Open Offer Shares being made available to Qualifying Shareholders as a result of

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

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

(e) *Effect of application*

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

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

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

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

If you have any questions relating to the procedure for acceptance, please contact Capita Asset Services on 0871 664 0321 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international

rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

All enquiries in connection with the Application Form should be addressed to Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. If you have any questions relating to this Circular, and the completion and return of the Application Form, please contact Capita Asset Services on 0871 664 0321 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

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

(a) General

Save as provided in paragraph 6 of this Part IV in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST of his Open Offer Entitlements equal to the maximum number of Open Offer Shares to which he is entitled under the Open Offer. Qualifying CREST Shareholders may also apply for Open Offer Shares in excess of their Open Offer Entitlement under the Excess Application Facility. Further details of Excess Offer Entitlements can be found in paragraph 4.2(j) of this Part IV.

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

If for any reason the Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by, 3.00 p.m. or such later time as the Company may decide, on 14 May 2014, an Application Form will be sent out to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements and Excess Open Offer Entitlements credited to his stock account in CREST. In these circumstances the expected timetable as set out in this Circular will be adjusted as appropriate and the provisions of this Circular applicable to Qualifying non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive Application Forms.

Qualifying CREST Shareholders who wish to apply for some or all of their entitlements to Open Offer Shares (including any applications for Excess CREST Open Offer Entitlements) should refer to the CREST Manual for further information on the CREST procedures referred to below. If you have any questions relating to the procedure for acceptance, please contact Capita Asset Services on 0871 664 0321 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

(b) Procedure for application and payment

The Open Offer Entitlements and Excess Open Offer Entitlements will have a separate ISIN and constitute a separate security for the purposes of CREST. Although Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements and Excess Open Offer Entitlements may only be made by the Qualifying CREST Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing

Unit as “cum” the Open Offer Entitlement will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) and Excess Open Offer Entitlement(s) will thereafter be transferred accordingly.

(c) *USE instructions*

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

- (i) the crediting of a stock account of the Receiving Agent under the Participant ID and Member Account ID specified below, with the number of Open Offer Entitlements or Excess CREST Open Offer Entitlements corresponding to the number of Open Offer Shares applied for (subject to paragraph 4.2(j) of this Part IV); and
- (ii) the creation of a CREST payment in accordance with the CREST payment arrangements in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of Open Offer Shares or Excess Shares referred to in sub-paragraph (i) above.

(d) *Content of USE instructions in respect of Open Offer Entitlements*

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

- (i) the number of Open Offer Shares for which application is being made (and hence the number of Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (ii) the ISIN of the Open Offer Entitlements, which is GB00BMJJV199;
- (iii) the Participant ID of the accepting CREST member;
- (iv) the Member Account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
- (v) the Participant ID of Capita Asset Services, in its capacity as a CREST receiving agent, which is 7RA33;
- (vi) the Member Account ID of Capita Asset Services in its capacity as a CREST receiving agent, which is 28278EGD in respect of the Open Offer Entitlement;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction, which must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (viii) the intended settlement date, which must be on or before 11.00 a.m. on 30 May 2014; and
- (ix) the Corporate Action Number for the Open Offer, which will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 30 May 2014.

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

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

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 30 May 2014 in order to be valid is 11.00 a.m. on that day.

(e) *Contents of USE instructions in respect of Excess CREST Open Offer Entitlements*

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

- (i) the number of Open Offer Shares for which application is being made (and hence the number of Excess CREST Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (ii) the ISIN of the Excess CREST Open Offer Entitlement, which is GB00BMJJV207;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Excess CREST Open Offer Entitlements are to be debited;
- (v) the Participant ID of Capita Asset Services in its capacity as a CREST receiving agent, which is 7RA33;
- (vi) the Member Account ID of Capita Asset Services in its capacity as a CREST receiving agent, which is 28278EGD;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (viii) the intended settlement date, which must be before 11.00 a.m. on 30 May 2014; and
- (ix) the Corporate Action Number for the Open Offer, which will be available by viewing the relevant corporate action details in CREST.

In order for an application in respect of an Excess CREST Open Offer Entitlement under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 30 May 2014.

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

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

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 30 May 2014 in order to be valid is 11.00 a.m. on that day. Please note that automated CREST generated claims and buyer protection will not be offered on the Excess CREST Open Offer Entitlement security.

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 6 June 2014 or such later time and date as the Company, Cantor Fitzgerald Europe and VSA Capital shall agree (being no later than 8.00 a.m. on 30 June 2014), the Open Offer will lapse, the Open Offer Entitlements and Excess Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, within 14 days. The Open Offer cannot be revoked once all conditions have been satisfied.

(f) *Deposit of Open Offer Entitlements into, and withdrawal from, CREST*

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

The holder of an Application Form who is proposing so to deposit the Open Offer Entitlements set out in such form is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements and Excess Open Offer Entitlements following their deposit into CREST to take all necessary steps in connection with taking up such entitlements prior to 11.00 a.m. on 30 May 2014.

In particular, having regard to normal processing times in CREST and on the part of the Registrars, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements in CREST, 3.00 p.m. on 27 May 2014, and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements and Excess Open Offer Entitlements from CREST is 4.30 p.m. on 23 May 2014, in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements and Excess Open Offer Entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements and Excess Open Offer Entitlements prior to 11.00 a.m. on 30 May 2014.

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

(g) *Validity of application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 30 May 2014 will constitute a valid application under the Open Offer.

(h) *CREST procedures and timings*

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 30 May 2014. In this connection CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

(i) *Incorrect or incomplete applications*

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

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

(j) *The Excess Application Facility*

Provided that a Qualifying CREST Shareholder chooses to take up their Open Offer Entitlement in full, the Excess Application Facility enables Qualifying CREST Shareholders to apply for Open Offer Shares in excess of their Open Offer Entitlements.

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

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

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

Fractions of Open Offer Shares will be rounded down to the nearest whole number, aggregated and made available to Qualifying Shareholders under the Excess Application Facility. Fractions of Excess Shares will not be issued under the Excess Application Facility.

(k) *Effect of valid application*

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

- (i) pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent’s payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);
- (ii) request that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this Circular and subject to the Articles;
- (iii) agree that all applications and contracts resulting therefrom under the Open Offer shall be governed by, and construed in accordance with, the laws of England and Wales;
- (iv) represent and warrant that he is not applying on behalf of any Shareholder, who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or

under any laws of an Excluded Territory and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of this application to, or for the benefit of, a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of an Excluded Territory nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;

- (v) represent and warrant that he is not, nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986;
 - (vi) confirm that in making such application he is not relying on any information or representation other than those contained in this Circular and agrees that no person responsible solely or jointly for this Circular or any part thereof or involved in the preparation thereof, shall have any liability for any information or representation not contained in this Circular and further agree that having had the opportunity to read this Circular he will be deemed to have had notice of all the information concerning the Group contained therein; and
 - (vii) represent and warrant that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he has received such Open Offer Entitlements and Excess Open Offer Entitlements by virtue of a *bona fide* market claim.
- (l) *Company's discretion as to rejection and validity of applications*
- The Company may in its sole discretion:
- (i) treat as valid (and binding on the CREST member concerned) an application which does not strictly comply in all respects with the requirements as to validity set out or referred to in this paragraph 4 of this Part IV;
 - (ii) accept an alternative properly authenticated, dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
 - (iii) treat a properly authenticated dematerialised instruction (in this sub-paragraph the **first instruction**) as not constituting a valid application if, at the time at which the Registrar receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Receiving Agent have received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
 - (iv) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Registrar in connection with CREST.

If you have any doubt as to the procedure for acceptance and payment, please contact Capita Asset Services on 0871 664 0321 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

(m) *Issue of Open Offer Shares in CREST*

Open Offer Entitlements and Excess Open Offer Entitlements held in CREST are expected to be disabled in all respects after the close of business on 30 May 2014. If the conditions to the Open Offer described above are satisfied, Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company on the day on which such conditions are satisfied. On this day, the Receiving Agent will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' Open Offer Entitlements with effect from the next business day. The stock accounts to be credited will be accounts under the same Participant IDs and Member Account IDs in respect of which the USE instruction was given.

5. Money Laundering Regulations

5.1 Holders of Application Forms

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

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

If within a reasonable period of time following a request, for verification of identity, but in any event by 11.00 a.m. on 30 May 2014, the Receiving Agent has not received evidence satisfactory to it, the Company may, in its absolute discretion, elect not to treat as valid the relevant application, in which event the money payable or paid in respect of the application will be returned (without interest and at the Applicant's risk) to the account of the drawee bank or building society from which sums were originally debited (but in each case without prejudice to any rights the Company may have to take proceedings in respect of loss or damage suffered or incurred by it as a result of the failure to produce satisfactory evidence as aforesaid).

In order to avoid this, payment should be made by means of a cheque drawn by and in the name of the Applicant named on the accompanying Application Form or (where an Application Form has been transferred and/or split to satisfy *bona fide* market claims in relation to transfers of Existing Ordinary Shares through the market prior to 3.00 p.m. on 28 May 2014), by the person named in Box K on the Application Form. If this is not practicable and the Applicant uses a cheque drawn on a building society or a banker's draft, the Applicant should:

- (a) ask the building society or bank to endorse on the cheque or draft the name and account number of the person whose building society or bank account is being debited which must be the same name as that printed on the Application Form, such endorsement being validated by a stamp and authorised signature by the building society or bank on the reverse of the cheque or banker's draft;
- (b) if the Applicant is making the application as agent for one or more persons, indicate on the Application Form whether it is a United Kingdom or European Union regulated person or institution (e.g. a bank or broker), and specify its status. If you have any questions relating to the procedure for acceptance, please contact Capita Asset Services on 0871 664 0321 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice;
- (c) if the Applicant delivers the Application Form by hand, bring with them the appropriate photographic evidence of identity, such as a passport or driving licence; and
- (d) third party cheques may not be accepted unless covered by (a) above.

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

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

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

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

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

6. **Overseas Shareholders**

6.1 ***General***

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

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

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

No person receiving a copy of this Circular and/or an Application Form and/or a credit of Open Offer Entitlements and/or a credit of Excess Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him

or her nor should he or she in any event use any such Application Form and/or credit of Open Offer Entitlements and/or a credit of Excess Open Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her and such Application Form and/or credit of Open Offer Entitlements and/or a credit of Excess Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this Circular and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

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

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

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

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

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

Overseas Shareholders who wish, and are permitted, to apply for Open Offer Shares should note that payment must be made in sterling denominated cheques or banker's drafts. The Open Offer Shares have not been and will not be registered under the relevant laws of any Excluded Territory or any state, province or territory thereof and may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, in or into any Excluded Territory or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Excluded Territory except pursuant to an applicable exemption.

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

6.2 **United States**

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

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

6.3 **Other Excluded Territories**

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

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

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

6.4 **Other overseas territories**

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

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

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

(a) *Qualifying non-CREST Shareholders*

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

(b) *Qualifying CREST Shareholders*

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

7. **Governing law and jurisdiction**

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

8. **Further information**

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

PART V

ADDITIONAL INFORMATION

1. Share Capital

The issued share capital of the Company (i) as at the date of this Circular and (ii) as it is expected to be after Admission is set out below:

	<i>Existing Issued and fully paid</i>		<i>Immediately following Admission Issued and fully paid*</i>	
	<i>Nominal Amount (£)</i>	<i>Number</i>	<i>Amount (£)</i>	<i>Number</i>
Ordinary Shares of 1 pence each	1,456,158.14	145,615,814	2,206,494.77	220,649,477
Deferred Ordinary Shares of 1 pence each	11,950,878.87	1,195,087,887	11,950,878.87	1,195,087,887
Redeemable Preference Shares of £1 each (paid at 25%)	50,000.00	50,000	50,000.00	50,000

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

2. Directors' interests

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

Mark Abbott (*Managing Director*)
Philip Stephens (*Chairman*)
Jeremy Field (*Exploration Director*)
Andrew Lodge (*Non-Executive Director*)
Kenneth Ratcliff (*Non-Executive Director*)
Walter Roberts (*Non-Executive Director*)

2.2 The interests (all of which are beneficial unless stated otherwise) of each of the Directors and their family (within the meaning of the AIM Rules) in the issued ordinary share capital of the Company and the existence of which is known to, or could with reasonable due diligence be ascertained by, any Director as at the date of this Circular is as follows:

	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of existing issued share capital</i>	<i>Percentage of enlarged share capital</i>
Mark Abbott	7,563,824	5.19	3.43
Walter Roberts	1,091,750	0.75	0.49
Ken Ratcliff	156,500	0.11	0.07
Philip Stephens	100,000	0.07	0.05
Jeremy Field	Nil	Nil	Nil
Andrew Lodge	Nil	Nil	Nil

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

2.3 On 12 May 2014, being the last practicable date prior to the publication of this Circular, the Directors and (so far as is known to the Directors, having made appropriate enquiries) their family (within the meaning of the AIM Rules) will have the following options over Ordinary Shares:

<i>Name</i>	<i>Exercise price</i>	<i>Number of options</i>	<i>Date granted</i>	<i>First date of exercise</i>
Mark Abbot	16.17p	618,429	13/05/2008	01/08/2010
Mark Abbott	10.00p	600,000	01/01/2013	01/01/2014
Jeremy Field	20.08p	298,804	01/02/2011	01/08/2013
Jeremy Field	12.42p	483,091	21/12/2011	01/01/2014
Jeremy Field	10.00p	600,000	01/01/2013	01/01/2014

3. Material Contracts

3.1 Placing Agreement

Under the terms of a Placing Agreement dated 13 May 2014 made between (1) the Company, (2) Cantor Fitzgerald Europe and (3) VSA Capital Limited, Cantor Fitzgerald Europe and VSA Capital Limited were appointed as joint agents of the Company to use their reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price. Pursuant to the Placing Agreement, the Company has given certain warranties to Cantor Fitzgerald Europe and VSA Capital Limited regarding, *inter alia*, the accuracy of information in this Circular and an indemnity in favour of Cantor Fitzgerald Europe and VSA Capital Limited in respect of, *inter alia*, losses arising directly or indirectly out of the Placing. The Placing is conditional, *inter alia*, on (a) Admission taking place in respect of the Placing Shares, the Consideration Shares and the Open Offer Shares by no later than 8.00 a.m. on 6 June 2014 or such later date as may be agreed by the Company and Cantor Fitzgerald Europe and VSA Capital Limited; and (b) the Company complying with all of its obligations under the Placing Agreement. Under the Placing Agreement, the Company agreed to pay a corporate finance fee to Cantor Fitzgerald Europe and a placing commission to Cantor Fitzgerald Europe and VSA Capital Limited, together with all costs and expenses and VAT thereon, where appropriate. Cantor Fitzgerald Europe and VSA Capital Limited are entitled, in certain limited circumstances, to terminate the Placing prior to Admission and to the payment of outstanding expenses on such termination.

Acquisition Agreement

Under the terms of an Acquisition Agreement dated 13 May 2014 made between the Company and Alkane, the Company agreed, subject to certain conditions precedent, to acquire from Alkane Energy UK Limited and Regent Park Energy Limited rights in certain on-shore United Kingdom Petroleum Licences in consideration for the issue of the Consideration Shares. The Acquisition Agreement will split the licence interests on a horizontal axis with the Company acquiring a 100 per cent. interest in the lower interest and with Alkane Energy UK Limited, or Regent Park Energy Limited, as the case may be, retaining a 100 per cent. interest in the upper interest. The Acquisition Agreement contains certain indemnities and warranties given by Egdon in favour of Alkane, and certain indemnities and warranties given by Alkane in favour of Egdon. The Acquisition Agreement is conditional, *inter alia*, on Admission taking place in respect of the Placing Shares and the Consideration Shares.

Trust Deeds

The Company and Alkane Energy UK Limited and the Company and Regent Park Energy Limited have entered into a conditional Trust Deed in respect of each licence which the Company is intending to acquire. Under the terms of the Trust Deeds, the parties set out their respective rights and obligations owed to one another under the licence and agree to respectively indemnify one another for loss or damage caused by its actions to the other's operations.

MOU

The Company and Alkane have entered into a strategic partnership whereby each party will, when possible, give the other notice to tender for potential projects. Under the terms of the MOU, Egdon will inform Alkane when it requires facilities, power generation and grid connection services which could be provided by Alkane or any of its subsidiaries and will invite Alkane to tender commercial terms as an off-taker when one of its projects result in gas being extracted. In return, Alkane will inform Egdon when it has a need for geological or geophysical interpretation or analysis that could be provided by Egdon or any of its subsidiaries.

Lock-in Deed

Under the terms of a lock-in deed dated 13 May 2014 and entered into between the Company, Cantor Fitzgerald Europe, Alkane, Alkane Energy UK Limited and Regent Park Energy Limited, Alkane has agreed not sell its shares in the Company for a period of 12 months following the date of the lock-in deed except in limited circumstances such as pursuant to an intervening court order or a scheme of arrangement. The lock-in deed is conditional on Admission of the New Ordinary Shares and the Consideration Shares.

Relationship Deed

Under the terms of a relationship deed dated 13 May 2014 and entered into between the Company and Alkane, Alkane is entitled to nominate a director to the Egdon board, subject to Alkane maintaining a 10 per cent. shareholding in Egdon. The parties also agreed to regulate their relationship such that Egdon and its subsidiaries can operate their business independently of Alkane.

4. Availability of Circular

This Circular will be available for a period of twelve months from the date of this Circular on the Company's website www.Egdon-resources.com free of charge in accordance with the requirements of Rule 26 of the AIM Rules.

Dated: 13 May 2014

NOTICE OF GENERAL MEETING

Egdon Resources plc

Incorporated and Registered in England and Wales under the Companies Act 2006 with company number: 06409716

NOTICE is hereby given that a General Meeting of Egdon Resources plc (the **Company**) will be held at the offices of Norton Rose Fulbright LLP, 3 More London Riverside, London SE1 2AQ on 5 June 2014 at 11.00 a.m. for the purpose of:

1. Considering and, if thought fit, passing the following resolution, as a special resolution:
 - (a) that the Directors be and they are hereby authorised pursuant to and for the purposes of Section 551 of the Companies Act 2006 (the **Act**) to allot shares or grant rights to subscribe for or to convert any security into shares in the Company:
 - (i) up to an aggregate nominal amount of £350,336.63 in connection with the Placing and Open Offer (as defined in the circular dated 13 May 2014, of which this notice forms part (**Circular**));
 - (ii) for an aggregate nominal amount of £400,000 in connection with the Acquisition (as defined in the Circular); and
 - (b) that the Directors be and they are hereby generally empowered pursuant to Section 570 of the Act to allot equity securities (as defined in Section 560 of the Act) pursuant to the authority conferred by paragraph (a)(i) above as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £350,336.63 pursuant to the Placing and Open Offer.
2. Considering and, if thought fit, passing the following resolution, as an ordinary resolution:

that, subject to the passing of Resolution 1 above, the Directors be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Act to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company:

 - (a) up to an aggregate nominal amount of £735,498.26; and
 - (b) comprising equity securities (within the meaning of section 560 of the Act) up to a further aggregate nominal amount of £735,498.26 in connection with an offer by way of a rights issue:
 - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - (ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

and so that Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter (including any such problems arising by virtue of equity securities being represented by depositary receipts).

The authorities conferred on the Directors under paragraphs 2(a) and 2(b) above shall, in so far as they have not previously expired, expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or 31 January 2015, whichever is the earlier, save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted or rights to subscribe for, or to convert any security into, shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for, or to convert any security into, shares (as the case may be) in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

3. Considering and, if thought fit, passing the following resolution as a special resolution:

that, subject to the passing of Resolutions 1 and 2 above, the Directors be and they are hereby empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by Resolution 2, as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited:

- (a) to the allotment of equity securities in connection with an offer of equity securities (but in the case of the authorities granted under paragraph (b) of Resolution 2, by way of a rights issue only):
 - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - (ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter (including any such problems arising by virtue of equity securities being represented by depositary receipts); and

- (b) to the allotment (otherwise than under paragraph (a) of this Resolution 3) of equity securities up to an aggregate nominal amount of £398,362.90,

and shall, in so far as they have not previously expired, expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or 31 January 2015, whichever is the earlier, except that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

By order of the Board

Walter Roberts

Secretary

13 May 2014

Registered Office:

Wheat House
98 High Street
Odiham
Hampshire
RG29 1LP

SHAREHOLDER NOTES

1. Entitlement to attend and vote at the General Meeting will be determined by reference to the Company's Register of Members. In order to attend and vote at the General Meeting, a person must be entered on the Register of Members no later than 6.00 p.m. on 3 June 2014. A shareholder's voting entitlement will depend on the number of shares held at that time. If the General Meeting is adjourned, such entitlement is determined by reference to the Register of Members at 6.00 p.m. on the day two days preceding the date fixed for the adjourned meeting. In each case, changes to the Register of Members after such time shall be disregarded in determining the rights of any person to attend or vote at the General Meeting.
2. If you wish to attend the General Meeting in person, you should arrive at the venue in good time for the meeting which will commence at 11.00 a.m. Doors will open at 10.30 a.m. You may be asked to prove your identity.
3. A shareholder is entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the General Meeting. A shareholder may appoint more than one proxy in relation to the General Meeting, provided each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not also be a shareholder. To be valid, a Proxy Form, together with the original or duly certified copy of the power of attorney or other authority (if any) under which it is signed or authenticated, must reach the Company's Registrar, Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, by no later than 11.00 a.m. on 3 June 2014. Shareholders who have completed a Proxy Form may still attend the General Meeting and vote in person should they wish to do so, but they are requested to bring the Attendance Card with them to the meeting.
4. If more than one valid proxy appointment is made in relation to the same share, the appointment last received before the latest time for the receipt of proxies will take precedence.
5. If two or more shareholders jointly hold shares in the Company, each shareholder may speak and vote at the General Meeting, appoint a proxy or give voting instructions. However, if more than one joint holder votes, appoints a proxy or gives voting instructions, the only vote, appointment or voting instruction which will count is the vote, appointment or voting instruction of the joint holder whose name is listed first in the Register of Members of the Company as regards that joint holding.
6. If an indirect shareholder (who holds shares via a stockbroker or other nominee) wishes to (i) attend the General Meeting or (ii) appoint a proxy speak and vote on their behalf at the General Meeting, or (iii) give voting instructions without attending the General Meeting, they must instruct the stockbroker or other nominee administrator accordingly. To do this, shareholders are advised to contact their stockbroker or other nominee administrator and advise them which of the three options they prefer.
7. Indirect shareholders who indicate they wish to attend the General Meeting will not receive an Attendance Card. They will therefore be asked to identify themselves at the General Meeting using a valid passport, identity card or photo driving licence.
8. If a shareholder does not specify how he or she wants the proxy to vote on the particular resolutions, the proxy may vote or abstain as he or she sees fit. A proxy may also vote or abstain as he or she sees fit on any other business which properly comes before the General Meeting.
9. A Proxy Form is enclosed. The notes to the Proxy Form include instructions on how to appoint the Chairman of the General Meeting or another person as a proxy and also on how to appoint a proxy by using the CREST proxy appointment service. You can only appoint a proxy using the procedures set out in these Notes and in the notes to the Proxy Form.
10. A corporation which is a shareholder may appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder, as if the corporation were an individual shareholder, provided that they do not do so in relation to the same share or shares. Shareholders considering the appointment of a corporate representative should check their own legal position, the Company's Articles of Association and the relevant provision of the Companies Act 2006.
11. Any person to whom this Notice is sent who is a person that has been nominated under Section 146 of the Act to enjoy information rights does not have a right to appoint a proxy.
12. Any electronic address provided either in this Notice or any related documents (including the Form of Proxy) may not be used to communicate with the Company about proceedings at the General Meeting or the contents of this Notice or for any purposes other than those expressly stated.
13. The total number of Egdon Resources plc ordinary shares of 1 pence in issue as at 12 May 2014 is 145,615,814. The Company holds no shares in treasury.

